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

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

(Stock Code: 2520)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		
	2024	2023	Change
	RMB'000	*RMB'000*	*RMB'000*
Operating results			
Operating revenue	**12,242,889**	10,971,109	1,271,780
Gross profit	**1,520,400**	1,399,225	121,175
Net profit	**209,533**	205,557	3,976
Net profit attributable to the shareholders of the parent company	**153,412**	154,942	−1,530
Profitability			
Gross profit margin	**12.4%**	12.8%	−0.4%
Net sales margin	**1.7%**	1.9%	−0.2%
Earnings per share *(RMB)*			
Earnings per share — Basic	**0.11**	0.15	−0.04

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

The Board resolved to declare dividend for the year ended December 31, 2024 of RMB0.04537 per 10 shares (tax inclusive).

The board of directors (the "**Board**") of Shanxi Installation Group Co., Ltd. (the "**Company**", and its subsidiaries, the "**Group**") is pleased to announce the audited consolidated financial results of the Group for the year ended December 31, 2024 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2023 (the "**Corresponding Period**").

CONSOLIDATED BALANCE SHEET
For the year ended December 31, 2024

Unit: RMB'000

	Notes	**December 31, 2024**	December 31, 2023
Assets			
Current assets:			
Cash		**2,626,837**	2,636,546
Bill receivables		**126,061**	213,878
Trade receivables		**5,960,673**	6,442,836
Receivables financing		**69,252**	43,078
Prepayments		**517,669**	558,168
Other receivables		**751,414**	789,058
Inventories		**298,113**	188,237
Contract assets		**6,425,844**	5,665,721
Other current assets		**413,563**	522,856
Total current assets		**17,189,428**	17,060,378
Non-current assets:			
Long-term equity investments		**210,245**	195,104
Investments in other equity instruments		**147,832**	142,526
Investment properties		**187,722**	186,805
Fixed assets		**1,077,794**	835,140
Construction-in-progress		**203,907**	413,232
Right-of-use assets		**153,119**	170,943
Intangible assets		**174,677**	178,309
Goodwill		**15,000**	15,000
Long-term deferred expenses		**193**	2,277
Deferred income tax assets		**179,492**	163,788
Other non-current assets		**4,584,752**	4,158,929
Total non-current assets		**6,934,732**	6,462,053
Total assets		**24,124,161**	23,522,431

Unit: RMB'000

	Notes	**December 31, 2024**	December 31, 2023
Liabilities and owners' equity			
Current liabilities			
Short-term borrowings		**2,400,646**	2,443,118
Bill payables		**1,888,383**	1,374,330
Trade payables		**9,492,423**	9,019,829
Contract liabilities		**1,357,031**	1,382,429
Employee remuneration payables		**82,075**	80,204
Tax payables		**57,554**	64,854
Other payables		**583,394**	893,937
Non-current liabilities due within one year		**767,873**	748,417
Other current liabilities		**872,591**	999,256
Total current liabilities		**17,501,970**	17,006,374
Non-current liabilities			
Long-term borrowings		**2,970,909**	3,072,086
Lease liabilities		**140,084**	157,408
Long-term employee remuneration payables		**30,280**	28,790
Deferred income		**27,000**	21,563
Deferred income tax liabilities		**110,562**	110,406
Total non-current liabilities		**3,278,835**	3,390,253
Total liabilities		**20,780,805**	20,396,627

Unit: RMB'000

	Notes	**December 31, 2024**	December 31, 2023
Shareholders' equity			
Share capital		**1,373,486**	1,373,486
Capital reserve		**650,867**	650,867
Other comprehensive income		**84,512**	82,249
Special reserve		**2,835**	751
Surplus reserve		**12,370**	10,061
Undistributed profit		**640,148**	492,728
Total equity attributable to shareholders of the parent company		**2,764,218**	2,610,143
Minority interests		**579,138**	515,661
Total equity of shareholders		**3,343,356**	3,125,804
Total liabilities and equity of shareholders		**24,124,161**	23,522,431

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

CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2024

Unit: RMB'000

	Notes	**2024**	2023
Operating revenue		**12,242,889**	10,971,109
Less: Operating costs		**10,722,490**	9,571,884
Tax and surcharges		**30,892**	358,844
Selling expenses		**1,309**	1,453
Management expenses		**470,465**	516,640
Research and development expenses		**593,406**	443,205
Finance expenses		**102,349**	96,426
Including: Interest expenses		**344,381**	336,632
Interest income		**244,654**	240,836
Add: Other gains		**9,222**	11,379
Investment gains		**−2,647**	4,571
Including: Gains on investment in associates and joint ventures		**−2,647**	4,382
Gains on change of fair value		**917**	686
Credit impairment losses		**−77,195**	−77,654
Asset impairment losses		**−27,736**	−9,993
Gains on disposal of assets		**1,388**	3,611
Operating profit		**225,927**	238,257
Add: Non-operating revenue		**15**	1,399
Less: Non-operating expenses		**1,191**	14,532
Total profit		**224,751**	225,124
Less: Income tax expenses		**15,219**	19,566
Net profit		**209,532**	205,558

Unit: RMB'000

	Notes	**2024**	2023
Classified by operating continuity:			
Net profit from continuing operations		**209,532**	205,558
Classified by ownership:			
Net profit attributable to shareholders of the parent company		**153,412**	154,942
Minority interests		**56,120**	50,616
Other comprehensive income, net of tax		**2,263**	2,522
Other comprehensive income attributable to shareholders of the parent company, net of tax		**2,263**	2,522
Other comprehensive income that cannot be reclassified into profit or loss		**1,280**	2,875
Change in remeasurement of defined benefit plan		**–3,230**	–281
Changes in fair value of investment in other equity instruments		**4,510**	3,156
Other comprehensive income that will be reclassified into profit or loss		**983**	–353
Translation differences on financial statements of foreign currencies		**983**	–353
Total comprehensive income		**211,795**	208,080
Of which:			
Total comprehensive income attributable to shareholders of the parent company		**155,675**	157,464
Total comprehensive income attributable to minority shareholders		**56,120**	50,616
Earnings per share (RMB/share)			
Basic earnings per share		**0.11**	0.15
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 TO FINANCIAL STATEMENTS

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 40th meeting of the first session of the Board of the Company on March 27, 2025.

