



山西安裝

山西省安裝集團股份有限公司

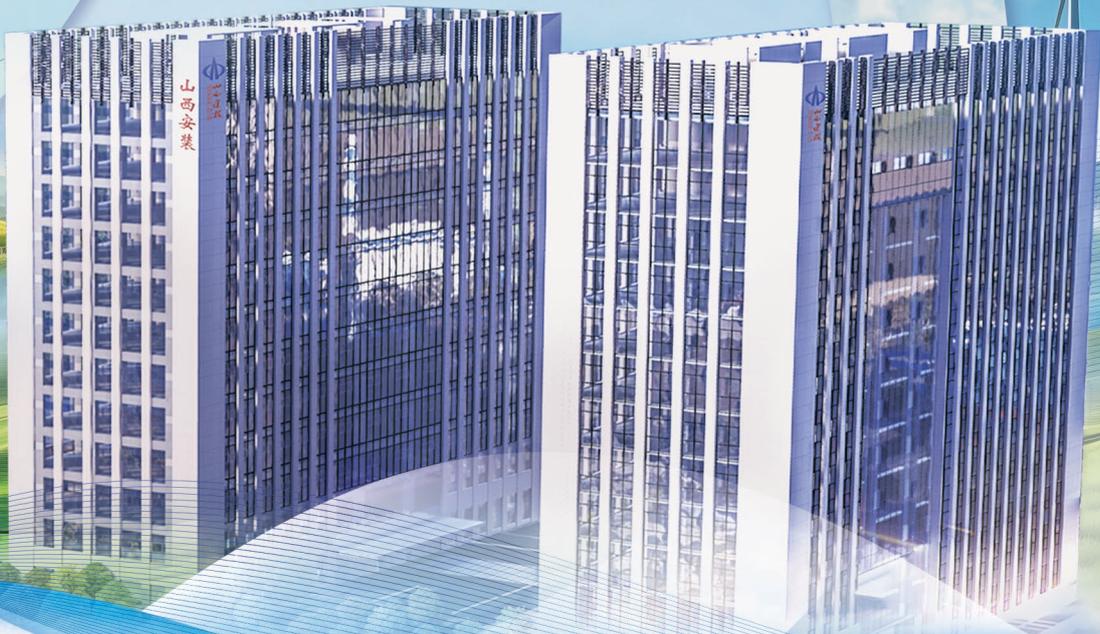
Shanxi Installation Group Co., Ltd.

(於中華人民共和國註冊成立的股份有限公司)

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

股份代號 Stock Code: 02520

2024
INTERIM REPORT
中期報告



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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. WANG Limin (Chairman)
Mr. REN Rui
Mr. ZHANG Yan

Non-executive Directors

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

Independent Non-executive Directors

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

Audit Committee

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

Remuneration and Appraisal Committee

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

Nomination Committee

Mr. WANG Limin (Chairman)
Mr. WANG Jingming
Mr. GUO He

Supervisors

Mr. SHI Meng
Mr. YAN Lei (appointed on May 22, 2024)
Ms. ZHANG Caixia
Mr. CAO Haiyang (resigned on May 22, 2024)

Joint Company Secretaries

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

Authorized Representatives

Mr. WANG Limin
Mr. ZHANG Xiaodong

Company's Website

www.sxaz.com.cn

Investor Relations Contact

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H Share Registrar

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Wan Chai
Hong Kong

Legal Advisers to the Company

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

Auditor

Grant Thornton Zhitong Certified Public Accountants LLP
5th Floor, Scitech Plaza
22 Jianguomenwai Street
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PRC

Principal Bankers

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

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

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

Compliance Adviser

Shanxi Securities International Capital Limited

Stock Code

02520

MANAGEMENT DISCUSSION AND ANALYSIS

Principal Activities

We are a construction service provider based in Taiyuan, a city in Shanxi Province, China. We primarily engage in the following four business segments: (i) specialized industrial construction, (ii) specialized auxiliary construction, (iii) other construction, and (iv) non-construction business. We offer a wide range of services, from (i) design and consulting, (ii) investment and construction, (iii) building construction, to (iv) operation and maintenance. An analysis of our revenue and operating profit for the six months ended June 30, 2024 by principal activities is set out in this section.

Discussion and Analysis on Business Operation

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

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

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

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

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

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

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

Industry Review

Specialized Industrial Construction in China

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

1. *New Energy Industry Projects*

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

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

2. *Petrochemical Industry Projects*

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

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

Specialized Auxiliary Construction in the PRC

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

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

1. *Clean Heat Supply*

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

2. *Solid Waste Disposal*

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

Management Discussion and Analysis

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

3. *Distributed Photovoltaic*

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

During the 14th Five-Year Plan period, Shanxi will focus on promoting wind power and photovoltaic power generation bases and large-scale development in northern Shanxi and western Shanxi, optimizing wind power and photovoltaic power generation in the southeastern district of Shanxi by development in close proximity, steadily promoting the diversified development of biomass energy, and actively promoting the large-scale development of geothermal energy. Focusing on economy of scale for centralized power generation and finer details for distributed power generation, we will continue to expand the scale of installed renewable energy and increase the proportion of installed power generation facilities. According to the Notice on the Three-Year Action Plan to Promote the Development of Distributed Renewable Energy in Shanxi Province (2023–2025) issued by Shanxi Provincial People's Government, by 2025, the province's total installed distributed renewable energy is to reach 10 million kilowatts, and distributed renewable energy power generation is to achieve a doubling of the amount in 2022. Energy utilization rate should maintain at a reasonable level, with various kinds of application scenarios, and pilot demonstration projects should have been completed to achieve results.

4. *Water Environment Management*

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

Overseas Construction Market Ushers in New Development Opportunities

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

Business of the Company

During the Reporting Period, the Company primarily engaged in the following four business segments: (i) specialized industrial construction, (ii) specialized auxiliary construction, (iii) other construction, and (iv) non-construction business. We offered a wide range of services, from (i) design and consulting, (ii) investment and construction, (iii) building construction, to (iv) operation and maintenance.

Financial Review

Operating revenue

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

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

Cost of sales

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

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

Gross profit and gross profit margin

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

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

Taxes and surcharges

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

Management Discussion and Analysis

Selling expenses

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

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

Management expenses

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

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

Research and development expenses

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

Finance expenses

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

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

Other gains

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

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

Investment gains

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

Gains on change in fair value

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

Credit impairment losses

Our credit impairment losses represent credit impairment losses on our trade receivables, bill receivables and other receivables. During the six months ended June 30, 2024, we applied an internal expected credit loss model (the “**ECL Model**”) developed by the management of the Group in calculating expected credit losses and recognized provision for expected credit losses. The ECL Model reflects the recoverability and historical settlement results on trade receivables, bill receivables and other receivables at the end of each reporting period without the use of hindsight. Any reduction on or addition to the credit impairment losses on our trade receivables, bill receivables and other receivables at the end of each year is credited or charged to profit or loss. During the six months ended June 30, 2024, we had credit impairment losses of RMB34.7 million.

Impairment losses on assets

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

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

Profit before tax

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

Income tax expense

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

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

Net profit

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

Total comprehensive income attributable to equity holders of the Company

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

Liquidity and capital resources

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

Management Discussion and Analysis

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

As at June 30, 2024, the Group's borrowings amounted to RMB6,951.7 million (as at December 31, 2023: RMB5,951.8 million), which were mainly borrowings in RMB. The increase in borrowings of the Group was mainly used for daily operating liquidity.

The Directors are of the view that the Group will be able to have sufficient working capital to fund its future financing needs and working capital based on the below: (a) the Group is expected to be profitable and therefore will continue to generate operating cash flows from future business operations; and (b) the Group has maintained long-term business relationship with its principal banks.

Capital expenditures

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

Gearing ratio and quick ratio

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

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

Contingent liabilities

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

Long-term equity investments

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

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

Material acquisitions and disposals of subsidiaries, associates and joint ventures

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

Interim Dividend

The Board does not recommend the distribution of an interim dividend for the six months ended June 30, 2024 (for the six months ended June 30, 2023: Nil).

Discussion and Analysis of the Company on Future Development

(I) Future Prospect

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

An All-out effort for Transformation and Detailed Definition of Responsibilities for Implementation.

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

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

Management Discussion and Analysis

(II) Potential Risks

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

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

Policy and Regulatory Risks

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

Market Risks

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

Environmental Compliance Risks

In the course of conducting the Company's business, we are required to comply with various PRC national and local environmental laws and regulations that set out the standards for the emission and treatment of pollutants generated during operations, including the "Law of the People's Republic of China on Prevention and Control of Noise Pollution" and other environmental protection laws and regulations. For example, we are required to take measures to control environmental pollution generated at construction sites and pay for the discharge of waste materials.

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

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

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 (the "Treasury Shares")). As at June 30, 2024, the Company did not hold any Treasury Shares.

Disclosure of Interests and Short Positions of Directors, Supervisors and Chief Executives of the Company

As at June 30, 2024, none of our Directors or Supervisors has any interest and/or short position in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short position which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Hong Kong Listing Rules, to be notified to the Company once the Shares are listed on the Hong Kong Stock Exchange.

Interests or Short Positions of Substantial Shareholders in the Shares and Underlying Shares of the Company

As at June 30, 2024, so far as it was known to the Directors or chief executives of the Company, the following persons (other than the Directors and chief executives of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest	Number and class of shares*	Approximate percentage of interest in relevant class of shares	Approximate percentage of interest in the Company's issued share capital
Shanxi CIG ⁽¹⁾	Beneficial owner	980,000,000 Domestic Shares (L)	100.00%	72.81%
	Interest in controlled corporation	20,000,000 Domestic Shares (L)		
SSCO	Interest in controlled corporation	1,000,000,000 Domestic Shares (L)	100.00%	72.81%
Shanxi SASAC	Interest in controlled corporation	1,000,000,000 Domestic Shares (L)	100.00%	72.81%
明陽智慧能源集團股份公司	Beneficial owner	98,792,000 H Shares (L)	26.45%	7.19%
JinYi Capital Multi-Strategy Fund SPC Ltd.	Beneficial owner	51,608,000 H Shares (L)	13.82%	3.76%
海南天堃私募股權投資基金管理有限公司 ⁽²⁾	Interest in controlled corporation	65,668,000 H Shares (L)	17.58%	4.78%
金洛(深圳)私募股權投資基金管理有限公司 ⁽³⁾	Interest in controlled corporation	42,872,000 H Shares (L)	11.48%	3.12%

Other Information

Name of Shareholder	Nature of interest	Number and class of shares*	Approximate percentage of interest in relevant class of shares	Approximate percentage of interest in the Company's issued share capital
海南天坤神奕私募股權 投資基金合夥企業 (有限合夥) ⁽²⁾⁽³⁾	Beneficial owner	42,872,000 H Shares (L)	11.48%	3.12%
海南天坤仙凝私募股權 投資基金合夥企業 (有限合夥) ⁽²⁾⁽³⁾⁽⁶⁾	Beneficial owner	22,796,000 H Shares (L)	6.10%	1.66%
江蘇萬威電氣有限公司 ⁽⁶⁾	Interest in controlled corporation	22,796,000 H Shares (L)	6.10%	2.27%
海南景泰精準股權私募 基金二期合夥企業 (有限合夥) ⁽⁴⁾⁽⁵⁾	Beneficial owner	34,779,000 H Shares (L)	9.31%	2.53%
四川華之燁燦電力設計 有限公司 ⁽⁶⁾	Interest in controlled corporation	34,778,000 H Shares (L)	9.31%	2.53%
景泰創業投資私募基金 管理(海南)合夥企業	Interest in controlled corporation	34,778,000 H Shares (L)	9.31%	2.53%
CITIC Securities Company Limited ⁽⁷⁾	Interest in controlled corporation	29,864,000 H Shares (L)	8.00%	2.17%
CITIC Securities International Company Limited ⁽⁷⁾	Interest in controlled corporation	29,864,000 H Shares (L) 29,864,000 H Shares (S)	8.00%	2.17%
CSI Global Markets Holdings Limited ⁽⁷⁾	Interest in controlled corporation	29,864,000 H Shares (L) 29,864,000 H Shares (S)	8.00%	2.17%
CITIC Securities International Capital Management Limited ⁽⁷⁾	Beneficial owner	29,864,000 H Shares (L) 29,864,000 H Shares (S)	8.00%	2.17%
GaoTeng Overseas Private Fund Management (Hainan) Ltd. ⁽⁶⁾	Beneficial owner	21,252,000 H Shares (L)	5.69%	1.66%
西安山工國際建築工程 有限公司 ⁽⁶⁾	Interest in controlled corporation	21,252,000 H Shares (L)	5.69%	1.66%
GaoTeng Global Asset Management Limited ⁽⁶⁾	Interest in controlled corporation	21,252,000 H Shares (L)	5.69%	1.66%

* (L) — Long position; (S) — Short position; (P) — Lending pool

Notes:

- (1) Shanxi CIG directly holds 980,000,000 Domestic Shares and holds 20,000,000 Domestic Shares through 上海榮大投資管理有限公司, its wholly-owned subsidiary.
- (2) 海南天堃私募股權投資基金管理有限公司 is the general partner of 海南天坤神奕私募股權投資基金合夥企業 (有限合夥) and 海南天坤仙凝私募股權投資基金合夥企業 (有限合夥). By virtue of the SFO, 海南天堃私募股權投資基金管理有限公司 is deemed to be interested in the shares held by 海南天坤神奕私募股權投資基金合夥企業 (有限合夥) and 海南天坤仙凝私募股權投資基金合夥企業 (有限合夥).
- (3) 金洛 (深圳) 私募股權投資基金管理有限公司 holds 76.66% of the shares in 海南天坤神奕私募股權投資基金合夥企業 (有限合夥). By virtue of the SFO, 金洛 (深圳) 私募股權投資基金管理有限公司 is deemed to be interested in the shares held by 海南天坤神奕私募股權投資基金合夥企業 (有限合夥).
- (4) 四川華之燁燦電力設計有限公司 holds 99.99% of the shares in 海南景泰精準股權私募基金二期合夥企業 (有限合夥). By virtue of the SFO, 四川華之燁燦電力設計有限公司 is deemed to be interested in the shares held by 海南景泰精準股權私募基金二期合夥企業 (有限合夥).
- (5) 景泰創業投資私募基金管理 (海南) 合夥企業 (有限合夥) is the general partner of 海南景泰精準股權私募基金二期合夥企業 (有限合夥). By virtue of the SFO, 景泰創業投資私募基金管理 (海南) 合夥企業 (有限合夥) is deemed to be interested in the shares held by 海南景泰精準股權私募基金二期合夥企業 (有限合夥).
- (6) 江蘇萬威電氣有限公司 holds 99.98% of the shares in 海南天坤仙凝私募股權投資基金合夥企業 (有限合夥). By virtue of the SFO, 江蘇萬威電氣有限公司 is deemed to be interested in the shares held by 海南天坤仙凝私募股權投資基金合夥企業 (有限合夥).
- (7) CITIC Securities Company Limited holds 100% of the shares in CITIC Securities International Company Limited, CITIC Securities International Company Limited holds 100% of the shares in CSI Global Markets Holdings Limited and CSI Global Markets Holdings Limited holds 100% of the shares in CITIC Securities International Capital Management Limited. By virtue of the SFO, CITIC Securities Company Limited, CITIC Securities International Company Limited and CSI Global Markets Holdings Limited are deemed to be interested in the shares held by CITIC Securities International Capital Management Limited.
- (8) 西安山工國際建築工程有限公司 holds 100% of the shares in GaoTeng Global Asset Management Limited, and GaoTeng Global Asset Management Limited holds 100% of the shares in GaoTeng Overseas Private Fund Management (Hainan) Ltd. By virtue of the SFO, GaoTeng Global Asset Management Limited is deemed to be interested in the shares held by GaoTeng Overseas Private Fund Management (Hainan) Ltd.

Save as disclosed above, to the best knowledge of the Company, as at June 30, 2024, no person (other than the Directors and chief executives) had informed the Company that he/she had interests or short positions in the Shares or underlying Shares of equity derivatives of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or held any interests or short positions in 5% or more of the respective types of capital in issue of the Company.