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 Hong Kong Stock Exchange's Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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. The ageing analysis of the trade receivables is as follows:

Unit: RMB'000

			2024		
Type	**Balance**		**Bad debt provision**		
	Amount	***Proportion (%)***	***Amount***	***Expected credit loss rate (%)***	***Carrying amount***
Bad debt provision on an individual basis	**123,218**	**1.92**	**123,218**	**100**	**—**
Bad debt provision on a group basis	**6,281,127**	**98.08**	**320,454**	**5.1**	**5,960,673**
Including: Age group	**6,281,127**	**98.08**	**320,454**	**5.1**	**5,960,673**
Total	**6,404,345**	**100**	**443,672**	**6.93**	**5,960,673**

Unit: RMB'000

			2023		
Type	Balance		Bad debt provision		
	Amount	*Proportion (%)*	*Amount*	*Expected credit loss rate (%)*	*Carrying amount*
Bad debt provision on an individual basis	106,078	1.55	106,078	100	—
Bad debt provision on a group basis	6,717,327	98.45	274,491	4.09	6,442,836
Including: Age group	6,717,327	98.45	274,491	4.09	6,442,836
Total	6,823,405	100	380,569	5.58	6,442,836

Bad debt provision on a group basis:

Provision by age group

Unit: RMB'000

	2024			2023		
	Balance	***Bad debt provision***	***Expected credit loss rate (%)***	*Balance*	*Bad debt provision*	*Expected credit loss rate (%)*
Within 1 year	**3,120,751**	**41,115**	**1.32**	4,263,819	51,172	1.20
1–2 years	**1,907,613**	**66,969**	**3.51**	1,566,441	57,700	3.68
2–3 years	**794,522**	**58,019**	**7.30**	491,685	37,641	7.66
3–4 years	**202,505**	**27,396**	**13.53**	191,012	25,117	13.15
4–5 years	**165,535**	**36,753**	**22.20**	138,006	36,497	26.45
Over 5 years	**90,202**	**90,202**	**100.00**	66,364	66,364	100.00
Total	**6,281,128**	**320,454**	**5.10**	6,717,327	274,491	4.09

4. CONTRACT ASSETS

Unit: RMB'000

Item	**2024**			2023		
	Balance	***Impairment provision***	***Carrying amount***	*Balance*	*Impairment provision*	*Carrying amount*
Contract assets arising from construction contracts	**6,857,196**	**90,271**	**6,766,924**	6,551,068	78,488	6,472,580
— Contract assets on service concession projects	**510,561**	**6,726**	**503,835**	1,138,250	13,637	1,124,613
— Contract assets on EPC projects	**6,346,634**	**83,545**	**6,263,089**	5,412,818	64,851	5,347,967
Quality assurance deposit receivables	**894,007**	**11,778**	**882,229**	607,470	7,278	600,192
Receivables under service concession arrangements	**3,402,219**	**44,874**	**3,357,395**	2,785,249	33,371	2,751,878
Sub-total	**11,153,421**	**146,873**	**11,006,548**	9,943,787	119,137	9,824,650
Less: Contract assets shown in other non-current assets	**4,641,788**	**61,084**	**4,580,704**	4,209,227	50,298	4,158,929
Total	**6,511,633**	**85,789**	**6,425,844**	5,734,560	68,839	5,665,721

5. TRADE PAYABLES

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

Unit: RMB'000

Item	2024	2023
Within 1 year	**6,451,451**	6,252,430
1–2 years	**1,716,576**	1,606,704
2–3 years	**675,729**	769,865
Over 3 years	**648,667**	390,830
Total	**9,492,423**	9,019,829

6. EMPLOYEE REMUNERATION PAYABLES

Unit: RMB'000

Item	Balance as at the end of the previous year	Increase for the period	Decrease for the period	Closing balance
Short-term remuneration	76,678	536,724	534,865	78,537
Post-employment benefits — defined contribution plan	166	86,069	85,917	318
Termination benefits	3,360	330	470	3,220
Post-employment benefits due within one year — liabilities in defined benefit plan	3,100	93	173	3,020
Termination benefits due within one year — liabilities in defined benefit plan	260	237	297	200
Total	**80,204**	**623,123**	**621,252**	**82,075**

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. TAXES PAYABLES

Unit: RMB'000

Tax	**2024**	2023
Corporate income tax	**26,497**	28,952
Value added tax	**11,532**	15,338
Individual income tax	**12,490**	12,607
Urban maintenance and construction tax	**2,293**	2,341
Education surcharge	**1,192**	1,282
Others	**3,550**	4,334
Total	**57,554**	64,854

8. OTHER PAYABLES

Unit: RMB'000

Item	**2024**	2023
Interest payables	**—**	—
Dividend payables	**71,678**	71,678
Other payables	**511,716**	822,259
Total	**583,394**	893,937

(1) Dividend payables

Unit: RMB'000

Item	**2024**	2023
Shanxi Construction Investment Group Co., Ltd. (山西建設投資集團有限公司)	**70,244**	70,244
Shanghai Rongda Investment Management Co., Ltd. (上海榮大投資管理有限公司)	**1,434**	1,434
Total	**71,678**	71,678

(2) Other payables

Unit: RMB'000

Item	**2024**	2023
Deposits received	**31,094**	32,157
Amounts due to related parties	**169,346**	513,766
Amounts due to employees	**106,697**	100,315
Withholding and payment of social security and tax on behalf of individuals	**4,018**	13,772
Other payables	**200,561**	162,249
Total	**511,716**	822,259

9. OPERATING REVENUE AND OPERATING COSTS

(1) Operating revenue and operating costs

Unit: RMB'000

	2024		2023	
Item	**Revenue**	**Costs**	Revenue	Costs
Principal businesses	**12,199,170**	**10,706,329**	10,940,343	9,547,838
Other businesses	**43,719**	**16,161**	30,766	24,046
Total	**12,242,889**	**10,722,490**	10,971,109	9,571,884

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

Unit: RMB'000

Major type	**2024** Revenue	**2024** Costs	2023 Revenue	2023 Costs
Principal businesses:				
1. Specialized industrial construction	**9,091,213**	**8,039,484**	6,371,536	5,645,142
— Construction income of service concession projects	**1,141**	**3,234**	15,396	9,733
— Construction income of EPC projects	**9,090,072**	**8,036,250**	6,356,140	5,635,409
2. Specialized auxiliary construction	**904,377**	**821,868**	2,243,331	1,997,518
— Construction income of service concession projects	**46,335**	**26,648**	380,993	312,558
— Construction income of EPC projects	**858,042**	**795,220**	1,862,338	1,684,960
3. Other construction	**1,264,455**	**1,181,988**	1,280,553	1,123,594
— Construction income of service concession projects	**5,733**	**5,348**	74,238	61,986
— Construction income of EPC projects	**1,258,722**	**1,176,640**	1,206,315	1,061,608
4. Non-construction business	**939,125**	**662,988**	1,044,923	789,704
— Operating fee income of service concession projects	**143,215**	**84,086**	115,482	88,247
— Urban heating technical services income	**378,144**	**255,461**	370,789	250,480
— Sales of LNG	**220,230**	**208,296**	262,523	247,008
— Sales of concrete	**24,608**	**14,713**	79,828	66,805
— Trading	**58,889**	**47,196**	109,664	91,606
— Design fee	**39,775**	**12,620**	56,304	19,124
— Sales of electricity	**52,558**	**22,179**	25,396	5,055
— Labor services fee	**21,706**	**18,437**	24,937	21,379
Other businesses:	**43,719**	**16,161**	30,766	15,926
— Lease	**17,168**	**2,797**	19,613	7,562
— Others	**26,551**	**13,364**	11,153	8,364
Total	**12,242,889**	**10,722,490**	10,971,109	9,571,884