Other Information

Use of Net Proceeds

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

Unit: million Currency: HK\$

	Net proceeds intended to be distributed according to the prospectus	Net proceeds unutilized as at December 31, 2023	Actual use of proceeds during the Reporting Period	Net proceeds unutilized as at June 30, 2024	Expected timeframe for utilizing the remaining unutilized net proceeds
For financing our future centralized photovoltaic projects	147.6	147.6	5.6	142.0	To be utilized before end of 2025
For financing our investment in existing and future distributed photovoltaic projects	73.9	73.9	—	73.9	To be utilized before end of 2025
For our future investment in wind power projects in the PRC or abroad	73.9	73.9	—	73.9	To be utilized before end of 2026
For financing the future equity investment in and/or construction of other types of new energy projects	73.9	73.9	—	73.9	To be utilized before end of 2026
For financing our existing and future clean heating projects	29.5	29.5	—	29.5	To be utilized before end of 2026
For financing our future distributed energy projects	36.9	36.9	—	36.9	To be utilized before June 2025
For financing our existing water treatment projects	36.9	36.9	—	36.9	To be utilized before end of 2024
For financing our future solid waste disposal projects	29.5	29.5	—	29.5	To be utilized before end of 2026
For paying up the registered capital of the project company and the payment of construction fee of the existing service concession project	22.2	22.2	—	22.2	To be utilized before end of 2024
For making payment of the construction fee for purchase of equipment required for the existing service concession project	36.9	36.9	—	36.9	To be utilized before end of 2024

Other Information

	Net proceeds intended to be distributed according to the prospectus	Net proceeds unutilized as at December 31, 2023	Actual use of proceeds during the Reporting Period	Net proceeds unutilized as at June 30, 2024	Expected timeframe for utilizing the remaining unutilized net proceeds
For our 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	44.9	14.2	To be utilized before end of 2024
Total	738.5	738.5	50.5	688.0	

Other Information

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 CG Code 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 by Directors and Supervisors

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors and the Supervisors who, because of their office or employment, are likely to possess inside information in relation to the Company or the Company’s securities.

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

The Company had made specific enquiry of all Directors and Supervisors that during the Reporting Period, all Directors and Supervisors of the Company did not hold any securities of the Company, and all Directors and Supervisors have confirmed that they were in strict compliance with the standards as set out in the Model Code.

Review of Interim Report

As at the Latest Practicable Date, the Audit Committee consisted of three independent non-executive Directors, namely Professor WU Qiusheng, Mr. FENG Cheng and Mr. WANG Jingming, and was chaired by Professor WU Qiusheng.

The Audit Committee of the Company has reviewed the unaudited 2024 Interim Report, and is of the view that the unaudited 2024 Interim Report is in compliance with the applicable accounting standards, relevant laws and regulations, and has made adequate disclosure.

Changes in Personnel and Information on Directors and Supervisors

On May 22, 2024, upon the review by the Board of Supervisors of the Company and approval at the general meeting of the Company, Mr. CAO Haiyang resigned from his position as a shareholders’ representative supervisor of the Company, and Mr. YAN Lei was appointed as a shareholders’ representative supervisor of the Company. For details, please refer to the announcements of the Company dated April 26, 2024 and May 22, 2024.

On June 5, 2024, Ms. SHIN Chuck Yin was appointed as an independent director of Qingdao Windaka Technology Co., Ltd., a company listed on the National Equities Exchange and Quotations (stock code: 430516). On July 2, 2024, Ms. SHIN Chuck Yin was appointed as the managing director in the investment banking department of Minerva Advisory Global Capital Limited.

On July 1, 2024, Ms. SHIN Chuck Yin resigned from her position as the managing director in the investment banking department of Diligent Capital Limited.

On July 8, 2024, Mr. YAN Lei was appointed as the director of office for board of directors of the Company.

Saved as disclosed above, during the Reporting Period, there were no other changes in the information on the Directors and Supervisors required to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules.

Employees of the Group

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

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

Significant Events after the Reporting Period

Since the end of the Reporting Period and up to the Latest Practicable Date, there were no events that had a significant impact on the Group.

CONSOLIDATED BALANCE SHEET

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB

Item	Notes	June 30, 2024 (Unaudited)	December 31, 2023
Current assets:			
Cash	V.1	3,044,169,214.30	2,636,545,894.09
Bill receivables	V.2	211,519,782.26	213,877,541.21
Trade receivables	V.3	6,305,920,931.82	6,442,835,802.71
Receivables financing	V.4	105,598,268.23	43,078,164.13
Prepayments	V.5	804,362,638.27	558,168,298.77
Other receivables	V.6	731,506,608.21	789,058,221.07
Including: Interest receivables		—	—
Dividend receivables		2,242,572.99	1,011,775.60
Inventories	V.7	399,364,681.94	188,237,154.15
Contract assets	V.8	7,053,987,697.67	5,665,721,160.08
Non-current assets due within one year		—	—
Other current assets	V.9	464,855,771.76	522,856,050.58
Total current assets		19,121,285,594.46	17,060,378,286.79
Non-current assets:			
Long-term equity investments	V.10	192,259,019.85	195,103,976.85
Investments in other equity instruments	V.11	136,196,597.03	142,526,344.51
Investment properties	V.12	186,281,911.96	186,805,415.00
Fixed assets	V.13	813,425,964.75	835,139,676.35
Construction-in-progress	V.14	487,792,612.22	413,231,580.47
Right-of-use assets	V.15	160,860,134.47	170,943,139.21
Intangible assets	V.16	175,702,714.85	178,308,587.56
Development expenditures		—	—
Goodwill	V.17	15,000,000.00	15,000,000.00
Long-term deferred expenses	V.18	806,988.34	2,276,666.55
Deferred income tax assets	V.19	168,211,852.73	163,788,332.82
Other non-current assets	V.20	4,328,689,972.12	4,158,929,326.61
Total non-current assets		6,665,227,768.32	6,462,053,045.93
Total assets		25,786,513,362.78	23,522,431,332.72

Consolidated Balance Sheet

Item	Notes	June 30, 2024 (Unaudited)	December 31, 2023
Current liabilities:			
Short-term borrowings	V.21	2,884,230,194.12	2,443,118,301.63
Bill payables	V.22	1,779,630,000.00	1,374,330,000.00
Trade payables	V.23	10,114,936,947.79	9,019,828,710.74
Contract liabilities	V.24	1,776,847,259.36	1,382,429,350.94
Employee remuneration payables	V.25	117,367,950.25	80,203,843.21
Tax payables	V.26	48,738,936.48	64,854,364.40
Other payables	V.27	669,831,532.05	893,936,981.42
Including: Interest payables		—	—
Dividend payables		71,677,949.99	71,677,949.99
Non-current liabilities due within one year	V.28	533,407,282.32	748,417,051.16
Other current liabilities	V.29	1,010,259,222.00	999,255,007.10
Total current liabilities		18,935,249,324.37	17,006,373,610.60
Non-current liabilities:			
Long-term borrowings	V.30	3,279,270,375.00	3,072,086,262.06
Lease liabilities	V.31	155,277,284.61	157,408,087.11
Long-term payables		—	—
Long-term employee remuneration payables	V.32	28,020,000.00	28,790,000.00
Deferred income	V.33	20,125,000.00	21,562,500.00
Deferred income tax liabilities	V.19	107,452,153.17	110,406,471.64
Total non-current liabilities		3,590,144,812.78	3,390,253,320.81
Total liabilities		22,525,394,137.15	20,396,626,931.41
Share capital	V.34	1,373,486,000.00	1,373,486,000.00
Capital reserve	V.35	650,866,502.02	650,866,502.02
Other comprehensive income	V.36	78,017,254.66	82,249,277.12
Special reserve	V.37	15,398,718.33	751,358.26
Surplus reserve	V.38	12,659,600.58	10,061,343.87
Undistributed profit	V.39	575,919,735.97	492,728,479.07
Total equity attributable to shareholders of the parent company		2,706,347,811.56	2,610,142,960.34
Minority interests		554,771,414.07	515,661,440.97
Total equity of shareholders		3,261,119,225.63	3,125,804,401.31
Total liabilities and equity of shareholders		25,786,513,362.78	23,522,431,332.72

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

BALANCE SHEET OF THE COMPANY

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB

Item	Notes	June 30, 2024 (Unaudited)	December 31, 2023
Current assets:			
Cash		2,498,281,206.34	2,080,826,894.49
Bill receivables		210,164,798.99	212,709,003.21
Trade receivables	XIV.1	5,634,165,195.95	5,797,219,894.18
Receivables financing		77,589,583.23	42,848,164.13
Prepayments		476,666,379.09	187,799,889.75
Other receivables	XIV.2	1,827,661,817.89	1,802,965,564.91
Including: Interest receivables		—	—
Dividend receivables		2,242,572.99	1,011,775.60
Inventories		370,628,535.39	148,926,177.45
Contract assets	XIV.3	6,744,222,533.34	5,381,384,238.78
Non-current assets due within one year		—	—
Other current assets		195,786,632.43	277,824,164.29
Total current assets		18,035,166,682.65	15,932,503,991.19
Non-current assets:			
Long-term equity investments	XIV.4	1,424,233,369.37	1,412,478,326.37
Investments in other equity instruments		136,196,597.03	142,526,344.51
Investment properties		186,281,911.96	186,805,415.00
Fixed assets		181,319,925.56	189,104,367.96
Construction-in-progress		—	—
Right-of-use assets		40,604,043.18	45,967,436.38
Intangible assets		64,407,275.99	65,253,786.38
Development expenditures		—	—
Goodwill		—	—
Long-term deferred expenses		726,666.56	2,276,666.55
Deferred income tax assets		83,571,639.64	76,844,127.89
Other non-current assets		691,510,092.48	615,273,277.07
Total non-current assets		2,808,851,521.77	2,736,529,748.11
Total assets		20,844,018,204.42	18,669,033,739.30

Balance Sheet of the Company

Item	Notes	June 30, 2024 (Unaudited)	December 31, 2023
Current liabilities:			
Short-term borrowings		2,654,211,509.19	2,073,465,709.85
Bill payables		1,994,030,000.00	1,694,330,000.00
Trade payables		9,603,007,750.38	8,511,962,367.13
Contract liabilities		1,768,933,056.34	1,403,931,445.24
Employee remuneration payables		105,569,097.03	74,918,372.27
Tax payables		19,425,000.13	18,844,151.85
Other payables		690,466,807.89	899,666,977.05
Including: Interest payables		—	—
Dividend payables		71,677,949.99	71,677,949.99
Non-current liabilities due within one year		297,546,046.76	513,103,072.83
Other current liabilities		954,146,862.40	960,165,048.89
Total current liabilities		18,087,336,130.12	16,150,387,145.11
Non-current liabilities:			
Long-term borrowings		546,136,067.31	331,734,274.54
Lease liabilities		30,729,484.01	34,867,312.80
Long-term payables		—	—
Long-term employee remuneration payables		28,020,000.00	28,790,000.00
Deferred income		—	—
Deferred income tax liabilities		24,556,531.36	25,181,577.45
Total non-current liabilities		629,442,082.68	420,573,164.79
Total liabilities		18,716,778,212.80	16,570,960,309.90
Share capital		1,373,486,000.00	1,373,486,000.00
Capital reserve		620,056,664.91	620,056,664.91
Other comprehensive income		75,265,978.57	81,156,263.93
Special reserve		12,757,969.91	—
Surplus reserve		12,659,600.58	10,061,343.87
Undistributed profit		33,013,777.65	13,313,156.69
Total equity of shareholders		2,127,239,991.62	2,098,073,429.40
Total liabilities and equity of shareholders		20,844,018,204.42	18,669,033,739.30

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

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB

Item	Notes	January to June 2024 (Unaudited)	January to June 2023
I. Operating revenue	V.40	6,127,097,623.16	5,264,950,621.52
Less: Operating costs	V.40	5,410,479,658.57	4,462,039,273.24
Taxes and surcharges	V.41	13,046,778.20	16,917,154.41
Selling expenses	V.42	643,371.05	724,075.48
Management expenses	V.43	224,749,725.94	250,769,206.01
Research and development expenses	V.44	135,481,163.57	185,265,736.38
Finance expenses	V.45	177,260,311.88	172,802,238.66
Including: Interest expenses		187,078,410.42	179,180,056.57
Interest income		9,553,026.99	7,656,685.84
Add: Other gains	V.46	3,691,137.99	4,126,010.07
Investment gains	V.47	-704,533.15	2,395,836.44
Including: Gains on investment in associates and joint ventures		-704,533.15	2,309,614.47
Gains on change of fair value (losses are expressed in "--")	V.48	-523,503.04	110,420.00
Credit impairment losses (losses are expressed in "--")	V.49	-34,697,922.51	-44,139,103.25
Asset impairment losses (losses are expressed in "--")	V.50	-22,539,919.50	-4,841,365.31
Gains on disposal of assets (losses are expressed in "--")	V.51	2,969,850.45	1,316,250.72
II. Operating profit (losses are expressed in "--")		113,631,724.19	135,400,986.01
Add: Non-operating revenue	V.52	5,030.00	17,372.88
Less: Non-operating expenses	V.53	182,046.92	14,494,957.13
III. Total profit (losses are expressed in "--")		113,454,707.27	120,923,401.76
Less: Income tax expenses	V.54	-2,287,880.61	10,691,530.68
IV. Net profit (losses are expressed in "--")		115,742,587.88	110,231,871.08
(I) Classified by operating continuity:			
Including: Net profit from continuing operations (net loss is expressed in "--")		115,742,587.88	110,231,871.08
Net profit from discontinued operations (net loss is expressed in "--")		—	—
(II) Classified by ownership:			
Including: Net profit attributable to shareholders of the parent company (net loss is expressed in "--")		89,473,203.06	84,464,560.23
Minority interests (net loss is expressed in "--")		26,269,384.82	25,767,310.85

Consolidated Income Statement

Item	Notes	January to June 2024 (Unaudited)	January to June 2023
V. Other comprehensive income, net of tax		-4,232,022.46	1,134,403.48
Other comprehensive income attributable to shareholders of the parent company, net of tax	V.36	-4,232,022.46	1,134,403.48
(I) Other comprehensive income that cannot be reclassified into profit or loss		-5,890,285.36	1,164,697.47
1. Changes in remeasurement of defined benefit plan		-510,000.00	323,000.00
2. Changes in fair value of investment in other equity instruments		-5,380,285.36	841,697.47
(II) Other comprehensive income that will be reclassified into profit or loss		1,658,262.90	-30,293.99
1. Translation differences on financial statements of foreign currencies		1,658,262.90	-30,293.99
Other comprehensive income attributable to minority shareholders, net of tax		—	—
VI. Total comprehensive income		111,510,565.42	111,366,274.56
Total comprehensive income attributable to shareholders of the parent company		85,241,180.60	85,598,963.71
Total comprehensive income attributable to minority shareholders		26,269,384.82	25,767,310.85
VII. Earnings per share			
(I) Basic earnings per share	XV.2	0.07	0.08
(II) 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

INCOME STATEMENT OF THE COMPANY

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB

Item	Notes	January to June 2024 (Unaudited)	January to June 2023
I. Operating revenue	XIV.5	5,481,413,352.78	4,738,424,719.88
Less: Operating costs	XIV.5	4,999,436,061.67	4,144,782,061.85
Taxes and surcharges		9,783,286.20	10,803,646.20
Selling expenses		—	—
Management expenses		191,548,068.18	221,117,415.44
Research and development expenses		119,215,946.57	163,553,128.14
Finance expenses		103,805,787.88	106,224,030.22
Including: Interest expenses		117,789,826.13	116,600,223.18
Interest income		13,651,589.58	11,229,182.10
Add: Other gains		1,947,732.17	1,020,000.00
Investment gains	XIV.6	-704,533.15	2,395,836.44
Including: Gains on investment in associates and joint ventures		-704,533.15	2,309,614.47
Gains on change of fair value (losses are expressed in “-”)		-523,503.04	110,420.00
Credit impairment losses (losses are expressed in “-”)		-30,159,445.60	-41,533,003.81
Asset impairment losses (losses are expressed in “-”)		-19,623,127.50	-2,878,079.03
Gains on disposal of assets (losses are expressed in “-”)		2,969,850.45	1,316,250.72
II. Operating profit (losses are expressed in “-”)		11,531,175.61	52,375,862.35
Add: Non-operating revenue		5,030.00	7,372.88
Less: Non-operating expenses		—	14,424,189.72
III. Total profit (losses are expressed in “-”)		11,536,205.61	37,959,045.51
Less: Income tax expenses		-14,446,361.51	-1,864,775.16
IV. Net profit (losses are expressed in “-”)		25,982,567.12	39,823,820.67
Including: Net profit from continuing operations (net loss is expressed in “-”)		25,982,567.12	39,823,820.67
Net profit from discontinued operations (net loss is expressed in “-”)		—	—
V. Other comprehensive income, net of tax		-5,890,285.36	1,164,697.47
(I) Other comprehensive income that cannot be reclassified into profit or loss		-5,890,285.36	1,164,697.47
1. Changes in remeasurement of defined benefit plan		-510,000.00	323,000.00
2. Changes in fair value of investment in other equity instruments		-5,380,285.36	841,697.47
(II) Other comprehensive income that will be reclassified into profit or loss		—	—
1. Translation differences on financial statements of foreign currencies		—	—