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

Unit: RMB'000

	2024		2023	
Major operating areas	**Operating revenue**	**Operating costs**	Operating revenue	Operating costs
China	**11,961,597**	**10,454,450**	10,439,906	9,056,145
Overseas	**281,292**	**268,040**	531,202	515,739
Total	**12,242,889**	**10,722,490**	10,971,108	9,571,884

(4) **Breakdown of operating revenue**

Unit: RMB'000

	2024	2023
Timing of revenue recognition		
Including: Recognized at a point in time	**965,675**	1,056,076
Recognized over time	**11,260,046**	9,895,419
Total	**12,225,721**	10,951,495

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

10. TAXES AND SURCHARGES

Unit: RMB'000

Item	**2024**	2023
Property tax	**7,106**	6,137
Stamp duty	**7,107**	9,131
Urban maintenance and construction tax	**8,012**	7,760
Education surcharge	**6,718**	6,401
Land use tax	**921**	822
Others	**1,028**	5,591
Total	**30,892**	35,842

11. INCOME TAX EXPENSES

(1) Breakdown of income tax expenses

Unit: RMB'000

Item	**2024**	2023
Current income tax calculated in accordance with tax laws and related regulations	**30,994**	47,404
Deferred income tax expenses	**−15,775**	−27,838
Total	**15,219**	19,566

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

Unit: RMB'000

Item	**2024**	2023
Total profit	**224,752**	225,123
Income tax expenses at statutory (or applicable) tax rate	**33,713**	33,768
Effect of different tax rates applied by certain subsidiaries	**12,389**	11,577
Adjustment of current income tax in previous periods	**—**	—
Profit or loss from joint ventures and associates accounted for under the equity method	**397**	−686
Non-taxable income (expressed in "—")	**—**	—
Non-deductible costs, expenses and losses	**58,054**	35,767
Tax effect of utilization of unrecognized deductible losses and deductible temporary differences in previous years (expressed in "—")	**—**	—
Tax effects of unrecognized deductible losses and deductible temporary differences	**185**	7,884
Tax effects of deduction of accumulated research and development expenses (expressed in "—")	**−89,519**	−68,745
Others		
Income tax expenses	**15,219**	19,566

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 November 2024, and is eligible to pay 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 Administration of Taxation in November 2024, and is eligible to pay EIT at a preferential rate of 15% for a term of three years from November 1, 2024 to October 31, 2027.

(3) 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 Administration of Taxation in November 2024, and is eligible to pay EIT at a preferential rate of 15% for a term of three years from November 1, 2024 to October 31, 2027.

(4) Shan'an Biquan and Shan'an Maode, 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) 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 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.

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 increased from 50% to 75% and additional deduction ratio of amortization of the intangible assets was increased 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 October 1, 2022.

12. DIVIDEND

Unit: RMB'000

	2024	2023
Approval		
Final dividend — RMB0.02682 per 10 ordinary shares (2023: RMB0.7168 per 10 ordinary shares)	**3,684**	71,678
Declaration		
Dividend declared — RMB0.04537 per 10 ordinary shares (2023: RMB0.02682 per 10 ordinary shares)	**6,233**	3,684

After the end of the Reporting Period, the declared final dividend for the year ended December 31, 2024 is RMB0.04537 per 10 ordinary shares totalling RMB6,233,000, which is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company.

13. EARNINGS PER SHARE

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

Item	**2024**	2023
Consolidated net profit attributable to holders of ordinary shares of the parent company *(Unit: RMB'000)*	**153,412**	154,942
Weighted average number of ordinary shares issued by the parent company *(Unit: thousand shares)*	**1,373,486**	1,040,930
Basic earnings per share	**0.11**	0.15

14. SEGMENT INFORMATION

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

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

Segment profits or losses, assets and liabilities

Unit: RMB'000

Current period or at the end of current period	**Construction contracting segment**	**Non-construction segment**	**Offset**	**Total**
Operating revenue	**11,458,172**	**1,262,477**	**477,760**	**12,242,889**
Including: Revenue from external transactions	**11,353,275**	**889,614**	**—**	**12,242,889**
Revenue from inter-segment transactions	**104,897**	**372,863**	**477,760**	**—**
Including: Revenue from principal businesses	**11,426,736**	**1,249,730**	**453,894**	**12,222,572**
Operating costs	**10,180,557**	**990,069**	**448,136**	**10,722,490**
Selling expenses	**—**	**1,318**	**9**	**1,309**
Management expenses	**432,333**	**64,251**	**26,119**	**470,465**
Finance expenses	**173,411**	**−71,062**	**—**	**102,349**
Operating profits	**12,746**	**237,748**	**24,565**	**225,929**
Total assets	**19,672,939**	**8,095,067**	**3,643,846**	**24,124,160**
Total liabilities	**17,490,998**	**5,571,056**	**2,281,250**	**20,780,804**
Supplementary information:				
Capital expenditures	**10,160**	**99,109**	**8,436**	**100,833**
Depreciation and amortization expenses	**35,021**	**74,774**	**—**	**109,795**
Asset impairment losses (losses are expressed in "–")	**−24,336**	**−3,400**	**0**	**−27,736**
Credit impairment losses (losses are expressed in "–")	**−72,207**	**−4,988**	**—**	**−77,195**

Continued:

Current period or at the end of current period	Construction contracting segment	Non-construction segment	Offset	Total
Operating revenue	10,334,201	1,539,141	902,233	10,971,109
Including: Revenue from external transactions	10,003,623	967,486	—	10,971,109
Revenue from inter-segment transactions	330,578	571,655	902,233	—
Including: Revenue from principal businesses	10,317,854	1,527,270	884,272	10,960,852
Operating costs	9,144,791	1,302,705	875,612	9,571,884
Selling expenses	—	1,462	9	1,453
Management expenses	481,743	54,210	19,313	516,640
Finance expenses	179,394	−83,157	−190	96,427
Operating profits	31,061	213,616	6,419	238,258
Total assets	18,845,158	8,695,416	4,018,142	23,522,432
Total liabilities	16,730,692	6,380,644	2,714,709	20,396,627
Supplementary information:				
Capital expenditures	76,806	229,118	8,306	297,618
Depreciation and amortization expenses	41,563	66,651	—	108,214
Asset impairment losses (losses are expressed in "–")	−4,890	−6,172	−1,069	−9,993
Credit impairment losses (losses are expressed in "–")	−76,857	−798	—	−77,655

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, 2024.

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 year 2024, in face with the turbulent external environment and the arduous and demanding tasks of reform and development, we revolved around the tasks and goals of the "Quality and Efficiency Enhancement Year". We held the rudder with the principle of seeking progress while maintaining stability, going against the current, moving steadily forward, solidly promoting strategies for stable growth, deepening the path of reform, expanding the market domain, consolidating the foundation, stimulating the power of innovation, building a strong defense against risks, and satisfactorily achieving all annual goals.