Income Statement of the Company

Item	Notes	January to June 2024 (Unaudited)	January to June 2023
VI.Total comprehensive income		20,092,281.76	40,988,518.14
Total comprehensive income attributable to shareholders of the parent company		—	—
Total comprehensive income attributable to minority shareholders		—	—

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 STATEMENT OF CASH FLOWS

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB

Item	Notes	January to June 2024 (Unaudited)	January to June 2023
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		5,535,051,791.51	5,330,990,910.09
Refund of taxes and levies received		—	—
Cash received relating to other operating activities	V.55	688,763,372.74	991,920,993.32
Sub-total of cash inflow from operating activities		6,223,815,164.25	6,322,911,903.41
Cash paid for purchase of goods and receipt of services		4,996,585,662.96	5,038,803,117.48
Cash paid to and on behalf of employees		280,068,142.39	245,627,609.69
Payments for taxes and levies		106,261,524.70	131,645,448.46
Cash paid relating to other operating activities	V.55	786,257,236.24	857,960,644.07
Sub-total of cash outflow from operating activities		6,169,172,566.29	6,274,036,819.70
Net cash flows from operating activities	V.56(1)	54,642,597.96	48,875,083.71
II. Cash flows from investing activities:			
Cash received from recovery of investments		—	—
Cash received from returns on investments		909,626.46	86,221.97
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		—	93,532.34
Net cash received from disposal of subsidiaries and other business units		—	—
Cash received relating to other investing activities		—	—
Sub-total of cash inflow from investing activities		909,626.46	179,754.31
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		147,036,693.20	339,760,940.80
Cash paid for investments		—	8,303,760.00
Net cash paid for acquisition of subsidiaries and other business units		—	—
Cash paid relating to other investing activities		—	—
Sub-total of cash outflow from investing activities		147,036,693.20	348,064,700.80
Net cash flows from investing activities		-146,127,066.74	-347,884,946.49

Consolidated Statement of Cash Flows

Item	Notes	January to June 2024 (Unaudited)	January to June 2023
III. Cash flows from financing activities:			
Cash received from capital contribution		11,920,000.00	7,322,900.00
Including: Cash received by subsidiaries from capital contribution of minority shareholders		11,920,000.00	7,322,900.00
Cash received from borrowings		2,551,764,314.85	1,963,651,001.14
Cash received relating to other financing activities		—	—
Sub-total of cash inflow from financing activities		2,563,684,314.85	1,970,973,901.14
Cash paid for repayment of debts		1,824,873,407.59	1,164,974,138.24
Cash paid for distribution of dividends and profits or payment of interest		184,168,517.17	185,370,122.19
Including: Dividends and profits paid by subsidiaries to minority shareholders		—	—
Cash paid relating to other financing activities	V.55	5,544,986.26	5,395,015.95
Sub-total of cash outflow from financing activities		2,014,586,911.02	1,355,739,276.38
Net cash flows from financing activities		549,097,403.83	615,234,624.76
IV. Effect of exchange rate changes on cash and cash equivalents			
		756,482.53	—
V. Net increase in cash and cash equivalents			
		458,369,417.58	316,224,761.98
Add: Cash and cash equivalents at the beginning of period	V.56(2)	2,090,162,557.77	1,380,891,857.32
VI. Cash and cash equivalents at the end of period	V.56(2)	2,548,531,975.35	1,697,116,619.30

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

STATEMENT OF CASH FLOWS OF THE COMPANY

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB

Item	Notes	January to June 2024 (Unaudited)	January to June 2023
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		5,246,973,309.42	4,433,322,726.44
Refund of taxes and levies received		—	—
Cash received relating to other operating activities		716,100,296.08	925,030,132.94
Sub-total of cash inflow from operating activities		5,963,073,605.50	5,358,352,859.38
Cash paid for purchase of goods and receipt of services		4,857,565,286.47	3,693,485,543.31
Cash paid to and on behalf of employees		181,376,765.55	208,366,283.13
Payments for taxes and levies		65,244,949.41	60,227,150.35
Cash paid relating to other operating activities		1,129,360,757.95	1,094,763,047.57
Sub-total of cash outflow from operating activities		6,233,547,759.38	5,056,842,024.36
Net cash flows from operating activities		-270,474,153.88	301,510,835.02
II. Cash flows from investing activities:			
Cash received from recovery of investments		—	—
Cash received from returns on investments		909,626.46	86,221.97
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		—	93,532.34
Net cash received from disposal of subsidiaries and other business units		—	—
Cash received relating to other investing activities		—	—
Sub-total of cash inflow from investing activities		909,626.46	179,754.31
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		189,378.47	2,333,921.00
Cash paid for investments		14,600,000.00	100,649,160.00
Cash paid relating to other investing activities		—	—
Sub-total of cash outflow from investing activities		14,789,378.47	102,983,081.00
Net cash flows from investing activities		-13,879,752.01	-102,803,326.69

Statement of Cash Flows of the Company

Item	Notes	January to June 2024 (Unaudited)	January to June 2023
III. Cash flows from financing activities:			
Cash received from capital contribution		—	—
Including: Cash received by subsidiaries from capital contribution of minority shareholders		—	—
Cash received from borrowings		2,069,095,125.61	1,119,219,945.79
Cash received relating to other financing activities		—	—
Sub-total of cash inflow from financing activities		2,069,095,125.61	1,119,219,945.79
Cash paid for repayment of debts		1,196,313,474.76	837,491,139.01
Cash paid for distribution of dividends and profits or payment of interest		118,285,586.11	116,872,131.24
Including: Dividends and profits paid by subsidiaries to minority shareholders		—	—
Cash paid relating to other financing activities		4,684,151.28	3,726,821.90
Sub-total of cash outflow from financing activities		1,319,283,212.15	958,090,092.15
Net cash flows from financing activities		749,811,913.46	161,129,853.64
IV. Effect of exchange rate changes on cash and cash equivalents			
		57,251.85	—
V. Net increase in cash and cash equivalents			
		465,515,259.42	359,837,361.97
Add: Cash and cash equivalents at the beginning of period		1,538,308,707.97	776,081,204.13
VI. Cash and cash equivalents at the end of period		2,003,823,967.39	1,135,918,566.10

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 STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB

Item	January to June 2024 (Unaudited)								Total shareholders' equity
	Equity attributable to shareholders of the parent company								
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Sub-total	Minority interest	
I. Balance at the end of last year	1,373,486,000.00	650,866,502.02	82,249,277.12	751,358.26	10,061,343.87	492,728,479.07	2,610,142,960.34	515,661,440.97	3,125,804,401.31
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
Correction of errors of previous periods	-	-	-	-	-	-	-	-	-
Business combination under common control	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
II. Balance at the beginning of the year	1,373,486,000.00	650,866,502.02	82,249,277.12	751,358.26	10,061,343.87	492,728,479.07	2,610,142,960.34	515,661,440.97	3,125,804,401.31
III. Increase/decrease during the year (decrease is expressed in "-")	-	-	-4,232,022.46	14,647,360.07	2,598,256.71	83,191,256.90	96,204,851.22	39,109,973.10	135,314,824.32
(I) Total comprehensive income	-	-	-4,232,022.46	-	-	89,473,203.06	85,241,180.60	26,269,384.82	111,510,565.42
(II) Capital contribution and reduction by shareholders	-	-	-	-	-	-	-	11,920,000.00	11,920,000.00
1. Ordinary shares from shareholders	-	-	-	-	-	-	-	11,920,000.00	11,920,000.00
2. Amount of share-based payment included in shareholders' equity	-	-	-	-	-	-	-	-	-
3. Others	-	-	-	-	-	-	-	-	-
(III) Profit appropriation	-	-	-	-	2,598,256.71	-6,281,946.16	-3,683,689.45	-	-3,683,689.45
1. Appropriation to surplus reserve	-	-	-	-	2,598,256.71	-2,598,256.71	-	-	-
2. Appropriation to shareholders	-	-	-	-	-	-3,683,689.45	-3,683,689.45	-	-3,683,689.45
3. Others	-	-	-	-	-	-	-	-	-
(IV) Internal transfer of shareholders' equity	-	-	-	-	-	-	-	-	-
1. Conversion of capital reserve into share capital	-	-	-	-	-	-	-	-	-
2. Conversion of surplus reserve into share capital	-	-	-	-	-	-	-	-	-
3. Surplus reserve for making up losses	-	-	-	-	-	-	-	-	-
4. Transfer of amount of change in defined benefit plan to retained earnings	-	-	-	-	-	-	-	-	-
5. Transfer of other comprehensive income to retained earnings	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	14,647,360.07	-	-	14,647,360.07	920,588.28	15,567,948.35
1. Accrued during the period	-	-	-	88,053,734.49	-	-	88,053,734.49	1,185,383.74	89,239,118.23
2. Utilized during the period	-	-	-	-73,406,374.42	-	-	-73,406,374.42	-284,795.46	-73,671,169.88
(VI) Others	-	-	-	-	-	-	-	-	-
IV. Balance at the end of the year	1,373,486,000.00	650,866,502.02	78,017,254.66	15,398,718.33	12,659,600.58	575,919,735.97	2,706,347,811.56	554,771,414.07	3,261,119,225.63

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 Statement of Changes in Shareholders' Equity

Item	January to June 2023								Total shareholders' equity
	Equity attributable to shareholders of the parent company								
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Sub-total	Minority interest	
I. Balance at the end of last year	1,000,000,000.00	309,312,707.24	79,726,402.25	—	8,697,172.33	411,580,266.01	1,809,316,547.83	423,604,167.94	2,232,920,715.77
Add: Changes in accounting policies	—	—	—	—	—	—	—	—	—
Correction of errors of previous periods	—	—	—	—	—	—	—	—	—
Business combination under common control	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—
II. Balance at the beginning of the year	1,000,000,000.00	309,312,707.24	79,726,402.25	—	8,697,172.33	411,580,266.01	1,809,316,547.83	423,604,167.94	2,232,920,715.77
III. Increase/decrease during the year (decrease is expressed in “-”)	—	—	1,134,403.48	—	3,982,382.07	8,804,228.17	13,921,013.72	33,090,210.85	47,011,224.57
(I) Total comprehensive income	—	—	1,134,403.48	—	—	84,464,560.23	85,598,963.71	25,767,310.85	111,366,274.56
(II) Capital contribution and reduction by shareholders	—	—	—	—	—	—	—	7,322,900.00	7,322,900.00
1. Ordinary shares from shareholders	—	—	—	—	—	—	—	7,322,900.00	7,322,900.00
2. Amount of share-based payment included in shareholders' equity	—	—	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—	—	—
(III) Profit appropriation	—	—	—	—	3,982,382.07	-75,660,332.06	-71,677,949.99	—	-71,677,949.99
1. Appropriation to surplus reserve	—	—	—	—	3,982,382.07	-3,982,382.07	—	—	—
2. Appropriation to shareholders	—	—	—	—	—	-71,677,949.99	-71,677,949.99	—	-71,677,949.99
3. Others	—	—	—	—	—	—	—	—	—
(IV) Internal transfer of shareholders' equity	—	—	—	—	—	—	—	—	—
1. Conversion of capital reserve into share capital	—	—	—	—	—	—	—	—	—
2. Conversion of surplus reserve into share capital	—	—	—	—	—	—	—	—	—
3. Surplus reserve for making up losses	—	—	—	—	—	—	—	—	—
4. Transfer of amount of change in defined benefit plan to retained earnings	—	—	—	—	—	—	—	—	—
5. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—	—	—	—
6. Others	—	—	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	—	—	—	—	—	—
1. Accrued during the period	—	—	—	64,531,823.41	—	—	64,531,823.41	540,241.15	65,072,064.56
2. Utilized during the period	—	—	—	-64,531,823.41	—	—	-64,531,823.41	-540,241.15	-65,072,064.56
(VI) Others	—	—	—	—	—	—	—	—	—
IV. Balance at the end of the year	1,000,000,000.00	309,312,707.24	80,860,805.73	—	12,679,554.40	420,384,494.18	1,823,237,561.55	456,694,378.79	2,279,931,940.34

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

Prepared by: Shanxi Installation Group Co., Ltd.

Unit: RMB

Item	January to June 2024 (Unaudited)						
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	Total shareholders' equity
I. Balance at the end of last year	1,373,486,000.00	620,056,664.91	81,156,263.93	—	10,061,343.87	13,313,156.69	2,098,073,429.40
Add: Changes in accounting policies	—	—	—	—	—	—	—
Correction of errors of previous periods	—	—	—	—	—	—	—
Business combination under common control	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
II. Balance at the beginning of the year	1,373,486,000.00	620,056,664.91	81,156,263.93	—	10,061,343.87	13,313,156.69	2,098,073,429.40
III. Increase/decrease during the year (decrease is expressed in "-")	—	—	-5,890,285.36	12,757,969.91	2,598,256.71	19,700,620.96	29,166,562.22
(I) Total comprehensive income	—	—	-5,890,285.36	—	—	25,982,567.12	20,092,281.76
(II) Capital contribution and reduction by shareholders	—	—	—	—	—	—	—
1. Ordinary shares from shareholders	—	—	—	—	—	—	—
2. Amount of share-based payment included in shareholders' equity	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—
(III) Profit appropriation	—	—	—	—	2,598,256.71	-6,281,946.16	-3,683,689.45
1. Appropriation to surplus reserve	—	—	—	—	2,598,256.71	-2,598,256.71	—
2. Appropriation to shareholders	—	—	—	—	—	-3,683,689.45	-3,683,689.45
3. Others	—	—	—	—	—	—	—
(IV) Internal transfer of shareholders' equity	—	—	—	—	—	—	—
1. Conversion of capital reserve into share capital	—	—	—	—	—	—	—
2. Conversion of surplus reserve into share capital	—	—	—	—	—	—	—
3. Surplus reserve for making up losses	—	—	—	—	—	—	—
4. Transfer of amount of change in defined benefit plan to retained earnings	—	—	—	—	—	—	—
5. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—	—
6. Others	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	12,757,969.91	—	—	12,757,969.91
1. Accrued during the period	—	—	—	85,472,043.11	—	—	85,472,043.11
2. Utilized during the period	—	—	—	-72,714,073.20	—	—	-72,714,073.20
(VI) Others	—	—	—	—	—	—	—
IV. Balance at the end of the year	1,373,486,000.00	620,056,664.91	75,265,978.57	12,757,969.91	12,659,600.58	33,013,777.65	2,127,239,991.62

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

Statement of Changes in Shareholders' Equity of the Company

Item	January to June 2023						Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profit	
I. Balance at the end of last year	1,000,000,000.00	278,502,870.13	78,280,574.91	—	8,697,172.33	72,713,562.80	1,438,194,180.17
Add: Changes in accounting policies	—	—	—	—	—	—	—
Correction of errors of previous periods	—	—	—	—	—	—	—
Business combination under common control	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
II. Balance at the beginning of the year	1,000,000,000.00	278,502,870.13	78,280,574.91	—	8,697,172.33	72,713,562.80	1,438,194,180.17
III. Increase/decrease during the year (decrease is expressed in "--")	—	—	1,164,697.47	—	3,982,382.07	-35,836,511.39	-30,689,431.85
(I) Total comprehensive income	—	—	1,164,697.47	—	—	39,823,820.67	40,988,518.14
(II) Capital contribution and reduction by shareholders	—	—	—	—	—	—	—
1. Ordinary shares from shareholders	—	—	—	—	—	—	—
2. Amount of share-based payment included in shareholders' equity	—	—	—	—	—	—	—
3. Others	—	—	—	—	—	—	—
(III) Profit appropriation	—	—	—	—	3,982,382.07	-75,660,332.06	-71,677,949.99
1. Appropriation to surplus reserve	—	—	—	—	3,982,382.07	-3,982,382.07	—
2. Appropriation to shareholders	—	—	—	—	—	-71,677,949.99	-71,677,949.99
3. Others	—	—	—	—	—	—	—
(IV) Internal transfer of shareholders' equity	—	—	—	—	—	—	—
1. Conversion of capital reserve into share capital	—	—	—	—	—	—	—
2. Conversion of surplus reserve into share capital	—	—	—	—	—	—	—
3. Surplus reserve for making up losses	—	—	—	—	—	—	—
4. Transfer of amount of change in defined benefit plan to retained earnings	—	—	—	—	—	—	—
5. Transfer of other comprehensive income to retained earnings	—	—	—	—	—	—	—
6. Others	—	—	—	—	—	—	—
(V) Special reserve	—	—	—	—	—	—	—
1. Accrued during the period	—	—	—	62,973,297.03	—	—	62,973,297.03
2. Utilized during the period	—	—	—	-62,973,297.03	—	—	-62,973,297.03
(VI) Others	—	—	—	—	—	—	—
IV. Balance at the end of the year	1,000,000,000.00	278,502,870.13	79,445,272.38	—	12,679,554.40	36,877,051.41	1,407,504,748.32

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

I. BASIC INFORMATION OF THE COMPANY

1. Company Profile

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), 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 on the Main Board of Hong Kong Stock Exchange, with the stock abbreviation “SHANXI INSTALL” and stock code “02520”. After the completion of the aforementioned issuance, the total share capital increased to RMB1,373,486,000.00.