In terms of specialized industrial construction, the power engineering sector has been deeply cultivating and meticulously working in the new energy track. In 2024, the Group successfully obtained the first batch of green electricity certificates and was awarded the "highest credit rating of AAA for electric power construction companies", achieving an EPC installed capacity of 2.5GW for the whole year. The successful bid for the 400MW wind-to-hydrogen new energy demonstration EPC project in Baiyang City, Xinjiang is the largest single-contract installed capacity project in the new energy sector. Simultaneously, investment, construction and operation of new energy projects have become a new engine driving the high-quality development of the enterprise. The Company has strengthened in-depth exchanges with local governments, provincial and municipal leading enterprises, actively exploring multiple development models such as equity cooperation and resource sharing. Through methods like indicator competition and matching, the Company has continuously acquired new energy indicators from locations like Shilou and Ningwu, accumulating a total of 300MW of new energy capacity throughout the year. In 2024, the Company launched five energy storage projects, including the (first batch) lead-carbon battery energy storage EPC general contracting project and the Jiangsu Bravo Textile Technology (江蘇布拉芙紡織科技) user-side energy storage project. The Company's position in the field of new energy continues to rise. Meanwhile, in collaboration with enterprises such as Zhongneng Lingyu (中能淩宇), Huaxia Zhihui (華夏智慧), and Huagong Energy (華工能源), the Company is driving a series of new power system construction projects including generation-network-load-storage, virtual power plants, smart grids, and power trading. These projects provide new growth points for the Group's sustainable development.

With a firm commitment to the development layout of "specialization," the Company is integrating upstream and downstream resources, consolidating and extending the value chain, and constructing a resource-sharing platform for the Group's "specialization+" strategy to continuously enhance the quality of specialized market development. In the field of chemical engineering, the Company won the bid for the project of Shanxi Tianxing Coal Gasification Co., Ltd. (山西天星煤氣化有限公司), with an annual production capacity of 1.01 million tons of coke and 80,000 tons of LNG new energy. Among these projects is the methanol project of Xinjiang Qiya (新疆其亞) with an annual production of 6 million tons of methanol, which is the world's largest single-unit coal-based methanol project. The Company also won the bid in Taonan City for wind power coupled with biomass green methanol integrated demonstration project, enabling the Group to successfully enter the green electricity-to-hydrogen field. In the field of electromechanical installation, the Company won the bid for a series of projects including the comprehensive electromechanical (first section) contracting project at Junjingbei Commercial Plot 1. Among which, the Hefei Xinqiao Airport (合肥新橋機場) S1 Line general contracting project is currently the largest single-project scale rail transit project undertaken by the Group. In the field of power, the Company won the bid for the first phase EPC project of the low-concentration gas distributed power generation project of Huoerxinhe under Shanxi Coking Coal Group. In the municipal sector, the Company won the bid for a batch of quality projects such as the EPC project for the construction of the Zongyang County Second Sewage Treatment Plant and the general contracting project for the Linfen City Green Energy Transmission and Distribution Project (Huozhou-Hongtong). In 2024, the Company was selected as one of the first batch of "Chinese Construction" brand enterprises and showcasing in the Chinese Construction Brand Exhibition under the China Brand Fair 2024. The development of "specialization" has become a stable engine for the Group's high-quality development by attracting a more loyal customer base, undertaking more representative projects, and delivering higher-quality project performance.

In terms of specialized auxiliary construction, the Group won the bid for the Qinshui County Party School Relocation Auxiliary Project; Phase II Project of the Third Water Plant in Qinshui County; the EPC general contracting project for the 10,000-ton lithium extraction comprehensive energy project in the salt lake Jieze Chaka, Ali, Tibet, by Tibet Shenneng Zhongjie New Energy Co., Ltd. (西藏申能中楷新能源有限公司); the auxiliary project for the Jinjishan Taichong Pet Paradise (金雞山泰寵寵物樂園); the ecological tourism project in Chaxi River and the overall rural revitalization project in Zhubian Town, Junan County, Linyi City (EPC project); the waste collection station project in the resettlement area of the Dahe sub-area in Xiong'an New Area; the Green Axis Impression Project in the Zhengzhou Airport Economic Comprehensive Experimental Zone (鄭州航空港經濟綜合實驗區綠軸印象項目) and others.

In terms of other projects, the Group won the bid for the general contracting project for the construction of National Integrated Computing Power Network National Hub Node Shanxi Hub (Taiyuan) (Part I) and others.

In terms of the development of overseas projects, the Company has been focusing on specialized fields and key countries, with a continuous deepening of engagement in the Southeast Asia and Africa regions. Successively, the Company won the bids for projects such as the Dexin Photovoltaic Power Generation Project in Indonesia and the conveyor belt and beneficiation plant project in Simandou iron mine, Guinea. Breaking through into the Central Asian market, the Company has won the bid for the EPC project of the "Eastern Gate" China-Kazakhstan Intelligent Manufacturing Industrial Park in Kazakhstan. Embracing the "sailing abroad" strategy, the Company has collaborated with industry elites such as Sinosure from China and Marubeni from Japan, along with other internationally renowned enterprises, to expand the development of new energy projects in the regions of Central Asia and the Middle East.

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: the Group has won the bids for the construction waste treatment project in Changzhi and Linfen. The Ruiguang Power Plant solid waste resource utilization project has obtained national approval. The Ningwu decommissioned wind turbine blade photovoltaic component disposal project is currently undergoing the decision-making process. Shan'an Maode has landed rooftop photovoltaic projects in Changzhi and Linfen, integrated decoration parks, and is driving the full implementation of construction of the comprehensive energy project in Taiyuan Wusu Airport. The Group has also won bids for 8 entrusted operation projects in Wenshui, Pinglu, Xia County, among others, and has developed a smart water service operation management platform for the Wenshui project, promoting intelligent and refined operations.

Industry in which the Company Operates

In 2024, as an important pillar industry of the national economy, the construction industry still maintained a growth trend despite growing at a decelerated rate. In 2024, the total output value of the construction industry in the PRC was RMB32,650.1 billion, representing a year-on-year growth of 3.9%, which showed strong resilience and potential in the industry.

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 the significant growth of the new energy industry and the strong demand for related energy associated with the significant development of the national economy.

1. *New Energy Industry Projects*

   In 2024, China made remarkable progress in new energy sectors of "wind, photovoltaic, storage, hydrogen, and vehicles", which flourished like a garden in full bloom. The PRC fulfilled its global commitments, and the overall achievements of the industry were significant. However, amidst this prosperity, the concept of "competition" stood out, and "innovation" within such "competition" was evident. As of 2024, the total installed capacity of wind and photovoltaic power generation in the PRC reached 1.35 billion kilowatts, of which the installed capacity of wind power was approximately 510 million kilowatts, and the installed capacity of photovoltaic power was approximately 840 million kilowatts, with a utilization rate maintained above 95%. This fulfilled the global commitment six years ahead of schedule. By 2025, an additional installed capacity of about 200 million kilowatts of wind and photovoltaic power will be achieved. In the future, residential electricity will be greener, and new energy vehicles will also be able to charge with green power.

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

In 2024, the newly installed capacity of renewable energy nationwide reached 300 million kilowatts, accounting for over 85% of the totally newly added capacity. Currently, investment in non-fossil energy generation is steadily increasing. A number of centralized wind power projects in Gansu, Xinjiang, Liaoning, Heilongjiang and Hebei are being accelerated. In terms of centralized photovoltaic power, investments in ongoing projects in Yunnan, Xinjiang, Qinghai, Inner Mongolia, Shandong and Hebei are being rapidly released; for distributed photovoltaic power, developments in Jiangsu and Zhejiang are speeding up, while investments in Anhui and Guangdong are growing quickly. Investment in new energy business formats is being accelerated. A series of multi-energy complementary clean energy base projects in Gansu, Xinjiang and Qinghai are progressing in an orderly manner. Ongoing projects for green hydrogen production in Inner Mongolia and hydrogen refueling facilities in Henan continue to be effective investments. The installed capacity of new energy storage nationwide is maintaining rapid growth. By the end of September, a total of 58.28 million kilowatts/128 million kilowatt-hours of new energy storage was completed and put into operation nationwide, representing an increase of approximately 86% compared to the end of 2023, becoming an important component of the stable operation of the power system. The "14th Five-Year Plan for Future Industrial Development in Shanxi Province" (《山西省「十四五」未來產業發展規劃》) lists the hydrogen energy industry as one of Shanxi's seven leading future industries, proposing the establishment of a "China Hydrogen Capital" with national and global influence over the next 30 years. The 2025 government work report of Shanxi Province states that it would accelerate the construction of wind and photovoltaic projects, promote the full industrial chain development of hydrogen, ammonia and methanol, and ensure that the installed capacity of new energy and clean energy accounts for over 50%. It will advance the construction of new energy storage, pumped storage and virtual power plants to build a new power system. The implementation of the green development strategy will bring new investment opportunities to the new energy sector.

2. Petrochemical Industry Projects

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

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

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

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

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

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

Specialized Auxiliary Construction in the PRC

Specialized auxiliary construction mainly includes urban roads, power supply, water supply as well as transportation infrastructure such as highways, railways and bridges. Specialized auxiliary construction generally plays an important role in the development of infrastructure construction, and the gross output value of specialized auxiliary construction in the PRC is expected to continue to grow as (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 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 set out 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. Distributed renewable 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.

5. Urban Renewal

In 2025, urban renewal will become an important tool for expanding domestic demand, and urban renewal efforts in our country will accelerate. Shanxi Province will focus on renovating old residential communities, building complete communities, and conducting urban inspections to create a livable, resilient, and smart city. At the same time, there are plans to advance 15 initiatives related to people's livelihoods, including the construction and renovation of community elderly care service facilities, standardized community canteens, the installation of elevators in residential buildings, the establishment of boarding primary and secondary schools, and the repair of rural water supply projects, further enhancing the quality of life for residents.

Additionally, China will enhance the construction of platforms such as county industrial agglomeration areas and innovation and entrepreneurship parks, optimize the allocation of public resources between urban and rural areas, and promote a new type of urbanization centered around county towns. Shanxi Province will also renovate the 'three districts and one village,' improve municipal infrastructure, and advance the realignment of national and provincial roads through county towns. With the decentralization of industries, consumption, and digital services, the policy direction for county economies and rural revitalization is becoming increasingly clear. In the future, the focus of urbanization will shift toward county towns, opening up broader market opportunities for construction companies.

Overseas Construction Market Ushers in New Development Opportunities

Over the past two years, international bilateral cooperation around the "Belt and Road" initiative has continued to deepen, and the pace of Chinese construction engineering enterprises "going global" has been accelerating. According to statistics from the Ministry of Commerce, from January to September 2024, China's foreign contracted engineering business achieved an operating revenue of RMB781.02 billion, a year-on-year increase of 2.1%. The value of new contracts signed reached RMB1,220.58 billion, showing a growth of 23.8%. In the global infrastructure landscape, Southeast Asia, the Middle East, and Africa are emerging as core growth areas. Chinese engineering enterprises, leveraging their technological, financial, and full industrial chain advantages, are deeply involved in the fields of transportation, new energy, and smart cities, shaping a new model of cooperation under the "Belt and Road" initiative.

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	**Year 2024**	***Percentage of revenue*** **%**	Year 2023	*Percentage of revenue* %	Change
Specialized industrial construction	**9,091,213**	**74.26**	6,371,536	58.08	42.68%
Specialized auxiliary construction	**904,378**	**7.39**	2,243,331	20.45	−59.69%
Other construction	**1,264,455**	**10.33**	1,280,553	11.67	−1.26%
Non-construction business	**939,125**	**7.67**	1,044,923	9.52	−10.12%
Other business	**43,718**	**0.35**	30,766	0.28	42.10%
Total	**12,242,889**	**100.00**	10,971,109	100.00	11.59%

Our operating revenue during the Reporting Period amounted to RMB12,242.9 million, representing an increase of 11.59% as compared with RMB10,971.1 million for the year ended December 31, 2023, mainly due to the increase in operating revenue derived from specialized industrial construction.

Specialized Industrial Construction Business

Our specialized industrial construction business mainly include projects related to the following fields: power engineering (thermal power generation, new energy wind power generation, new energy photovoltaic power generation, new energy geothermal power generation, hydrogen power generation, power transmission and transformation); petrochemical engineering (oil and gas storage and transportation, petrochemical engineering, chemical engineering, pharmaceutical and chemical engineering); electromechanical installation engineering; metallurgical engineering (glass, coking, cement, nonferrous 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 RMB9,091.2 million (2023: RMB6,371.5 million), representing a year-on-year increase of 42.7%. Such increase was mainly because the power engineering, petrochemical engineering and electromechanical installation engineering projects of such segment entered the peak construction period during 2024, resulting in an increase in project revenue.

Specialized Auxiliary Construction Business

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

During the Reporting Period, our revenue derived from specialized auxiliary construction business amounted to RMB904.4 million (2023: RMB2,243.3 million), representing a year-on-year decrease of 59.69%. Such decrease was mainly due to the decrease in revenue derived from projects for the year as the major projects of such segment entered the later stage of construction.

Other Construction Business

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

During the Reporting Period, our revenue derived from other construction business amounted to RMB1,264.5 million (2023: RMB1,280.6 million), representing a year-on-year decrease of 1.26%. Such decrease was mainly due to the decrease in revenue for the year as large commercial and office buildings that were under construction in the previous year came into the final stages of construction during the year.

Non-construction Business

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

During the Reporting Period, our revenue derived from non-construction business amounted to RMB939.1 million (2023: RMB1,044.9 million), representing a year-on-year decrease of 10.12%. Such decrease was mainly due to the decrease in LNG sales income, concrete sales and trading income.