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

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

The direct holding company of the Company is Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司) (“**Shanxi CIG**”), the ultimate holding company of the Company is 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).

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

2. Scope of Consolidated Financial Statements

The scope of the consolidated financial statements for the current period includes: Shanxi Installation Group Co., Ltd. and all of its subsidiaries (see Note VII.1 for details).

II. 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 Stock Exchange of Hong Kong Limited (“**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 disclosed the same in the PRC and Hong Kong markets. For details, please refer to the Company’s announcement, circular, and poll results announcement dated April 30, 2024 and May 22, 2024, respectively.

These financial statements are prepared in accordance with the China Accounting Standards for Business Enterprises and its application guidelines, interpretations, and other relevant provisions (collectively, the “**Accounting Standards for Business Enterprises**”) issued by the Ministry of Finance of the PRC. In addition, the Company discloses relevant financial information in accordance with the China Securities Regulatory Commission’s No. 15 of regulations on information disclosures of companies that issue public offering shares — General rules of preparing financial reports (revised in 2014).

These financial statements are presented on a going concern basis.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of Compliance with Accounting Standards for Business Enterprises

These financial statements comply with the requirements of the Accounting Standards for Business Enterprises and truthfully and completely reflect the consolidated and company financial positions of the Company as at June 30, 2024, as well as the consolidated and company operating results and consolidated and company cash flows for January to June 2024.

2. Accounting Period

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

3. Business Cycle

The Company’s business cycle covers 12 months.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

4. Accounting Currency

The Company and its domestic subsidiaries adopt Renminbi as the accounting currency. Overseas subsidiaries of the Company adopt the currency of the primary economic environment in which they operate as their accounting currency. The currency adopted by the Company in preparing these financial statements is Renminbi.

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

(1) *Business combinations under common control*

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

Business combinations under common control through multiple transactions

In the individual financial statements, the initial investment cost of the investment is calculated based on the share of the net assets of the combined party at book value in the consolidated financial statements of the ultimate controlling party on the combination date according to the shareholding ratio on the combination; adjustment is made to the capital reserve for the difference between the initial investment cost and the sum of the book value of the investment held before the combination and the book value of the new consideration paid on the combination date. Retained earnings are adjusted in case of insufficient capital reserve.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

(2) *Business combinations not under common control*

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

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

Business combinations not under common control through multiple transactions

In the individual financial statements, the initial investment cost of the investment is the sum of the book value of the equity investment held in the acquiree before the acquisition date and the additional investment cost on the acquisition date. For other comprehensive income recognized as a result of equity accounting of the equity investment held before the acquisition date, such other comprehensive income is not accounted for on the acquisition date. The accounting treatment adopted when disposing of the investment will be on the same basis as the direct disposal of related assets or liabilities by the investee. Owners' equity recognized as a result of changes in other owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution is transferred to current profit or loss during the disposal period when the investment is disposed of. For the equity investment held before the acquisition date that is measured at fair value, the accumulated fair value changes originally included in other comprehensive income are transferred to retained earnings when remeasured at cost.

In the consolidated financial statements, the cost of combination is the sum of the consideration paid on the acquisition date and the acquisition-date fair value of the equity interest held in the acquiree before the acquisition date. For the equity interest held in the acquiree before the acquisition date, it is remeasured at its fair value on the acquisition date, with the difference between the fair value and its book value included in the current investment income; the equity interest held in the acquiree before the acquisition date involving other comprehensive income and changes in other owners' equity is transferred to current income on the acquisition date, except for other comprehensive income arising from changes in net liabilities or net assets due to the remeasurement of the investee's defined benefit plans.

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Preparation of Consolidated Financial Statements

(1) *Scope of consolidation*

The scope of consolidation for the consolidated financial statements is determined based on control. Control refers to the power that the Company has over the investee, whereby it enjoys variable returns through participation in the investee's relevant activities and is able to use its power over the investee to affect its return. A subsidiary refers to an entity controlled by the Company (including enterprises, separable parts of investee units, structured entities, etc.).

(2) *Preparation of consolidated financial statements*

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

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

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

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

(3) *Purchase of minority interest of subsidiaries*

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Preparation of Consolidated Financial Statements (continued)

(4) *Treatment of loss of control of subsidiaries*

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

Other comprehensive income related to equity investments in the original subsidiary is transferred to current profit or loss upon loss of control, except for other comprehensive income arising from changes in net liabilities or net assets due to the remeasurement of the investee's defined benefit plans.

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

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

- ① These transactions are made simultaneously or considering their mutual impact;
- ② Only when these transactions are considered as a whole can achieve a complete business result;
- ③ The occurrence of one transaction is subject to the occurrence of at least one other transaction;
- ④ A single transaction is uneconomical, but it is economical when considered together with other transactions.

In the individual financial statements, where transactions involving the disposal of equity in stages until loss of control are not considered as "a package transaction", the book value of the long-term equity investment corresponding to each disposal of equity is carried forward, and the difference between the proceeds from disposal and the book value of the long-term equity investment disposed is included in investment income for the period. For "a package transaction", the difference between the proceeds from each disposal before the loss of control and the book value of the long-term equity investment corresponding to the equity disposed is first recognized as other comprehensive income, and then transferred altogether to profit or loss for the period when control is lost.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Preparation of Consolidated Financial Statements (continued)

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

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

- ① In the case of "a package transaction", it is recognized as other comprehensive income. It is transferred altogether to profit or loss for the period when control is lost.
- ② If not "a package transaction", it is included in the capital reserve as an equity transaction. It shall not be transferred to profit or loss for the period when control is lost.

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

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

(1) *Joint operation*

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

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

- A. It recognizes the assets held individually and the jointly held assets according to its share;
- B. It recognizes the liabilities assumed individually and the jointly assumed liabilities according to its share;
- C. It recognizes the revenue generated from the sale of its share of output of the joint operation;
- D. It recognizes the joint operation's revenue generated from the sale of output according to its share;
- E. It recognizes the expenses incurred individually and the expenses incurred by the joint operation according to its share.

(2) *Joint venture*

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Recognition Criteria for Cash and Cash Equivalents

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

9. Foreign Currency Business and Foreign Currency Statement Translation

(1) *Foreign currency business*

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

On the balance sheet date, monetary items denominated in foreign currencies are translated using the spot exchange rate on the balance sheet date. Exchange differences arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at initial recognition or on the previous balance sheet date are included in profit or loss for the period. Non-monetary items denominated in foreign currencies measured at historical cost are translated using the spot exchange rate on the transaction date. Non-monetary items denominated in foreign currencies measured at fair value are translated using the spot exchange rate on the date when the fair value is determined. The difference between the translated amount in the accounting currency and the amount in the original accounting currency is included in profit or loss or other comprehensive income for the period, depending on the nature of the non-monetary item.

(2) *Foreign currency financial statement translation*

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments

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

(1) *Recognition and derecognition of financial instruments*

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

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

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

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

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

(2) *Classification and measurement of financial assets*

The Company classifies financial assets into the following three categories at initial recognition based on the business model for managing the financial assets and the characteristics of the contractual cash flows of the financial assets: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(2) *Classification and measurement of financial assets (continued)*

Financial assets measured at amortized cost

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

- The business model of the Company for managing the financial asset aims to collect contractual cash flows;
- The contractual terms of the financial asset stipulate that the cash flows on a specific date are solely for the payment of principal and interest based on the outstanding principal amount.

After initial recognition, such financial assets are measured at amortized cost using the effective interest method. Gains or losses arising from financial assets measured at amortized cost and not being part of any hedging relationship are recognized in profit or loss when derecognized, amortized using the effective interest method or impairment is recognized.

Financial assets measured at fair value through other comprehensive income

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

- The business model of the Company for managing the financial asset aims both to collect contractual cash flows and to sell the financial asset;
- The contractual terms of the financial asset stipulate that the cash flows on a specific date are solely for the payment of principal and interest based on the outstanding principal amount.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(2) *Classification and measurement of financial assets (continued)*

Financial assets measured at fair value through profit or loss

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(2) *Classification and measurement of financial assets (continued)*

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

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

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

Financial assets are measured at fair value at initial recognition. For financial assets measured at fair value through profit or loss, the related transaction costs are directly recognized in profit or loss; for other types of financial assets, the related transaction costs are included in the amount initially recognized. Accounts receivable arising from the sale of products or provision of services which do not include or consider significant financing components are initially recognized by the Company at the amount of consideration expected to be entitled to receive.

(3) *Classification and measurement of financial liabilities*

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

Financial liabilities measured at fair value through profit or loss

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

Financial liabilities measured at amortized cost

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

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

Financial guarantee contracts

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

Differences between financial liabilities and equity instruments

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

- ① The contractual obligation to deliver cash or other financial assets to another party.
- ② The contractual obligation to exchange financial assets or financial liabilities with another party under potentially adverse conditions.
- ③ Non-derivative contracts that will or may be settled in the future using the company's own equity instruments, and the company will deliver a variable number of its own equity instruments according to the contract.
- ④ Derivative contracts that will or may be settled in the future using the company's own equity instruments, except for derivative contracts that exchange a fixed number of the company's own equity instruments for a fixed amount of cash or other financial assets.

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(4) *Derivative financial instruments and embedded derivatives*

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

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

(5) *Fair value of financial instruments*

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

(6) *Impairment of financial assets*

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

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

Measurement of expected credit losses

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

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

Measurement of expected credit losses (continued)

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

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

Bill receivables, trade receivables and contract assets

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

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

- A. Bill receivables
 - Bill receivables group 1: bank acceptance bills
 - Bill receivables group 2: commercial acceptance bills
- B. Trade receivables
 - Trade receivables group 1: receivable from related-party customers
 - Trade receivables group 2: receivable from state-owned enterprise customers
 - Trade receivables group 3: receivable from other customers

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(6) Impairment of financial assets (continued)

Bill receivables, trade receivables and contract assets (continued)

C. Contract assets

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

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

For the grouped trade receivables, the Company estimates the lifetime expected credit loss rate and makes provisions for bad debts based on aging analysis with reference to historical credit loss experience and combined with current situations and forecasts of future economic conditions.

Other receivables

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

- Other receivables group 1: group of reserve funds, deposits and margins receivable
- Other receivables group 2: group of receivables from related parties within the scope of consolidation
- Others receivables group 3: age group

For the grouped other receivables, the Company calculates the expected credit losses based on the exposure to default risk and the 12-month or lifetime expected credit loss rate.

Debt investments, other debt investments

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

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

Assessment of significant increase in credit risk

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

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

Credit-impaired financial assets

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

- The issuer or debtor is experiencing significant financial difficulties;
- The debtor breaches the contract, such as defaulting on or delaying the payment of interest or principal;
- The Company grants concessions to the debtor due to economic or contractual considerations related to the debtor's financial difficulties, which would not be made under any other circumstances;
- The debtor is likely to go bankrupt or undergo other financial restructuring;
- The issuer or debtor's financial difficulties have led to the disappearance of the active market for the financial asset.

Reporting of expected credit loss provisions

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

Write-off

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Financial Instruments (continued)

(7) *Transfer of financial assets*

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

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

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

(8) *Offsetting of financial assets and financial liabilities*

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

11. Fair Value Measurement

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Fair Value Measurement (continued)

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

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

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

12. Inventory

(1) *Inventory classification*

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

(2) *Pricing of inventory delivered*

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

(3) *Basis for determining net realizable value of inventory and provision for inventory impairment*

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

On the balance sheet date, if the cost of inventory is higher than its net realizable value, a provision for inventory impairment is made. The Company generally makes provisions for inventory impairment based on individual inventory items. On the balance sheet date, if the factors that previously caused the inventory value to be written down have disappeared, the provision for inventory impairment will be reversed within the amount originally provided.

(4) *Inventory system*

The Company adopts a perpetual inventory system.

(5) *Amortization of low-value consumables*

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term Equity Investments

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

(1) Determination of initial investment cost

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

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

(2) Subsequent measurement and recognition of profit or loss

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term Equity Investments (continued)

(2) *Subsequent measurement and recognition of profit or loss (continued)*

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term Equity Investments (continued)

(2) *Subsequent measurement and recognition of profit or loss (continued)*

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

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Long-term Equity Investments (continued)

(4) *Impairment test and impairment provision*

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

14. Investment Properties

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

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

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

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

15. Fixed Assets

(1) *Recognition criteria for fixed assets*

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

15. Fixed Assets (continued)

(2) Depreciation of various fixed assets

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

Type	Useful life (years)	Residual value rate %	Annual depreciation rate %
Houses and buildings	2–30 years	4.00	3.20–48
Construction machinery	8 years	4.00	12.00
Transportation and production equipment	8–20 years	4.00	4.80–12.00
Office equipment and others	5 years	4.00	19.20

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

(3) The impairment test and the impairment provision for fixed assets are detailed in Note 20.

(4) At the end of each year, the Company reviews the useful lives, estimated net residual values and depreciation methods of fixed assets.

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

(5) Disposal of fixed assets

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Construction in Progress

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

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

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

17. Borrowing Costs

(1) *Recognition principles for capitalization of borrowing costs*

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

- ① Asset expenditures have already been incurred, which include expenditures incurred in the form of cash payments, transfers of non-cash assets or assumption of interest-bearing liabilities for the purchase, construction or production of assets that are eligible for capitalization;
- ② Borrowing costs have already been incurred;
- ③ The purchase, construction or production activities necessary to bring the asset to its intended usable or saleable state have already commenced.

(2) *Capitalization period of borrowing costs*

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Borrowing Costs (continued)

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

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

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

18. Intangible Assets

(1) Valuation of intangible assets

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

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

Intangible assets with finite useful lives are amortized as follows:

Type	Useful life	Amortization method	Remark
Land use right	The period set out in the land use rights certificate	Straight-line method	—
Concession right	The period set out in the concession right certificate	Straight-line method	—
Software	2 years	Straight-line method	—
Patent	10 years	Straight-line method	—

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

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

Impairment provision of intangible assets is detailed in Note 20.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

18. Intangible Assets (continued)

(2) *Bases for determining indefinite useful life*

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

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

19. Research and Development Expenditures

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Asset Impairment

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

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

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

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Long-term Deferred Expenses

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

22. Employee Remuneration

(1) *Scope of employee remuneration*

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

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

(2) *Short-term remuneration*

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

(3) *Post-employment benefits*

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

Defined contribution plans

Defined contribution plans include basic pension insurance, unemployment insurance, etc.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Employee Remuneration (continued)

(3) *Post-employment benefits (continued)*

Defined benefit plans

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

- ① Service costs, including current service costs, past service costs and settlement gains or losses. Among them, the current service costs refer to the increase in the present value of obligations under defined benefit plans due to the services provided by employees during the period; the past service costs refer to the increase or decrease in the present value of obligations under defined benefit plans related to employee services in previous periods due to modifications to defined benefit plans.
- ② Net interest on defined benefit plans' net liabilities or net assets, including interest income on plan assets, interest expenses on obligations under defined benefit plans and interest affected by asset limit.
- ③ Changes arising from remeasurement of net liabilities or net assets of defined benefit plans.

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

(4) *Termination benefits*

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Employee Remuneration (continued)

(5) *Other long-term benefits*

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

23. Provisions

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

- (1) The obligation is a current obligation undertaken by the Company;
- (2) The performance of the obligation is likely to result in an outflow of economic benefits from the Company;
- (3) The amount of the obligation can be reliably measured.

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Revenue

(1) *General principles*

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

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

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

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

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

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

- ① The Company has the current right to receive payment for the goods or services, i.e. the customer has the current obligation to pay for the goods.
- ② The Company has transferred the legal ownership of the goods to the customer, i.e. the customer has the legal ownership of the goods.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Revenue (continued)

(1) *General principles (continued)*

- ③ The Company has transferred the physical goods to the customer, i.e. the customer physically possesses the goods.
- ④ The Company has transferred the major risks and rewards of ownership of the goods to the customer, i.e. the customer has acquired the major risks and rewards of ownership of the goods.
- ⑤ The customer has accepted the goods or services.
- ⑥ Other indications that the customer has obtained control of the goods.

The Company's right to receive consideration for goods or services transferred to customers (and this right is subject to factors other than the passage of time) is presented as contract assets. Contract assets are impaired based on expected credit losses (see Note 10). The Company's unconditional right (only subject to the passage of time) to receive consideration from customers is presented as receivables. The Company's obligation to transfer goods or services to customers for the consideration received or receivable from customers is presented as contract liabilities.