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 2024 amounted to RMB10,722.5 million, representing an increase of 12.02% from RMB9,571.9 million for the Corresponding Period. This was mainly due to the increase in costs corresponding to our higher revenue scale.

Gross profit and gross profit margin

Our gross profit for 2024 amounted to RMB1,520.4 million, representing an increase of 8.66% as compared to RMB1,399.2 million for the Corresponding Period. It was mainly due to the increase in gross profit from specialized industrial, petrochemical engineering and electromechanical installation engineering projects.

Our gross profit margin for 2024 was 12.42% (2023: 12.75%) and 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 2024 amounted to RMB30.9 million, representing a decrease of 13.81% as compared with RMB35.8 million for the Corresponding Period, which was mainly due to the decrease in, among other things, farmland occupation 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 2024 amounted to RMB1.3 million, representing a decrease of 9.9% as compared with RMB1.5 million for the Corresponding Period, which was mainly due to lower transportation fees for the 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 2024 amounted to RMB470.5 million, representing a decrease of 8.94% as compared with RMB516.6 million for the Corresponding Period, 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 2024 amounted to RMB593.4 million, representing an increase of 33.9% from RMB443.2 million for the Corresponding Period, which was mainly due to the increase in the number of research and development projects during the Reporting Period, resulting in increased investment.

Finance expenses

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

Our finance expenses for 2024 amounted to RMB102.30 million, representing an increase of 6.14% as compared to RMB96.4 million for the Corresponding Period, which was mainly due to the increase in principal amount of borrowings.

Other gains

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

Our other gains for 2024 amounted to RMB9.2 million, representing a decrease of 19.0% as compared with RMB11.4 million for the Corresponding Period. The decrease in other gains was mainly affected by lower government subsidies, which was a normal result under the adjustment of industry policy, and would not impose material impact on the Company's ability to continue its operations. The Company will continue to conduct further strategic transformation, enhance its core competitiveness and safeguard the long-term returns for shareholders.

Investment gains

Our investment gains for 2024 amounted to RMB–2.6 million, representing a decrease of 157.91% as compared with RMB4.6 million for the Corresponding Period. The decrease in investment gains was mainly due to the reduction in share of profit of associates.

Gains of change in fair value

In 2024, we recorded gains on change in fair value of RMB0.9 million, representing an increase of RMB0.2 million as compared to RMB0.7 million 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 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.

In 2024, we had credit impairment losses of RMB77.2 million, representing a decrease of RMB0.5 million from RMB77.7 million for the Corresponding Period.

Impairment losses on assets

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

In 2024, our impairment losses on assets amounted to RMB27.7 million, representing an increase of RMB17.7 million from RMB10.0 million for the Corresponding Period.

Total profit

In 2024, our total profit amounted to RMB224.8 million, representing a decrease of 0.16% from RMB225.1 million for the Corresponding Period.

Income tax expense

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

In 2024, our income tax expense was RMB15.2 million, representing a decrease of RMB4.4 million from RMB19.6 million for the Corresponding Period, 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

In 2024, we recorded a net profit of RMB209.5 million, representing an increase of 1.93% from RMB205.6 million for the Corresponding Period.

Total comprehensive income attributable to shareholders of the parent company

In 2024, total comprehensive income attributable to our equity holders was RMB155.7 million, representing a decrease of RMB1.8 million from total comprehensive income attributable to equity holders of the Company of RMB157.5 million for the Corresponding Period.

Liquidity and capital resources

In 2024, the Group's working capital was RMB–312.5 million (as at December 31, 2023: RMB54.0 million) consisting of current assets of approximately RMB17,189.4 million (as at December 31, 2023: RMB17,060.4 million) and current liabilities of approximately RMB17,502.0 million (as at December 31, 2023: RMB17,006.4 million), representing a current ratio of approximately 1.0. Although the Company's prevailing working capital is negative, the Company has adopted targeted optimization measures: firstly, it enhanced the recovery mechanism for receivables to shorten capital recovery cycle; secondly, it established a dynamic inventory management system; thirdly, it shall reach agreements on the extension of some short-term debts with financial institutions.

The Directors are of the view that the above measures are expected to foster a significant improvement in its current ratio for the next year. Currently, the Company has sufficient operating cash flow, its long-term repayment capability remains stable, and the overall financial risk is under control.

In 2024, the Group had cash and bank balances (including restricted pledged bank deposits) of approximately RMB2,626.8 million (as at December 31, 2023: RMB2,636.5 million). As at December 31, 2024, the Group had cash and bank balances (excluding restricted pledged bank deposits) of approximately RMB2,200.8 million (as at December 31, 2023: RMB2,090.2 million).

As at December 31, 2024, the Group's borrowings amounted to RMB6,119.0 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; (b) the Group has maintained long-term business relationship with its principal banks; and (c) the Company has obtained a commitment letter from Shanxi CIG, the controlling shareholder, committing to provide continuous funding support for the Group's operation needs.

Capital expenditures

The Group's capital expenditures relate primarily to construction and equity investment. As at December 31, 2024, the total amount of capital expenditures contracted by the Group but not yet incurred was RMB1,261.8 million (as at December 31, 2023: RMB297.08 million).

Gearing ratio and quick ratio

Gearing ratio represents net debt divided by total capital. Net debt represents total borrowings (including, among other things, short-term borrowings, long-term borrowings due within one year and long-term borrowings) less cash balance presented in the statement of cash flow. Total capital represents the sum of shareholders' equity and net debt presented in the consolidated balance sheet. Total shareholders' equity includes equity attributable to shareholders of the parent company and minority interests. Our gearing ratio as at December 31, 2024 was 53.9% (as at December 31, 2023: 55.3%).

Quick ratio represents current assets (excluding inventory) divided by current liabilities at the end of each year/period. Our quick ratio as at December 31, 2024 was 54.3% (as at December 31, 2023: 59.5%).

Contingent liabilities

As at December 31, 2024, the Group did not have any significant contingent liabilities.

Long-term equity investments

As at December 31, 2024, the Group's long-term equity investments amounted to RMB210.2 million, representing an increase of 7.8% as compared with RMB195.1 million as at December 31, 2023. The increase in the Group's long-term equity investments was mainly due to the increase in investment in associates by the Company.

As at December 31, 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 December 31, 2024, the Group has not conducted any material acquisition and disposal.

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

Outlook

In the face of the tumultuous currents of the times and the changing landscape of the industry, progress is the direction we are destined to take. This year marks the concluding year of the "14th Five-Year Plan" and is a year of significant importance in the development process of the Group companies. We have designated this year as the "Year of Quality Empowerment", aiming to enhance corporate quality through organizational empowerment, transformation empowerment, technological empowerment, talent empowerment and party building empowerment.