Contract assets and contract liabilities under the same contract are presented on a net basis. If the net amount is a debit balance, it is presented under "contract assets" or "other non-current assets" according to its liquidity; if the net amount is a credit balance, it is presented under "contract liabilities" or "other non-current liabilities" according to its liquidity.

Presence of significant financing component

When determining the transaction price, if the agreed payment time (explicit or implicit) provides significant financing benefits to the customer or the Company regarding the transfer of goods or services to the customer, the Company will adjust the committed consideration for the impact of the time value of money. In such circumstances, the contract includes a significant financing component. There can be a significant financing component regardless of whether the financing commitment is explicitly stated in the contract or implied in the payment terms of the contracting parties' agreement. For contracts where the period between payment and transfer of related goods or services is less than one year, the Company applies practical expedients to not adjust the transaction price for any significant financing component.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Revenue (continued)

(2) *Specific methods*

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

Construction contracts

The construction contracts between the Company and its customers generally include performance obligations for project construction. Since the customers can control the assets under construction during the Company's performance process, the Company treats it as a performance obligation fulfilled over a period of time and recognizes revenue based on the progress of performance, unless the progress of performance cannot be reasonably determined. The Company determines the progress of service fulfillment based on the costs incurred according to the input method. When the progress of performance cannot be reasonably determined, the Company recognizes revenue based on the costs incurred that are expected to be compensated until the progress can be reasonably determined.

Apart from fixed costs, some contracts also include bonuses that the Company can earn for early completion. At the inception of each contract, the Company first uses the "best estimate amount" method to estimate the bonus amount to be received. Then, only after any uncertainty regarding the bonus is resolved and it is highly probable that there will not be a significant reversal of revenue will the amount be included in the Group's estimate of the transaction price. When making this assessment, the Company considers its historical performance on similar contracts, whether the Company can obtain the labor and material resources required to meet the agreed completion date, and the potential impact of other reasonably foreseeable limiting factors.

In addition, the claims made to customers are the amounts the Company seeks to collect from customers as compensation for costs and deposits within the scope of work not included in the original construction contract. The claim is recorded as variable consideration and is constrained until the uncertainty related to the variable consideration is resolved, at which point the cumulative amount of revenue recognized is highly probable not to result in a significant revenue reversal. The Company estimates the claim amount using the expected value method since this method best predicts the variable consideration amount the Company is entitled to receive.

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Revenue (continued)

(2) *Specific methods (continued)*

Construction contracts (continued)

The Company generally provides a guarantee for the repair of any construction defects and does not offer an extended warranty in the construction contract signed with customers. Therefore, most existing guarantees are considered to be assurance-type guarantees under the Accounting Standards for Business Enterprises No. 14 — Revenue and accounted for in accordance with the Accounting Standards for Business Enterprises No. 13 — Contingencies. The quality guarantee deposit is presented as a contract asset before the retention period expires. The relevant amount of contract assets will be reclassified as accounts receivable after the retention period expires.

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

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

Service provision contracts

The service provision contracts between the Company and its customers mainly represent performance obligations such as engineering design and consultation. Since the services provided by the Company during the performance process have irreplaceable uses and the Company has the right to receive payment for the portion of the performance completed to date throughout the contract period, the Company considers it as a performance obligation fulfilled over a period of time and recognizes revenue according to the output method, except when the performance progress cannot be reasonably determined. When the performance progress cannot be reasonably determined, the Company recognizes revenue based on the amount of costs incurred that is expected to be compensated until the performance progress can be reasonably determined.

Sale of goods such as LNG and electricity

When the goods are delivered to the customer and the customer has accepted the goods, the customer obtains control of the goods and the Company recognizes revenue.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

24. Revenue (continued)

(2) *Specific methods (continued)*

Interest income

Interest income is recognized on a time proportion basis using the effective interest method. For financial assets measured at amortized cost or at fair value through other comprehensive income (recovery) and not subject to credit impairment, the effective interest rate is applied to the total carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortized cost of the asset (i.e. the total carrying amount net of the impairment allowance for expected losses).

Rental income

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

25. Contract Costs

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

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

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

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

The asset recognized for contract obtaining costs and the asset recognized for contract performance costs (hereinafter "asset related to contract costs") are amortized on the same basis as the revenue recognition of the goods or services related to the assets and included in profit or loss for the period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

25. Contract Costs (continued)

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

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

The contract performance costs that are recognized as an asset with an amortization period not exceeding one year or one normal operating cycle at initial recognition are presented under "inventories". If the amortization period exceeds one year or one normal operating cycle at initial recognition, they are presented under "other non-current assets".

The contract obtaining costs that are recognized as an asset with an amortization period not exceeding one year or one normal operating cycle at initial recognition are presented under "other current assets". If the amortization period exceeds one year or one normal operating cycle at initial recognition, they are presented under "other non-current assets".

26. Government Grants

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

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

26. Government Grants (continued)

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

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

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

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

27. Deferred Income Tax Assets and Deferred Income Tax Liabilities

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

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

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

- (1) The initial recognition of goodwill, or the initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business combination, and it does not affect accounting profit nor taxable income at the time of the transaction;
- (2) For taxable temporary differences related to investments in subsidiaries, joint ventures and associates, the timing of the reversal of such temporary differences can be controlled and it is probable that such temporary differences will not be reversed in the foreseeable future.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

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

- (1) The transaction is not a business combination, and it does not affect accounting profit nor taxable income at the time of the transaction;
- (2) For deductible temporary differences related to investments in subsidiaries, joint ventures and associates, corresponding deferred income tax assets are recognized if all of the following conditions are met: it is probable that the temporary differences will be reversed in the foreseeable future, and it is probable that taxable income will be available in the future to offset the deductible temporary differences.

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

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

28. Leases

(1) Identification of leases

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Leases (continued)

(2) *The Company as the lessee*

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

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

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

Short-term leases

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

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

Leases of low-value assets

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

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Leases (continued)

(2) *The Company as the lessee (continued)*

Lease modification

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

Except for contract modifications that apply the simplified method as specified in Caikuai [2022] Document No. 13, if a lease modification is not accounted for as a separate lease, at the effective date of lease modification, the Company will reallocate the consideration of the modified contract, redetermine the lease term, and remeasure the lease liability based on the present value calculated using the modified lease payments and revised discount rate.

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

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

(3) *The Company as the lessor*

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

Finance leases

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

The derecognition and impairment of receivables finance leases are accounted for in accordance with the Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments and the Accounting Standards for Business Enterprises No. 23 — Transfer of Financial Assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

28. Leases (continued)

(3) The Company as the lessor (continued)

Operating leases

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

Lease modification

Except for contract modifications that apply the simplified method as specified in Caikuai [2022] Document No. 13, if there is a modification in operating leases, the Company will account for it as a new lease from the effective date of the modification. Any prepaid or receivable lease payments related to the lease before the modification will be considered as receipts for the new lease.

Except for contract modifications that apply the simplified method as specified in Caikuai [2022] Document No. 13, if a finance lease is modified and the following conditions are met, the Company will account for the modification as a separate lease: ① the modification expands the lease scope by adding the right to use one or more leased assets; ② the increased consideration is equivalent to the standalone price of the expanded part of the lease scope, adjusted according to the contract.

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

Sublease

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

29. Right-of-Use Assets

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

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

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

(2) *Depreciation of right-of-use assets*

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

(3) See Note 20 for the impairment test and the impairment provision for right-of-use assets.

30. Safety Production Expenses and Maintenance Expenses

The Company accrues for safety production expenses according to the regulations in the Notice on Issuing the Management Measures for the Appropriation and Use of Enterprise Safety Production Expenses issued by the Ministry of Finance and the State Administration of Work Safety.

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

For the accrued safety production expenses and maintenance expenses used within the stipulated range, if they belong to expense-type expenditure, they directly offset the special reserve; if they form fixed assets, the expenditure incurred is first accumulated through the "construction in progress" item, and upon completion of the safety project and reaching the intended usable state, it is recognized as a fixed asset. Meanwhile, the cost of forming the fixed asset offsets the special reserve, and an equal amount of accumulated depreciation is recognized. Depreciation will no longer be accrued for this fixed asset in subsequent periods.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

31. Exchange of Non-monetary Assets

If the exchange of non-monetary assets has commercial substance and the fair value of the exchange-in asset or the exchange-out asset can be reliably measured, the exchange of non-monetary assets is measured at fair value. The difference between the consideration received and the carrying amount of the exchange-out asset on derecognition is recognized in profit or loss for the period.

Exchange of non-monetary assets that does not meet the conditions for fair value measurement is measured based on book value. For the exchange-in asset, the initial measurement amount is based on the book value of the exchange-out asset and the relevant taxes and levies to be paid. For the exchange-out asset, no gains or losses are recognized upon derecognition.

32. Segment Information

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

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

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

Non-construction segment — this segment is mainly engaged in non-construction business, which mainly includes contractual energy management income, sales of LNG, interest income of PPP projects, trading income and operating fee income of PPP projects and other services.

Management monitors the results of the Company's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Company's profit before tax.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

32. Segment Information (continued)

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The measurement policies adopted by the Company for reporting segment results according to the Accounting Standards for Business Enterprises No. 35 — Segment Reporting are the same as those adopted for the financial statements prepared in accordance with the Accounting Standards for Business Enterprises.

33. Related Parties

A party is considered to be related to the Company if it is:

- (1) the parent company of the Company;
- (2) a subsidiary of the Company;
- (3) an enterprise under control of the same parent company as the Company;
- (4) an investor who has joint control over the Company;
- (5) an investor who has significant influence over the Company;
- (6) a joint venture of the Company;
- (7) an associate of the Company;
- (8) the primary individual investor of the Company and his closely related family member. The primary individual investor refers to an individual investor who can control, jointly control, or exert significant influence over an enterprise;
- (9) the key management personnel of the Company or its parent company and his closely related family member. The key management personnel refers to an individual who has the authority and responsibility for planning, directing and controlling the activities of the enterprise. A closely related family member of the primary individual investor or key management personnel refers to the family member who may influence or be influenced by the individual when dealing with transactions with the enterprise;
- (10) the enterprise that the Company's primary individual investor, key management personnel or his closely related family member has control, joint control or significant influence.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

34. Significant Accounting Judgments and Estimates

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

Revenue recognition of construction contracts

The Company's construction projects recognize revenue according to the progress of contract performance, and determine the progress of contract performance based on the proportion of accumulated actual contract costs to the total estimated contract costs. Determination of the estimated total revenue and estimated total cost of these contracts requires a large number of estimates and judgments by the management, including estimating transaction price adjustments due to contract modifications, expected project quantities, material or equipment consumption, and unit prices. The management of the Company revises the estimates of estimated total revenue and estimated total costs from time to time during the contract execution process based on the latest available information. Adjustments to estimates may result in the increase or decrease in revenue or costs for the current and future periods, and will be reflected in the income statement for the corresponding periods.

Impairment provision of receivables and contract assets

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

Income tax

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

34. Significant Accounting Judgments and Estimates (continued)

Liabilities for retirement and internal retirement benefits

The Company recognizes that the measurement of liabilities for retirement and internal retirement benefit plans is based on various assumptions, including expected lifespan, discount rate, wage growth rate during internal retirement period, medical expense growth rate, and other factors. The management ensures the reasonableness of these assumptions through methods such as utilizing the work of professional actuarial institutions, but significant adjustments to these assumptions may still be made due to changes in external economic conditions, thereby affecting the liability balance and the profit and other comprehensive income for the corresponding period.

Impairment of goodwill

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

Fair value determination of unlisted equity investments

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

Fair value determination of investment properties

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

35. Changes in Significant Accounting Policies and Accounting Estimates

(1) *Changes in significant accounting policies*

There were no changes in significant accounting policies during the current period.

(2) *Changes in significant accounting estimates*

There were no changes in significant accounting estimates during the current period.

IV. TAXATION

1. Major types of taxes and respective tax rates

Tax type	Tax basis	Statutory tax rate %
Value-added tax (VAT)	Taxable value-added amount (the taxable amount is calculated based on the balance of taxable sales multiplied by the applicable tax rate after subtracting the deductible input tax for the current period)	13%, 9%, 6%, 5%, 3%
City maintenance and construction tax	The sum of VAT actually paid	7%, 5%
Educational surcharge	The sum of VAT actually paid	3%
Local educational surcharge	The sum of VAT actually paid	2%
Corporate income tax	Taxable income	25%, 15%

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

Name of taxpayer	Income tax rate %
Shanxi Installation Group Co., Ltd.	15.00
Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd. ("Shan'an Bluesky")	15.00
Shanxi Shan'an Lide Environmental Technology Co., Ltd. ("Shan'an Lide")	15.00
Shanxi Shan'an Biquan Haimian City Technology Co., Ltd. ("Shan'an Biquan")	15.00
Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd. ("Shan'an Maode")	15.00
Shanghai Shan'an Construction Engineering Co., Ltd. ("Shanghai Shan'an")	15.00
Shanxi Ningyang Energy Co., Ltd. ("Shanxi Ningyang")	25.00
Guangdong Shan'an Construction Engineering Co., Ltd.	25.00
Shanxi Shan'an Lida Environmental Technology Co., Ltd.	25.00
Shanxi Shan'an Maode Electricity Supply Co., Ltd.	25.00
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	25.00

IV. TAXATION (continued)

1. Major types of taxes and respective tax rates (continued)

Name of taxpayer	Income tax rate %
Lingchuan Shan'an Construction Development Co., Ltd.	25.00
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	25.00
Changzhi Shan'an Construction Development Co., Ltd.	25.00
Xinjiang Shan'an Waterwork Management Co., Ltd. (" Xinjiang Shan'an ")	25.00
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd. (" Xiyang Shan'an ")	25.00
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd. (" Qinshui Culture and Sport ")	25.00
Jiexiu Shan'an Waterwork Construction Development Co., Ltd. (" Jiexiu Shan'an ")	25.00
Shanxi Zhuo'an Materials Trading Co., Ltd. (" Zhuo'an Materials ")	25.00
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	25.00
Linfen Shan'an Waterwork Development Co., Ltd.	25.00
Shanxi Shan'an Yunneng Environmental Technology Co., Ltd.	25.00
Son Tay Viet Nam Construction Co., Ltd.	20.00
Australia Shan'an Construction Engineering Pty Limited	30.00
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	25.00
Shaanxi Shan'an Construction Engineering Co., Ltd.	25.00
Chongqing Shan'an Construction Engineering Co., Ltd.	25.00
Sichuan Shan'an Construction Engineering Co., Ltd.	25.00
Yangquan Shan'an Construction Development Co., Ltd.	25.00
Qinshui Shan'an Construction Development Co., Ltd. (" Qinshui Construction Development ")	25.00
Hubei Shan'an Construction Engineering Co., Ltd.	25.00
Shan'an Runxing New Energy (Lvliang) Co., Ltd.	25.00
Yushe County Shan'an Xinyuan Co., Ltd.	25.00
Liaoning Yingkou Shan'an New Energy Co., Ltd.	25.00
Shanxi Installment Xiaoyi Construction Engineering Co., Ltd.	25.00
Xiyang Shan'an New Energy Co., Ltd.	25.00
Linfen Shan'an Lide Environmental Technology Co., Ltd.	25.00
Baode Shan'an New Energy Co., Ltd.	25.00
Daning Shan'an Xinyuan Co., Ltd.	25.00

IV. TAXATION (continued)

1. Major types of taxes and respective tax rates (continued)

Name of taxpayer	Income tax rate %
Fenxi Shan'an Xinyuan Co., Ltd.	25.00
Shanxi Shan'an Deyuchen Energy Technology Co., Ltd.	25.00
Gaoping Xinshi Yangtian Solar Power Co., Ltd. ("Xinshi Yangtian")	15.00
Pingyao Shan'an Maode Solar Technology Co., Ltd.	25.00
Liulin Shan'an Bluesky Heating Co., Ltd.	25.00
Charhar Youyi Houqi Shan'an Heat and Electricity Co., Ltd.	25.00
SHAN AN CONSTRUCTION PTY LTD	30.00
Wenshui Shan'an Biquan Waterwork Development Limited	25.00
Yuanping Shan'an Biquan Waterwork Development Limited	25.00

2. 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 Taxation Administration in December 2021, which is eligible to pay enterprise income tax (EIT) at a preferential rate of 15% from December 8, 2021 to December 7, 2024.
- (2) Shan'an Bluesky, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Taxation Administration in December 2021, which is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 7, 2021 to December 6, 2024.
- (3) Xinshi Yangtian, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Taxation Administration in December 2021, which is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 7, 2021 to December 6, 2024.
- (4) 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 Taxation Administration 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.

IV. TAXATION (continued)

2. Tax Concessions and Approvals (continued)

- (5) Shan'an Lide, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Taxation Administration 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, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by the Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Bureau of Finance and Shanghai Municipal Taxation Bureau, State Taxation Administration 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 to EIT.