I. Breakthrough and Transcend: Use Keen Insight to Identify Opportunities and Carve Out New Paths

(1) Organizational Empowerment — Overall Construction of a Major Strategic System

In terms of strategic assessment and planning. We need to comprehensively, systematically, and objectively sort through production and operation data, highlighting key issues and lessons learned. It is essential to methodically summarize and refine the main achievements and experiences since the beginning of the "14th Five-Year Plan". We should align our work with the Company's functional positioning, specialized development directions, strategic business cultivation goals, and economic indicators, breaking down the various targets for the "15th Five-Year Plan" by year, while guiding high-quality development with high-level planning.

In terms of reform and corporate governance. We strengthen the construction of the governance system, strictly implement the term system and contractual management for members of the management team, reinforce the "contractual spirit", and solidify management responsibilities. In accordance with the requirements for deepening the reform of state-owned enterprises, we should effectively utilize performance assessments, clarify "exit" standards, and establish practical systems for adjustment of underperformers and exit of the incompetent. We need to fully leverage the roles of the four main centers and further explore direct management project management models to enhance efficiency. We should continuously optimize the organizational structure, focusing on "downsizing and fitness", thereby invigorating the enterprise. Strengthening the governance of subsidiaries is also essential. We should support and promote subsidiaries to enhance collaborative development with local advantageous resources through mixed ownership reform and the establishment of joint ventures, driving business growth and localization efforts.

(2) Transformation Empowerment — Precise Implementation of the Large Market Layout

Focus on strengthening and specializing business segments. We must maintain strategic determination and make full use of our top-tier qualifications in the petrochemical sector. With the Chemical Division, Chemical Design Institute, Northwest Branch, and specialized engineering companies as our "main forces", we will accelerate the expansion of the petrochemical market. Building on our profession and strengths in municipal sectors, we will fully engage in policy-driven projects such as "Two New and Two Focus", urban renewal, and the Western Development Initiative. We will work to enhance our competitive capabilities in **the power sector**, particularly in photovoltaics and wind power, further opening domestic and international markets. We will **maintain** our competitive advantage in **electromechanical installation** by leveraging our engineering company in Southern China and our subsidiaries in Hong Kong to explore overseas markets, our Shanghai engineering company to continue to delve into subway electromechanical installation projects, and cultivating high-quality electromechanical professionals through the Taiyuan Wusu airport project, further enhancing our market competitiveness and refining our "punchline products".

Deepen and enhance the energy and carbon sector. We need to intensify our efforts in scientific research, and explore the implementation models for new energy and new power system projects such as hydrogen, ammonia, and methanol, integrated source-grid-load-storage systems, incremental distribution networks, and virtual power plants, while promoting the reporting of new energy indicators. We must firmly establish the concept of "unity is strength", further enhancing the integration of high-quality resources within the Group, as well as along the upstream and downstream industrial chains. This will extend the depth and breadth of "internal small collaborations and external large collaborations", accelerating the formation of a powerful synergy in the new energy sector.

Specialize and expand the transformation sector. The four major platform companies serve as important vehicles for the Group companies' transformation business and we should accelerate their development, expand their scope, and enhance their efficiency. Shan'an Blue Sky: We must rapidly expand the clean heating market. Our focus should not only be on scale but also on addressing weaknesses in value creation. Shan'an Lide: We should enhance business collaboration and construct the solid waste project to high standards, creating exemplary and benchmark projects. Shan'an Maode: We will leverage the establishment of a zero-carbon airport at Wusu and collaborate with the Distributed Energy Research Institute to research and develop zero-carbon park projects, driving our "investment, construction, and operation" business. Shan'an Biquan: We will focus on building core technological advantages to strengthen our competitive position in water environment governance through "investment, construction, and operation".

Stabilize and enhance the overseas sector. As the "Belt and Road" Initiative enters a new phase, we should deepen our efforts in traditional advantageous regions such as Africa, Southeast Asia, and countries along the "Belt and Road", promoting the overseas collaborative development of businesses like petrochemicals and new energy. We need to strengthen top-level design and actively explore pilot projects for a simulated shareholding development and operation model from the Group companies level. Using overseas projects like those in Algeria as a platform, we will accumulate engineering experience while building a high-quality team, enhancing management capabilities, and improving the financial system to establish a risk prevention and control system for overseas projects.

II. Brave the Waves and Forge Ahead with Determined Belief to Face Storms and Overcome Challenges

(1) Mechanism Empowerment — Establishing and Improving Large Business Management

"Large Business Management" centers on managing economic activities within the enterprise, focusing on "enhancing efficiency and creating value". It strengthens the inter-connection of four major systems: market, supply chain, contract performance, and cost, to achieve the methodology and concept for comprehensive project lifecycle management. We aim to enhance economic benefits and the core competitiveness of the enterprise by integrating and optimizing all stages of a project, from initial planning to later operations.

(2) Management Empowerment — Systematically Advancing Major Safety Construction

The key to the "big safety concept" is "holistic", encompassing various fields such as construction, operations, quality, law, finance, and integrity. We aim to achieve intrinsic safety by establishing a management system centered on "comprehensive participation, full organizational involvement, and whole-process management", where "responsibility is layered, everyone is accountable, and each has their own duties.

III. *Breaking Free from the Cocoon, Reshaping with Innovative Thinking to Enhance Efficiency and Embrace Transformation*

(1) Technological Empowerment — Continuously Stimulate the Driving Force of Major Scientific Research

High-Quality Evaluation. First is to continue to explore effective ways of promoting the efficiency of scientific research and evaluate standards for the transformation of scientific achievements, emphasizing quality, contribution, and performance orientation, continually stimulating the potential for innovation and efficiency. Second is to focus on summarizing and refining innovative and practical technologies, selecting a batch of typical achievements through fair evaluation. Third is to conduct annual evaluations of the operation status of maintenance projects and timely promote technical optimization, upgrade, and renovation work.

High-Level Scientific Research. Conduct in-depth research and actively learn from the experiences of central enterprises, Huawei, and other companies in scientific research. Establish an integrated mechanism for project, talent, and fund allocation at the Group companies level, improve provincial-level research platform construction, and systematically enhance research capabilities. Strengthen cooperation with universities, actively build a scientific innovation ecosystem with internal and external linkage and complementary advantages, promote deep integration of industry, academia, and research. Continuously advance in the research and development of technologies such as wind turbine blade recycling and high-altitude power generation, facilitate precise alignment of innovative outcomes with market demands, and bridge the "last mile" in applying and transforming innovative results.

Efficient Utilization of BIM. As Building Information Modeling (BIM) technology gradually enters a more advanced stage of application, it is essential to fully recognize the significant role of BIM technology in creating economic, social, and managerial benefits. Additionally, efforts should be concentrated on nurturing BIM technology as a core competitive advantage for the Group companies' transformation towards integration, refinement, and technological advancement. Focusing on value creation, particularly in the context of chemical engineering projects, promote the deep integration and application of "BIM technology + prefabrication".