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

According to the announcement and notice issued by the Ministry of Finance of the PRC (中華人民共和國財政部) and the State Taxation Administration of the PRC (中華人民共和國國家稅務總局), additional deduction ratio of research and development expenses was 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, the State Taxation Administration, 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.

V. NOTES ON ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash

Item	June 30, 2024 (Unaudited)	December 31, 2023
Cash on hand	10,045.37	13,712.10
Bank deposits	2,548,521,929.98	2,090,148,845.68
Other monetary funds	495,637,238.95	546,383,336.31
Total	3,044,169,214.30	2,636,545,894.09
Including: Total overseas deposits	2,520,265.60	81,895,590.10

The Company's restricted monetary funds as at June 30, 2024 totaled RMB495,637,238.95, including security deposits for bank acceptance bills of RMB221,040,000.00, deposits for letter of credit of RMB211,330,000.00 and performance deposits of RMB63,267,238.95.

2. Bill Receivables

Type of bill	June 30, 2024 (Unaudited)			December 31, 2023		
	Balance	Bad debt provision	Carrying amount	Balance	Bad debt provision	Carrying amount
Bank acceptance bills	209,535,942.26	2,579,386.59	206,956,555.67	197,529,117.05	2,358,579.54	195,170,537.51
Commercial acceptance bills	4,620,100.00	56,873.41	4,563,226.59	18,933,072.43	226,068.73	18,707,003.70
Total	214,156,042.26	2,636,260.00	211,519,782.26	216,462,189.48	2,584,648.27	213,877,541.21

(1) The Company had no pledged bill receivables at the end of the period.

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

Type	Amount derecognized as at June 30, 2024	Amount not derecognized as at June 30, 2024
Bank acceptance bills	—	192,464,630.46
Commercial acceptance bills	—	2,039,500.00
Total	—	194,504,130.46

(3) There were no bills transferred to trade receivables due to the default of the drawers at the end of the period.

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

2. Bill Receivables (continued)

(4) Bill receivables by classification of bad debt provision

Type	June 30, 2024 (Unaudited)				
	Balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	—	—	—	—	—
Bad debt provision on a group basis	214,156,042.26	100.00	2,636,260.00	1.23	211,519,782.26
Including:					
Commercial acceptance bills	4,620,100.00	2.16	56,873.41	1.23	4,563,226.59
Bank acceptance bills	209,535,942.26	97.84	2,579,386.59	1.23	206,956,555.67
Total	214,156,042.26	100.00	2,636,260.00	1.23	211,519,782.26

Continued:

Type	December 31, 2023				
	Balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	—	—	—	—	—
Bad debt provision on a group basis	216,462,189.48	100.00	2,584,648.27	1.19	213,877,541.21
Including:					
Commercial acceptance bills	18,933,072.43	8.75	226,068.73	1.19	18,707,003.70
Bank acceptance bills	197,529,117.05	91.25	2,358,579.54	1.19	195,170,537.51
Total	216,462,189.48	100.00	2,584,648.27	1.19	213,877,541.21

Bad debt provision made, recovered or reversed during the period

Item	Amount of bad debt provision
Opening balance	2,584,648.27
Accrual during the period	51,611.73
Recovery or reversal during the period	—
Write-off during the period	—
Carry-forward during the period	—
Others	—
Closing balance	2,636,260.00

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

3. Trade Receivables

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

(1) Disclosure by age

Age	June 30, 2024 (Unaudited)	December 31, 2023
Within 1 year	3,075,446,321.34	4,263,819,685.01
1 to 2 years	1,943,596,805.83	1,567,765,049.79
2 to 3 years	1,108,665,505.07	491,809,842.60
3 to 4 years	222,819,812.80	191,013,599.14
4 to 5 years	151,399,225.08	148,107,682.49
Over 5 years	199,166,850.34	160,889,194.47
Sub-total	6,701,094,520.46	6,823,405,053.50
Less: Bad debt provision	395,173,588.64	380,569,250.79
Total	6,305,920,931.82	6,442,835,802.71

(2) Disclosure by classification of bad debt provision

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

Continued:

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

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

3. Trade Receivables (continued)

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

Bad debt provision on an individual basis:

Name	June 30, 2024 (Unaudited)			
	Balance	Bad debt provision	Expected credit loss rate (%)	Reason for provision
Company 1	40,901,742.69	40,901,742.69	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Company 2	20,748,213.95	20,748,213.95	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Company 3	13,080,818.00	13,080,818.00	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Company 4	12,471,658.08	12,471,658.08	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Company 5	11,411,684.85	11,411,684.85	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Others	6,655,984.80	6,655,984.80	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Total	105,270,102.37	105,270,102.37		

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

3. Trade Receivables (continued)

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

Continued:

Name	December 31, 2023			Reason for provision
	Balance	Bad debt provision	Expected credit loss rate (%)	
Company 1	40,901,742.69	40,901,742.69	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Company 2	20,748,213.95	20,748,213.95	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Company 3	13,080,818.00	13,080,818.00	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Company 4	12,471,658.08	12,471,658.08	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Company 5	11,411,684.85	11,411,684.85	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Others	7,464,146.51	7,464,146.51	100.00	The Company made provisions for credit losses based on the recoverability of the amount
Total	106,078,264.08	106,078,264.08	—	

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

3. Trade Receivables (continued)

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

Bad debt provision on a group basis:

Group item: Age group

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

Bad debt provision made, recovered or reversed during the period

Item	Amount of bad debt provision
Opening balance	380,569,250.79
Accrual during the period	14,604,337.85
Recovery or reversal during the period	—
Write-off during the period	—
Carry-forward during the period	—
Others	—
Closing balance	395,173,588.64

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

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

3. Trade Receivables (continued)

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

Name of entity	Balance of trade receivables as at June 30, 2024	As a percentage of the total balance of trade receivables at the end of the period %	Balance of bad debt provision as at June 30, 2024
Company 6	593,588,468.90	8.86	15,711,744.04
Company 7	384,920,616.62	5.74	8,602,447.14
Company 8	266,794,044.79	3.98	7,201,015.57
Company 9	237,217,918.52	3.54	5,105,010.86
Company 10	224,178,198.45	3.35	4,555,450.19
Total	1,706,699,247.28	25.47	41,175,667.80

4. Receivables Financing

Item	June 30, 2024 (Unaudited)	December 31, 2023
Bill receivables	105,598,268.23	43,078,164.13
Trade receivables	—	—
Sub-total	105,598,268.23	43,078,164.13
Less: Other comprehensive income — fair value changes	—	—
Fair value at the end of the period	105,598,268.23	43,078,164.13

Explanations:

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

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

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

4. Receivables Financing (continued)

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

Type	Amount derecognized as at June 30, 2024 (Unaudited)	Amount not derecognized as at June 30, 2024 (Unaudited)
Bank acceptance bills	239,395,143.70	—
Commercial acceptance bills	—	—
Total	239,395,143.70	—

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

5. Prepayments

(1) *Disclosure of prepayments by age*

Age	June 30, 2024 (Unaudited)		December 31, 2023	
	Amount	Proportion %	Amount	Proportion %
Within 1 year	729,136,667.60	90.65	487,581,219.75	87.35
1 to 2 years	64,434,012.87	8.01	14,708,143.17	2.64
2 to 3 years	10,331,392.02	1.28	55,166,239.10	9.88
Over 3 years	460,565.78	0.06	712,696.75	0.13
Total	804,362,638.27	100.00	558,168,298.77	100.00

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

5. Prepayments (continued)

(2) Significant prepayments aged over 1 year

Name of debtor	Balance	As a percentage of total prepayments		Reason for unsettlement
		(%)	Bad debt provision	
Company 1	21,397,487.46	2.66	—	The settlement node has not yet arrived
Company 2	8,225,995.88	1.02	—	The settlement node has not yet arrived
Company 3	4,238,927.43	0.53	—	The settlement node has not yet arrived
Company 4	3,460,839.04	0.43	—	The settlement node has not yet arrived
Company 5	2,575,312.19	0.32	—	The settlement node has not yet arrived
Total	39,898,562.00	4.96	—	

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

Name of entity	June 30, 2024	As a percentage of the total balance of prepayments at the end of the period %
Company 6	85,687,055.40	10.65
Company 7	84,439,580.61	10.50
Company 8	72,781,093.66	9.05
Company 9	55,000,000.00	6.84
Company 10	51,967,902.00	6.46
Total	349,875,631.67	43.50

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

6. Other Receivables

Item	June 30, 2024 (Unaudited)	December 31, 2023
Interest receivables	—	—
Dividend receivables	2,242,572.99	1,011,775.60
Other receivables	729,264,035.22	788,046,445.47
Total	731,506,608.21	789,058,221.07

(1) Dividend receivables

Item	June 30, 2024 (Unaudited)	December 31, 2023
Shanxi Jiantou Cloud Data Technology Co., Ltd.	—	909,626.46
Shanxi Jiantou Decoration Industry Co., Ltd.	1,450,332.81	102,149.14
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	792,240.18	—
Sub-total	2,242,572.99	1,011,775.60
Less: Bad debt provision	—	—
Total	2,242,572.99	1,011,775.60

(2) Other receivables

① Disclosure by age

Age	June 30, 2024 (Unaudited)	December 31, 2023
Within 1 year	502,718,061.58	328,883,912.73
1 to 2 years	88,661,525.07	371,860,495.14
2 to 3 years	103,811,740.47	21,853,001.25
3 to 4 years	14,543,223.10	18,203,941.55
4 to 5 years	8,149,878.19	9,418,844.76
Over 5 years	68,609,016.55	75,013,686.85
Sub-total	786,493,444.96	825,233,882.28
Less: Bad debt provision	57,229,409.74	37,187,436.81
Total	729,264,035.22	788,046,445.47

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

6. Other Receivables (continued)

(2) Other receivables (continued)

② Disclosure by nature of amount

Item	June 30, 2024 (Unaudited)			December 31, 2023		
	Balance	Bad debt provision	Carrying amount	Balance	Bad debt provision	Carrying amount
Reserve fund	11,981,519.54	—	11,981,519.54	10,654,827.61	—	10,654,827.61
Deposits	12,310,290.29	—	12,310,290.29	13,967,547.17	—	13,967,547.17
Security deposits	82,744,840.55	—	82,744,840.55	84,024,104.68	—	84,024,104.68
Amounts due from associates	13,368,135.13	1,108,207.15	12,259,927.98	8,933,432.45	258,752.61	8,674,679.84
Amounts due from related parties	440,487,972.47	13,628,104.17	426,859,868.30	533,421,679.21	7,887,673.99	525,534,005.22
Payment and collection clearance amounts	12,241,591.83	1,082,447.91	11,159,143.92	11,095,614.69	649,949.12	10,445,665.57
Other debts	213,359,095.15	41,410,650.51	171,948,444.64	163,136,676.47	28,391,061.09	134,745,615.38
Total	786,493,444.96	57,229,409.74	729,264,035.22	825,233,882.28	37,187,436.81	788,046,445.47

③ Bad debt provision

Bad debt provision in Stage I at the end of the period:

Type	Balance	Expected credit loss rate over the next 12 months (%)	Bad debt provision	Carrying amount
Bad debt provision on an individual basis	—	—	—	—
Bad debt provision on a group basis	502,718,061.58	1.34%	6,760,501.84	495,957,559.74
— Group of reserve fund, deposits and security deposits receivable	33,479,120.63	—	—	33,479,120.63
— Age group	469,238,940.95	1.44%	6,760,501.84	462,478,439.11
Total	502,718,061.58	1.34%	6,760,501.84	495,957,559.74

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

6. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision (continued)

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

Type	Balance	Expected credit loss rate over the entire life (%)	Bad debt provision	Carrying amount
Bad debt provision on an individual basis	—	—	—	—
Bad debt provision on a group basis	233,259,935.56	8.77%	20,455,210.08	212,804,725.48
— Group of reserve fund, deposits and security deposits receivable	73,557,529.75	—	—	73,557,529.75
— Age group	159,702,405.81	12.81%	20,455,210.08	139,247,195.73
Total	233,259,935.56	8.77%	20,455,210.08	212,804,725.48

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

6. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision (continued)

Bad debt provision in Stage III at the end of the period:

Type	Balance	Expected credit loss rate over the entire life (%)	Bad debt provision	Carrying amount	Reason
Bad debt provision on an individual basis					
Entity 1	3,477,700.00	100.00	3,477,700.00	—	Provisions for credit losses were made based on the recoverability of the amount
Entity 2	36,000,000.00	43.05	15,498,250.00	20,501,750.00	Provisions for credit losses were made based on the recoverability of the amount
Entity 3	2,994,579.86	100.00	2,994,579.86	—	Provisions for credit losses were made based on the recoverability of the amount
Entity 4	1,500,000.00	100.00	1,500,000.00	—	Provisions for credit losses were made based on the recoverability of the amount
Entity 5	1,409,831.00	100.00	1,409,831.00	—	Provisions for credit losses were made based on the recoverability of the amount
Entity 6	1,200,000.00	100.00	1,200,000.00	—	Provisions for credit losses were made based on the recoverability of the amount
Entity 7	1,070,000.00	100.00	1,070,000.00	—	Provisions for credit losses were made based on the recoverability of the amount
Entity 8	1,000,000.00	100.00	1,000,000.00	—	Provisions for credit losses were made based on the recoverability of the amount
Others	1,863,336.96	100.00	1,863,336.96	—	Provisions for credit losses were made based on the recoverability of the amount
Total	50,515,447.82	59.41	30,013,697.82	20,501,750.00	

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

6. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision (continued)

Bad debt provision made, recovered or reversed during the period

Bad debt provision	Stage I 12-month expected credit losses	Stage II Lifetime expected credit losses (not credit- impaired)	Stage III Lifetime expected credit losses (credit- impaired)	Total
Opening balance	898,662.56	7,859,279.92	28,429,493.63	37,187,436.11
Opening balance in the current period	898,662.56	7,859,279.92	28,429,493.63	37,187,436.11
— Transfer to Stage II	—	—	—	—
— Transfer to Stage III	—	-21,611.06	21,611.06	—
— Reverse to Stage II	—	—	—	—
— Reverse to Stage I	—	—	—	—
Accrual during the period	5,861,839.28	12,617,541.22	1,562,593.13	20,041,973.63
Reversal during the period	—	—	—	—
Carry-forward during the period	—	—	—	—
Write-off during the period	—	—	—	—
Other changes	—	—	—	—
Closing balance	6,760,501.84	20,455,210.08	30,013,697.82	57,229,409.74

④ Other receivables actually written off in the current period
Nil.

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

6. Other Receivables (continued)

(2) Other receivables (continued)

⑤ Top five debtors of other receivables in terms of closing balance

Name of entity	Nature of amount	Closing balance of other receivables	Age	As a percentage of the total balance of other receivables at the end of the period (%)	Closing balance of bad debt provision
Entity 9	Current accounts	435,611,220.26	Within 1 year, 1 to 2 years, 2 to 3 years	55.39	11,192,091.08
Entity 10	Current accounts	52,587,006.35	Within 1 year	6.69	757,640.77
Entity 11	Current accounts	38,394,438.12	1 to 2 years, 2 to 3 years	4.88	3,199,607.96
Entity 2	Land security deposits	36,000,000.00	Over 5 years	4.58	15,498,250.00
Entity 12	Current accounts	9,385,046.60	Within 1 year, 1 to 2 years, 2 to 3 years, 3 to 4 years	1.19	888,499.80
Total		571,977,711.33		72.73	31,536,089.61

7. Inventories

(1) Classification of inventories

Item	June 30, 2024 (Unaudited)			December 31, 2023		
	Balance	Impairment provision of inventories	Carrying amount	Balance	Impairment provision of inventories	Carrying amount
Raw materials	359,835,313.15	—	359,835,313.15	144,914,368.99	—	144,914,368.99
Stock goods	30,156,875.13	—	30,156,875.13	22,820,724.05	—	22,820,724.05
Costs of contract performance	9,372,493.66	—	9,372,493.66	20,502,061.11	—	20,502,061.11
Total	399,364,681.94	—	399,364,681.94	188,237,154.15	—	188,237,154.15

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

(2) No impairment provision of inventories was made as no such impairment provision of inventories was incurred in the period.

Notes to Financial Statements

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

8. Contract Assets

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

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

8. Contract Assets (continued)

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

Item	Project name	Change in amount	Reason for change
Project 1	Heilongjiang Tonghe 200MW wind storage integration project	136,465,775.21	Increase in completed and unsettled projects in the period
Project 2	Yuanping 160MW photovoltaic industry integration development project	120,496,810.22	Increase in completed and unsettled projects in the period
Project 3	170MW photovoltaic power generation project of Guangdong Electric Power (廣東粵電) in Zezhou County	116,104,618.58	Increase in completed and unsettled projects in the period
Project 4	100MW wind power generation EPC general contracting project in Daorengou of Loufan County	110,823,651.13	Increase in completed and unsettled projects in the period
Project 5	New-built project with annual capacity of 1 million pieces of flexible touch modules and 1.2 million square meters of nano-silver touch conductive films	87,855,853.75	Increase in completed and unsettled projects in the period
Project 6	50MWP Internet + fishery and PV integrated photovoltaic power generation EPC general contracting project in Xinhua Town	87,040,511.12	Increase in completed and unsettled projects in the period
Project 7	80MW photovoltaic project in Algeria	82,491,213.94	Increase in completed and unsettled projects in the period
Project 8	Sludge power generation project of Wuji County Guohui New Energy Co., Ltd.	77,930,395.15	Increase in completed and unsettled projects in the period
Project 9	100,000kW wind power general contracting (EPC) project of Jingyuan Yuedian (靖遠粵電)	77,573,527.88	Increase in completed and unsettled projects in the period
Project 10	Lucheng Tianchen Guangyun 150MW wind power generation project	69,440,763.47	Increase in completed and unsettled projects in the period
Total		966,223,120.45	

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

8. Contract Assets (continued)

(2) Impairment provision of contract assets

Type	June 30, 2024				Carrying amount
	Balance		Impairment provision		
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis					
Bad debt provision on a group basis					
— Group of contract assets on service concession projects	1,145,010,463.35	9.94	14,095,074.08	1.23	1,130,915,389.27
— Group of contract assets on EPC projects	6,879,650,653.80	59.70	84,503,513.71	1.23	6,795,147,140.09
— Group of retention receivable	698,824,414.20	6.06	8,602,525.66	1.23	690,221,888.54
— Receivables under service concession arrangements	2,800,672,192.01	24.30	34,476,263.14	1.23	2,766,195,928.87
Total	11,524,157,723.36	100.00	141,677,376.59	1.23	11,382,480,346.77

Continued:

Type	December 31, 2023				Carrying amount
	Balance		Impairment provision		
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis					
Bad debt provision on a group basis					
— Group of contract assets on service concession projects	1,138,250,486.35	11.45	13,637,416.12	1.20	1,124,613,070.23
— Group of contract assets on EPC projects	5,412,818,100.89	54.43	64,851,149.80	1.20	5,347,966,951.09
— Group of retention receivable	607,470,333.28	6.11	7,278,121.83	1.20	600,192,211.45
— Receivables under service concession arrangements	2,785,249,023.25	28.01	33,370,769.34	1.20	2,751,878,253.91
Total	9,943,787,943.77	100.00	119,137,457.09	1.20	9,824,650,486.68

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

8. Contract Assets (continued)

(3) Impairment provision of contract assets made, recovered or reversed during the period

Item	Opening balance	Accrual during the period	Reversal during the period	Carry-forward/write-off during the period	Closing balance	Reason
Group of contract assets on service concession projects under construction contracts	13,637,416.12	457,657.96	—	—	14,095,074.08	Provision was made based on risk group
Group of contract assets on EPC projects under construction contracts	64,851,149.80	19,652,363.91	—	—	84,503,513.71	Provision was made based on risk group
Group of retention receivable from construction contracts	7,278,121.83	1,324,403.83	—	—	8,602,525.66	Provision was made based on risk group
Receivables under service concession arrangements	33,370,769.34	1,105,493.80	—	—	34,476,263.14	Provision was made based on risk group
Total	119,137,457.09	22,539,919.50	—	—	141,677,376.59	

9. Other Current Assets

Item	June 30, 2024 (Unaudited)	December 31, 2023
Credit tax available for deduction	464,645,563.25	514,676,163.34
Credit tax pending verification	210,208.51	8,179,887.24
Total	464,855,771.76	522,856,050.58

Notes to Financial Statements

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

10. Long-term Equity Investments

Investee	Opening balance	Increase or decrease in the period							Balance as at June 30, 2024 (Unaudited)	Closing balance of impairment provision (Unaudited)
		Additional/ new investment	Decreased investment	Investment gains and losses recognized under equity method	Adjustment to other comprehensive income	Change in other equity	Cash dividend or profit declared	Impairment provision		
① Joint ventures	—	—	—	—	—	—	—	—	—	—
② Associates										
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	15,179,653.30	—	—	-641,968.69	—	—	—	—	—	14,537,684.61
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	7,078,235.48	—	—	-474,799.71	—	—	—	—	—	6,603,435.77
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	17,302,066.61	—	—	1,004,811.77	—	—	-792,240.18	—	—	17,514,638.20
Shanxi Jiantou Cloud Data Technology Co., Ltd.	8,208,157.78	—	—	649,082.15	—	—	-1,348,183.67	—	—	7,509,056.26
Shanxi Construction Investment International Investment Co., Ltd.	29,503,989.21	—	—	-1,411,699.40	—	—	—	—	—	28,092,289.81
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	9,070,179.15	—	—	121,936.83	—	—	—	—	—	9,192,115.98
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	9,773,216.24	—	—	3,076.13	—	—	—	—	—	9,776,292.37
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	89,051,485.09	—	—	-35.69	—	—	—	—	—	89,051,449.40
Taiyuan Xie'an Property Service Co., Ltd.	1,628,497.23	—	—	42,814.38	—	—	—	—	—	1,671,311.61
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	8,308,496.76	—	—	2,249.08	—	—	—	—	—	8,310,745.84
Sub-total	195,103,976.85	—	—	-704,533.15	—	—	-2,140,423.85	—	—	192,259,019.85
Total	195,103,976.85	—	—	-704,533.15	—	—	-2,140,423.85	—	—	192,259,019.85

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

11. Investments in Other Equity Instruments

Item	June 30, 2024 (Unaudited)	December 31, 2023
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	1,095,154.89	1,037,436.00
Shanxi Jiantou Decoration Industry Co., Ltd.	4,648,097.77	9,142,926.00
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	80,224,987.26	82,176,703.56
Shanxi Jiantou Construction Industry Co., Ltd.	50,228,357.11	50,169,278.95
Total	136,196,597.03	142,526,344.51

The above unlisted equity investments are designated as financial assets measured at FVOCI (non-recycling) as these investments are held for long-term strategic purposes. Please refer to Note 9 for the details of changes in fair value.

Item	Dividend income recognized for current period	Accumulated gains	Accumulated losses	Amount transferred from other comprehensive income to retained earnings	Reason for transfer-in
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	—	411,154.89	—	—	Based on management's intention and contract cash flow position
Shanxi Jiantou Decoration Industry Co., Ltd.	—	-1,351,902.23	—	—	Based on management's intention and contract cash flow position
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	—	11,294,345.14	—	—	Based on management's intention and contract cash flow position
Shanxi Jiantou Construction Industry Co., Ltd.	—	4,194,393.83	—	—	Based on management's intention and contract cash flow position

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

12. Investment Properties

(1) *Investment properties measured at fair value*

Item	Houses and buildings	Land use rights	Total
I. Opening balance	186,805,415.00	—	186,805,415.00
II. Increase in the period	—	—	—
(1) Additions	—	—	—
(2) Transfer from fixed assets	—	—	—
III. Decrease in the period	—	—	—
IV. Change in fair value	-523,503.04	—	-523,503.04
V. Closing balance	186,281,911.96	—	186,281,911.96

The Company's investment properties consist of three commercial properties located in Taiyuan, Datong and Jinzhong, Shanxi in Mainland China. As at December 31, 2023 and June 30, 2024, the fair values of the investment properties of the Company were assessed by an independent professional qualified valuer.

Investment properties are leased under operating leases, details of which are summarized in Note XIV.8 to the consolidated financial statements.

As at June 30, 2024, the Company had no investment properties that were pledged to secure the bank borrowings and other borrowings of the Company.

(2) *Investment properties pending certificates of ownership*
Nil.

13. Fixed Assets

Item	June 30, 2024 (Unaudited)	December 31, 2023
Fixed assets	813,425,964.75	835,139,676.35
Disposal of fixed assets	—	—
Total	813,425,964.75	835,139,676.35

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

13. Fixed Assets (continued)

(1) Fixed assets

Item	Contractual energy management	Houses and buildings	Construction machinery	Transportation and production equipment	Office equipment and others	Total
I. Original carrying amount:						
1. Opening balance	366,951,992.73	615,474,574.30	43,262,456.38	373,296,702.11	62,512,377.74	1,461,498,103.26
2. Increase in the period	—	855,040.41	—	18,514,016.34	2,372,681.50	21,741,738.25
(1) Purchases	—	855,040.41	—	18,514,016.34	2,372,681.50	21,741,738.25
(2) Transfer from construction in progress	—	—	—	—	—	—
(3) Increase in business combinations	—	—	—	—	—	—
(4) Other increase	—	—	—	—	—	—
3. Decrease in the period	—	10,306,867.52	—	984,092.04	307,046.95	11,598,006.51
(1) Disposals or retirement	—	10,306,867.52	—	984,092.04	307,046.95	11,598,006.51
(2) Other decrease	—	—	—	—	—	—
4. Closing balance	366,951,992.73	606,022,747.19	43,262,456.38	390,826,626.41	64,578,012.29	1,471,641,835.00
II. Accumulated depreciation						
1. Opening balance	280,199,167.96	141,997,106.50	32,095,865.53	129,870,108.10	42,196,178.82	626,358,426.91
2. Increase in the period	15,776,046.49	8,745,001.09	697,391.64	8,110,930.28	4,369,648.01	37,699,017.51
(1) Accrual	15,776,046.49	8,745,001.09	697,391.64	8,110,930.28	4,369,648.01	37,699,017.51
(2) Other increase	—	—	—	—	—	—
3. Decrease in the period	—	5,251,847.88	—	289,235.04	300,491.25	5,841,574.17
(1) Disposals or retirement	—	5,251,847.88	—	289,235.04	300,491.25	5,841,574.17
(2) Other decrease	—	—	—	—	—	—
4. Closing balance	295,975,214.45	145,490,259.71	32,793,257.17	137,691,803.34	46,265,335.58	658,215,870.25
III. Impairment provision						
1. Opening balance	—	—	—	—	—	—
2. Increase in the period	—	—	—	—	—	—
(1) Accrual	—	—	—	—	—	—
(2) Other increase	—	—	—	—	—	—
3. Decrease in the period	—	—	—	—	—	—
(1) Disposals or retirement	—	—	—	—	—	—
(2) Other decrease	—	—	—	—	—	—
4. Closing balance	—	—	—	—	—	—
IV. Carrying amount						
1. At the end of the period	70,976,778.28	460,532,487.48	10,469,199.21	253,134,823.07	18,312,676.71	813,425,964.75
2. At the beginning of the period	86,752,824.77	473,477,467.80	11,166,590.85	243,426,594.01	20,316,198.92	835,139,676.35

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

13. Fixed Assets (continued)

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

Item	Original carrying amount	Accumulated depreciation	Impairment provision	Carrying amount	Remark
Houses and buildings	254,938,303.90	13,571,518.21	—	241,366,785.69	

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

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

Item	Carrying amount
Houses and buildings	10,585,254.34
Construction machinery	1,870,760.65
Transportation and production equipment	—
Office equipment and others	—
Total	12,456,014.99

(5) *Fixed assets pending certificates of ownership*

Item	Carrying amount	Reason for failure
Houses and buildings	76,683,273.95	Processing

14. Construction in Progress

Item	June 30, 2024 (Unaudited)	December 31, 2023
Construction in progress	487,792,612.22	413,231,580.47
Engineering materials	—	—
Total	487,792,612.22	413,231,580.47

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

14. Construction in Progress (continued)

(1) Breakdown of construction in progress

Item	June 30, 2024 (Unaudited)		December 31, 2023			
	Balance	Impairment provision	Net carrying amount	Balance	Impairment provision	Net carrying amount
Combined heat supply project of Chahar Right Rear Banner Shan'an Thermal Power	290,068,617.06	—	290,068,617.06	275,284,269.23	—	275,284,269.23
160t/h CDQ and waste heat power generation project of Shanxi Jun'an Loudong Energy Technology Co., Ltd.	157,771,526.26	—	157,771,526.26	123,447,678.45	—	123,447,678.45
Jinzhong urban construction waste resource utilization concession project	32,987,406.22	—	32,987,406.22	13,861,484.52	—	13,861,484.52
Xingxian 100MW composite photovoltaic power generation project	2,840,553.04	—	2,840,553.04	—	—	—
Other miscellaneous projects	4,124,509.64	—	4,124,509.64	638,148.27	—	638,148.27
Total	487,792,612.22	—	487,792,612.22	413,231,580.47	—	413,231,580.47

(2) Changes in significant construction in progress

Project name	Opening balance	Increase in the period	Transfer into fixed assets	Other decrease	Accumulative capitalized interest	Including: Capitalized interest in the period	Interest capitalization ratio in the period %	Closing balance
Combined heat supply project of Chahar Right Rear Banner Shan'an Thermal Power	275,284,269.23	14,784,347.83	—	—	9,120,444.45	5,550,444.45	4.20	290,068,617.06
160t/h CDQ and waste heat power generation project of Shanxi Jun'an Loudong Energy Technology Co., Ltd.	123,447,678.45	34,323,847.81	—	—	15,739,892.91	4,902,231.26	7.40	157,771,526.26
Jinzhong urban construction waste resource utilization concession project	13,861,484.52	19,125,921.70	—	—	—	—	—	32,987,406.22
Xingxian 100MW composite photovoltaic power generation project	—	2,840,553.04	—	—	—	—	—	2,840,553.04
Other miscellaneous projects	638,148.27	3,486,361.37	—	—	—	—	—	4,124,509.64
Total	413,231,580.47	74,561,031.75	—	—	24,860,337.36	10,452,675.71	—	487,792,612.22

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

14. Construction in Progress (continued)

(2) Changes in significant construction in progress (continued)

Project name	Budget	Proportion of total construction investment to budget %	Construction progress	Source of fund
Combined heat supply project of Chahar Right Rear Banner Shan'an Thermal Power	529,230,000.00	54.81	54.81	Loans from financial institutions and self-raised funds
160t/h CDQ and waste heat power generation project of Shanxi Jun'an Loudong Energy Technology Co., Ltd.	142,860,000.00	110.44	110.44	Loans from financial institutions and self-raised funds
Jinzhong urban construction waste resource utilization concession project	129,069,600.00	25.56	25.56	Self-raised funds
Xingxian 100MW composite photovoltaic power generation project	465,470,000.00	0.61	0.61	Self-raised funds
Other miscellaneous projects	12,363,464.00	—	—	Self-raised funds
Total	—	—	—	

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

15. Right-of-use assets

Item	Land use rights	Houses and buildings	Machinery, transportation and office equipment	Total
I. Original carrying amount:				
1. Opening balance	36,092,668.13	32,481,539.13	130,540,774.19	199,114,981.45
2. Increase in the period	—	1,008,926.38	—	1,008,926.38
(1) Lease	—	1,008,926.38	—	1,008,926.38
(2) Adjustment to lease liabilities	—	—	—	—
3. Decrease in the period	—	3,559,528.14	—	3,559,528.14
(1) Transfer of leases to finance leases	—	—	—	—
(2) Transfer or held for sale	—	—	—	—
(3) Other decrease	—	3,559,528.14	—	3,559,528.14
4. Closing balance	36,092,668.13	29,930,937.37	130,540,774.19	196,564,379.69
II. Accumulated depreciation				
1. Opening balance	2,298,660.55	15,202,353.82	10,670,827.87	28,171,842.24
2. Increase in the period	1,241,069.70	3,579,175.50	6,271,685.92	11,091,931.12
(1) Accrual	1,241,069.70	3,579,175.50	6,271,685.92	11,091,931.12
(2) Other increase	—	—	—	—
3. Decrease in the period	—	3,559,528.14	—	3,559,528.14
(1) Transfer of leases to finance leases	—	—	—	—
(2) Transfer or held for sale	—	—	—	—
(3) Other decrease	—	3,559,528.14	—	3,559,528.14
4. Closing balance	3,539,730.25	15,222,001.18	16,942,513.79	35,704,245.22
III. Impairment provision				
1. Opening balance	—	—	—	—
2. Increase in the period	—	—	—	—
(1) Accrual	—	—	—	—
(2) Other increase	—	—	—	—
3. Decrease in the period	—	—	—	—
(1) Transfer of leases to finance leases	—	—	—	—
(2) Transfer or held for sale	—	—	—	—
(3) Other decrease	—	—	—	—
4. Closing balance	—	—	—	—
IV. Carrying amount				
1. At the end of the period (Unaudited)	32,552,937.88	14,708,936.19	113,598,260.40	160,860,134.47
2. At the beginning of the period	33,794,007.58	17,279,185.31	119,869,946.32	170,943,139.21

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

15. Right-of-use assets (continued)

Explanations:

- (1) For the year ended June 30, 2024, the Company entered into 25 lease agreements for the purpose of, inter alia, two existing centralized heating facilities for a lease term of 15 to 29 years, 7 pieces of land for a lease term of 5 to 20 years, 15 office buildings for a lease term of 2 to 25 years and a set of machinery for a lease term of 5.5 years (the contract for leasing a set of machinery contains an option to purchase the set of machinery at the end of the lease term). Lease terms are negotiated on an individual basis. The lease agreements do not impose any covenants.
- (2) See Note XIII.2 for lease expenses recognized by the Company in relation to short-term leases and leases of low-value assets.