High-Speed Information Transformation. Based on the overall development of the enterprise, deeply advance the information transformation and accelerate the formation of comprehensive optimization plans. Firstly, enhance data quality, enrich data application scenarios and efficiency, explore the effective use of AI technology, establish large-scale engineering data models, and address the issue of "data silos". Secondly, focus on resolving problems such as excessive reports and repetitive data entry, effectively utilizing information technology to enhance management efficiency. Thirdly, on the foundation of comprehensive communication with Shanxi CIG, ensure the upgrade and renovation of the current project-level information systems.

(2) Talent Empowerment — Firmly Establish a Broad View of Talent

The concept of a "broad view of talent" entails selecting talents from all walks of life, employing talents without constraints, and integrating the cultivation, motivation, utilization, evaluation of talents and ecosystem development seamlessly. We continuously deepen the full-cycle talent management system of "attraction, cultivation, utilization, retention, and retirement", refine a precise and dynamic incentive system, and create a vibrant scene where exceptional talents excel and compete.

(3) Party Building Empowerment — Continuously Improving the Grand Pattern of Party Building

"Big Party Building" refers to the integration of party leadership and party construction, where party leadership sets the direction, party construction provides strength, party leadership plans comprehensively, and party construction promotes stability. This integration aligns party leadership and party construction within the overall layout of the "Five-sphere Integrated Plan" and the "Four-pronged Comprehensive Strategy", and merges within the strategic measures of comprehensive and strict governance of the Party.

Two-way Integration. Select key and challenging issues in the production and operation of the Group companies, use direct management projects as a platform to conduct in-depth research on the integration of party building and production operations through "in-depth interactive countermeasure-style" approaches, and create quantifiable and assessable beneficial outcomes. Based on the "great platform" of party building, create "party building and production operation demonstration projects", "party building and production operation demonstration departments", and "party building and production operation demonstration individuals" from aspects such as progress management, cost control, and technological applications to verify the effectiveness of party building work through the actual results of the work.

Despite the challenges and long journey ahead, as long as we persist in carrying out our blueprint to the end, follow through with our initiatives one after another, proactively shape a favorable external environment, and strive to transform all positive factors into tangible development achievements, we will undoubtedly continue to grow and strengthen amidst the storms. We will surely conclude the "14th Five-Year Plan" with success and compose a more splendid new chapter of high-quality development for Shanxi Installation.

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 announcement, the Group has complied with the relevant laws and regulations that have impacts on the Group's business and operations. However, we cannot guarantee our internal control measures could always effectively avoid non-compliance. In case considered in violation, we are subject to administrative or regulatory fines and penalties, including the suspension or cancellation of our qualifications, and our operation could be hindered or suspended, which would impose material and adverse impacts on our business and operating results. As the legal systems in the places where we operate at and the construction and installation industry continue to develop, relevant laws and regulations or their interpretation or implementation are subject to amendments or changes from time to time, and we may not be able to adjust on a timely basis to comply with relevant regulations. We may also be exposed to risk of being penalized in case of any violation by our landlords.

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", an environmental protection law and regulation. For example, we are required to take measures to control environmental pollution generated at construction sites and pay for the discharge of waste materials.

In the event of serious environmental offences, we may be subject to fines and other administrative penalties and/or rejection from obtaining or renewing relevant licenses and permits. Law enforcement officials also have the right to order the closure of our construction facilities if they cause environmental damage or destruction that we are unable to remedy.

Compliance and Governance Risks as a Listed Company

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

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 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.

	Net proceeds intended to be distributed according to the prospectus *(HK$ millions)*	Unutilized net proceeds as of January 1, 2024 *(HK$ millions)*	Actual use of proceeds during the Reporting Period *(HK$ millions)*	Net proceeds unutilized during the Reporting Period *(HK$ millions)*	Expected timeframe for utilizing the remaining unutilized net proceeds
For financing our future centralized photovoltaic projects	147.6	147.6	5.6	142	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
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	16.2	57.7	To be utilized before end of 2026
For financing our existing and future clean heating projects	29.5	29.5	1.8	27.7	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 2026
For financing our future solid waste disposal projects	29.5	29.5	5.4	24.1	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 2026
For making payment of the construction fee for equipment required for the existing service concession project	36.9	36.9	36.4	0.5	To be utilized before end of 2026
For our existing and future service concession projects including the service concession project of Urban Flood Control and Drainage and Comprehensive Treatment of Ecological Environment in Zhangzi County, Changzhi City	44.3	44.3	—	44.3	To be utilized before end of 2025
For financing new energy projects of upstream and downstream manufacturing industries, major expenditures including the payment used in purchase of tower production line equipment and related ancillary facilities, purchase of raw materials	73.9	73.9	—	73.9	To be utilized before end of 2025
For working capital and other general corporate purposes	59.1	59.1	51.4	7.7	To be utilized before end of 2026
Total	738.5	738.5	116.8	621.7	

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, 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). During the Reporting Period, the Company did not hold any treasury shares.

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

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

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the audited consolidated annual results of the Group for the Reporting Period together with the management 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.

SCOPE OF WORK OF GRANT THORNTON (SPECIAL GENERAL PARTNERSHIP)

The figures in respect of the results of the Group for the year ended December 31, 2024 as set out in this results announcement have been agreed by the Company's auditor, Grant Thornton (Special General Partnership) ("**Grant Thornton**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2024. The work performed by Grant Thornton in this respect was limited and did not constitute an assurance engagement in accordance with the business accounting standards and consequently no assurance has been expressed by Grant Thornton in this announcement.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board proposed to declare a final dividend of RMB0.04537 (inclusive of tax) per 10 ordinary shares of the Company ("**Shares**") (representing an aggregate amount of RMB6.2 million (inclusive of tax) based on the total issued Shares as at the date of this announcement) for the year ended December 31, 2024 (the "**Final Dividend**"). The aforesaid proposal is subject to the consideration and approval at the annual general meeting of the Company ("**AGM**").

In order to qualify for the entitlement to the proposed Final Dividend, the register of members of the Company will be closed from Thursday, May 29, 2025 to Wednesday, June 4, 2025, both days inclusive, during which period no transfer of H shares in the Company will be registered. All transfer of H shares, accompanied by the relevant share certificates, must be lodged with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, May 28, 2025. If the distribution proposal is approved at the AGM, the Final Dividend will be distributed on or around Friday, July 18, 2025 to Shareholders whose names appear on the register of members of the Company's H shares on Wednesday, June 4, 2025. The Final Dividend is denominated and declared in Renminbi. The Final Dividend payable to the holders of the Company's H shares shall be paid in Hong Kong dollars. The amount of Hong Kong dollars payable shall be calculated on the basis of the average closing exchange rates for Hong Kong dollars as announced by the Foreign Exchange Trading Centre of the PRC one calendar week prior to the approval of the Final Dividend at the AGM.

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 ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.sxaz.com). The 2024 annual report of the Company containing all the information required by the Listing Rules will be made available to the Shareholders in due course and will be published on the websites of the Stock Exchange and the Company.

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, March 27, 2025

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.