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

16. Intangible Assets

Item	Land use rights	Operating right	Patent rights	Software	Total
I. Original carrying amount					
1. Opening balance	135,054,012.59	55,000,000.00	627,332.85	3,413,911.02	194,095,256.46
2. Increase in the period	—	—	—	77,433.63	77,433.63
(1) Purchases	—	—	—	77,433.63	77,433.63
(2) Internal research and development	—	—	—	—	—
(3) Increase in business combinations	—	—	—	—	—
(4) Other increase	—	—	—	—	—
3. Decrease in the period	—	—	—	—	—
(1) Disposals	—	—	—	—	—
(2) Invalid and derecognized portion	—	—	—	—	—
(3) Other decrease	—	—	—	—	—
4. Closing balance	135,054,012.59	55,000,000.00	627,332.85	3,491,344.65	194,172,690.99
II. Accumulated amortization					
1. Opening balance	11,809,584.18	763,888.89	190,642.92	3,022,552.91	15,786,668.90
2. Increase in the period	1,397,842.32	1,132,662.83	20,491.40	132,309.79	2,683,306.34
(1) Accrual	1,397,842.32	1,132,662.83	20,491.40	132,309.79	2,683,306.34
(2) Other increase	—	—	—	—	—
3. Decrease in the period	—	—	—	—	—
(1) Disposals	—	—	—	—	—
(2) Invalid and derecognized portion	—	—	—	—	—
(3) Other decrease	—	—	—	—	—
4. Closing balance	13,207,426.50	1,896,551.72	211,134.32	3,154,862.70	18,469,975.24
III. Impairment provision					
1. Opening balance	—	—	—	—	—
2. Increase in the period	—	—	—	—	—
(1) Accrual	—	—	—	—	—
(2) Other increase	—	—	—	—	—
3. Decrease in the period	—	—	—	—	—
(1) Disposals	—	—	—	—	—
(2) Other decrease	—	—	—	—	—
4. Closing balance	—	—	—	—	—
IV. Carrying amount					
1. At the end of the period (Unaudited)	121,846,586.09	53,103,448.28	416,198.53	336,481.95	175,702,714.85
2. At the beginning of the period	123,244,428.41	54,236,111.11	436,689.93	391,358.11	178,308,587.56

Explanations: (1) The Company had no pledged or guaranteed land use rights in the period.

(2) Land use rights pending certificates of ownership: Nil.

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

17. Goodwill

Name of investee or matters forming goodwill	Opening balance	Increase in the period				Closing balance (Unaudited)
		Arising from business combination		Decrease in the period		
		Others	Disposals	Others		
Shanxi Ningyang Energy Co., Ltd.	15,000,000.00	—	—	—	—	15,000,000.00
Total	15,000,000.00	—	—	—	—	15,000,000.00

On April 3, 2018, the Company acquired 51% equity interest of Shanxi Ningyang Energy Co., Ltd. from two independent third parties, resulting in goodwill of RMB15,000,000.00.

The Company conducted impairment assessment of goodwill at the end of each track record period by engaging independent professional valuers to evaluate the recoverable amount of the entire shareholders' equity interest of Shanxi Ningyang, and issued the asset evaluation reports. The income approach is used for valuation of the recoverable amount. The assessment is based on the estimated cash flow forecast in the next 5 years based on the financial budget approved by the management. The terminal growth rate of the cash flow forecast adopted in the following years is 0% for prudence sake. The pre-tax discount rate adopted as at June 30, 2024 was 10.96% (2023: 11.43%). The management prepared the above financial budgets based on past performance and its expectations for market development. The present value of future cash flows reflects the risk relative to the segment concerned.

Based on the results of the impairment assessment of goodwill, the recoverable amounts of cash generating unit of approximately RMB269,091,200.00 (2023: RMB274,943,000.00) is greater than its carrying amounts of approximately RMB232,575,309.17 (2023: RMB238,814,000.00) as at June 30, 2024. Based on the results of the impairment testing of goodwill, in the opinion of the management of the Company, no impairment provision is considered necessary for the Company's goodwill as at June 30, 2024 (2023: Nil). Management believes that any reasonably possible changes to the key assumptions applied would not lead to impairment of goodwill as at June 30, 2024.

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

17. Goodwill (continued)

The sensitivity analysis as at June 30, 2024 and December 31, 2023 set forth below has been determined based on the exposure to the pre-tax discount rate and five-year period growth rate, representing the key inputs to the determination of the recoverable amounts. The management performed the sensitivity analysis assuming the above-mentioned key assumptions have been changed. Had the estimated key assumptions been changed as below, the headroom would be increased/decreased by:

	June 30, 2024 (Unaudited)	December 31, 2023
Five-year period growth rate increased by 2%	30,822,510.00	38,379,000.00
Five-year period growth rate decreased by 2%	-23,263,700.00	-35,734,000.00
Pre-tax discount rate decreased by 0.5%	28,133,730.00	11,766,000.00
Pre-tax discount rate increased by 0.5%	-25,790,010.00	-10,753,000.00

18. Long-term Deferred Expenses

Item	December 31, 2023	Increase in the period	Decrease in the period Amortization in the period	Other decrease	June 30, 2024 (Unaudited)
Prepaid employees housing subsidies	2,276,666.55	—	1,549,999.99	—	726,666.56
Expenditure in relation to improvement of fixed assets	—	81,683.17	1,361.39	—	80,321.78
Total	2,276,666.55	81,683.17	1,551,361.38	—	806,988.34

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

19. Deferred Income Tax Assets and Deferred Income Tax Liabilities

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

Item	June 30, 2024 (Unaudited)		December 31, 2023	
	Deductible/ taxable temporary differences	Deferred income tax assets/ liabilities	Deductible/ taxable temporary differences	Deferred income tax assets/ liabilities
Deferred income tax assets:				
Provision for asset impairment	609,753,808.87	100,215,529.55	552,595,827.02	91,046,168.72
Unrealized profit of internal transaction	72,590,780.73	10,888,617.11	86,055,247.27	12,908,287.09
Service concession projects	87,426,228.29	20,790,114.18	85,241,595.64	21,310,398.91
Remeasurement of defined benefit plan	3,061,907.00	459,286.05	3,061,907.00	459,286.05
Lease transactions included in lease liabilities	159,456,517.65	35,858,305.84	162,546,770.41	38,064,192.05
Sub-total	932,289,242.54	168,211,852.73	889,501,347.34	163,788,332.82
Deferred income tax liabilities:				
Lease transactions included in right-of-use assets	102,254,414.18	35,945,156.31	146,304,938.57	37,634,307.25
Financial asset model formed by PPP projects	194,781,772.02	53,299,060.32	217,942,809.56	54,485,702.39
Changes in fair value of investment properties	22,846,379.07	3,426,956.86	23,369,882.13	3,505,482.32
Conversion of self-use properties into investment properties	77,662,125.47	11,649,318.82	77,662,125.47	11,649,318.82
Changes in fair value of investment in other equity instruments	20,877,739.07	3,131,660.86	20,877,739.07	3,131,660.86
Sub-total	418,422,429.81	107,452,153.17	486,157,494.80	110,406,471.64

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

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

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

Item	June 30, 2024 (Unaudited)	December 31, 2023
Deductible temporary differences	—	—
Deductible losses	30,511,203.53	32,710,000.00
Total	30,511,203.53	32,710,000.00

(3) The deductible losses on unrecognized deferred income tax assets will mature in the following years

Year	June 30, 2024 (Unaudited)	December 31, 2023	Remark
2024	—	1,034,490.38	
2025	216,008.83	293,354.65	
2026	293,354.65	2,781,490.38	
2027	—	3,739,468.48	
2028	1,602,368.86	24,861,196.11	
2029	28,399,471.19	—	
Total	30,511,203.53	32,710,000.00	

20. Other Non-current Assets

Item	June 30, 2024 (Unaudited)			December 31, 2023		
	Balance	Impairment provision	Carrying amount	Balance	Impairment provision	Carrying amount
Long-term contract assets	4,382,440,506.38	53,947,857.28	4,328,492,649.10	4,209,227,483.91	50,298,157.30	4,158,929,326.61
Revolving materials	197,323.02	—	197,323.02	—	—	—
Total	4,382,637,829.40	53,947,857.28	4,328,689,972.12	4,209,227,483.91	50,298,157.30	4,158,929,326.61

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

21. Short-term Borrowings

Item	June 30, 2024 (Unaudited)	December 31, 2023
Pledged borrowings	—	33,080,250.00
Secured borrowings	—	—
Guaranteed borrowings	—	—
Credit borrowings	2,884,230,194.12	2,410,038,051.63
Total	2,884,230,194.12	2,443,118,301.63

22. Bill Payables

Type	June 30, 2024 (Unaudited)	December 31, 2023
Commercial acceptance bills	1,779,630,000.00	1,374,330,000.00
Bank acceptance bills	—	—
Total	1,779,630,000.00	1,374,330,000.00

23. Trade Payables

(1) Disclosure by nature of amount

Item	June 30, 2024 (Unaudited)	December 31, 2023
Payment for materials	5,411,294,877.66	5,301,221,261.28
Payment for construction	1,916,306,275.35	1,342,385,369.04
Payment for equipment	71,219,512.18	24,289,637.95
Service fees	172,629,651.13	150,501,093.91
Labor service fees	2,098,568,035.30	1,721,066,453.62
Lease payments	486,222,013.99	480,364,894.94
Total	10,114,936,947.79	9,019,828,710.74

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

23. Trade Payables (continued)

(2) Disclosure by age

The aging analysis of trade payables presented based on the recording date is as follows:

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

Including: significant trade payables aged over 1 year

Item	June 30, 2024 (Unaudited)	Reasons for non-repayment or non-carry-forward
Company 1	136,208,832.92	Payment conditions not satisfied yet
Company 2	127,582,444.69	Payment conditions not satisfied yet
Company 3	102,014,040.29	Payment conditions not satisfied yet
Company 4	99,739,641.30	Payment conditions not satisfied yet
Company 5	97,808,441.17	Payment conditions not satisfied yet
Total	563,353,400.37	

24. Contract Liabilities

Item	June 30, 2024 (Unaudited)	December 31, 2023
Within one year	1,411,035,943.07	1,239,713,523.32
Over one year	365,811,316.29	142,715,827.62
Total	1,776,847,259.36	1,382,429,350.94

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

25. Employee Remuneration Payables

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

(1) Short-term remuneration

Item	December 31, 2023	Increase in the period	Decrease in the period	June 30, 2024 (Unaudited)
Salaries, bonuses, allowances and subsidies	60,994,250.57	241,766,588.72	200,693,438.75	102,067,342.94
Employee welfare	1,242,320.21	13,778,114.99	15,020,435.20	—
Social insurance	2,440,456.67	5,299,805.58	5,058,308.54	2,681,953.71
Including: 1. Medical insurance	2,423,794.24	4,493,690.77	4,328,862.12	2,588,622.89
2. Work-related injury insurance	16,514.19	362,323.81	356,360.66	22,477.34
3. Maternity insurance	148.24	443,791.00	373,085.76	70,853.48
Housing provident fund	3,717,003.64	3,123,667.56	2,990,435.16	3,850,236.04
Union fund and employee education fund	4,435,758.09	8,544,132.31	7,999,259.67	4,980,688.33
Others	3,847,890.74	165,496.55	3,854,055.50	159,331.79
Total	76,677,679.92	272,677,805.71	235,615,932.82	113,739,552.81

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

25. Employee Remuneration Payables (continued) (2) Defined contribution plan

Item	December 31, 2023	Increase in the period	Decrease in the period	June 30, 2024 (Unaudited)
Post-employment benefits	166,163.29	42,754,443.72	42,652,209.57	268,397.44
Including: Basic pension insurance	145,144.29	41,317,633.04	41,214,967.30	247,810.03
Unemployment insurance	21,019.00	1,436,810.68	1,437,242.27	20,587.41
Enterprise annuity payment	—	—	—	—
Others	—	—	—	—
Total	166,163.29	42,754,443.72	42,652,209.57	268,397.44

(3) Termination benefits

Item	December 31, 2023	Increase in the period	Decrease in the period	June 30, 2024 (Unaudited)
1. Compensation paid for termination of employment	260,000.00	140,000.00	140,000.00	260,000.00
2. Budgeted expenses for internal retirement	3,100,000.00	1,660,000.00	1,660,000.00	3,100,000.00
Total	3,360,000.00	1,800,000.00	1,800,000.00	3,360,000.00

26. Tax Payables

Tax	June 30, 2024 (Unaudited)	December 31, 2023
Corporate income tax	19,994,038.54	28,952,134.57
Value-added tax	9,018,397.40	15,337,842.02
Individual income tax	12,983,032.64	12,606,818.13
City maintenance and construction tax	2,152,614.87	2,340,915.42
Educational surcharge	1,160,701.40	1,282,301.49
Property tax	103,612.09	859,612.09
Price regulating funds payable	362,621.17	362,604.34
Land use tax	55,900.07	180,827.72
Stamp duty	17,302.80	53,228.70
Local educational surcharge	18,608.82	50,487.68
Other taxes	2,872,106.68	2,827,592.24
Total	48,738,936.48	64,854,364.40

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

27. Other Payables

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

(1) Dividend payables

Item	June 30, 2024 (Unaudited)	December 31, 2023
Shanxi Construction Investment Group Co., Ltd.	70,244,390.99	70,244,390.99
Shanghai Rongda Investment Management Co., Ltd.	1,433,559.00	1,433,559.00
Total	71,677,949.99	71,677,949.99

Significant dividend payables past due over 1 year:

Name of shareholder	Dividend payables	Reason for non-payment
Shanxi Construction Investment Group Co., Ltd.	70,244,390.99	Unpaid yet
Shanghai Rongda Investment Management Co., Ltd.	1,433,559.00	Unpaid yet
Total	71,677,949.99	

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

27. Other Payables (continued) (2) Other payables

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

Including: significant other payables aged over 1 year

Item	Closing balance	Reasons for non-repayment or non-carry-forward
Entity 1	308,705,832.77	Payment conditions not satisfied yet
Entity 2	27,222,713.58	Payment conditions not satisfied yet
Entity 3	7,962,805.08	Payment conditions not satisfied yet
Entity 4	7,270,000.00	Payment conditions not satisfied yet
Entity 5	6,254,583.77	Payment conditions not satisfied yet
Total	357,415,935.20	

28. Non-current Liabilities Due within One Year

Item	June 30, 2024 (Unaudited)	December 31, 2023
Long-term borrowings due within one year	509,147,596.80	429,993,418.49
Accrued but unpaid interest expenses on long-term borrowings due within one year	9,052,403.89	6,588,405.30
Long-term payables due within one year	—	300,000,000.00
Lease liabilities due within one year	15,207,281.63	11,835,227.37
Total	533,407,282.32	748,417,051.16

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

28. Non-current Liabilities Due within One Year (continued)

(1) Long-term borrowings due within one year

Item	June 30, 2024 (Unaudited)	December 31, 2023
Pledged borrowings	487,470,065.80	386,004,560.73
Secured borrowings	13,677,531.00	—
Guaranteed borrowings	7,000,000.00	43,988,857.76
Credit borrowings	1,000,000.00	—
Accrued but unpaid interest expenses	9,052,403.89	6,588,405.30
Total	518,200,000.69	436,581,823.79

(2) Long-term payables due within one year

Item	June 30, 2024 (Unaudited)	December 31, 2023
Shanxi Xiaohe Construction Industry Co., Ltd.	—	300,000,000.00
Total	—	300,000,000.00

Explanation: As at December 31, 2023, the Company borrowed RMB300,000,000 from Shanxi Xiaohe Construction Industry Co., Ltd., a related party controlled by Shanxi CIG, at an interest rate of 9.7% per annum for a period from May 30, 2019 to April 11, 2024, without collateral, for the development and construction of the park. Such borrowings have been repaid in full in April 2024.

29. Other Current Liabilities

Item	June 30, 2024 (Unaudited)	December 31, 2023
Output tax to be transferred	815,755,091.54	795,457,485.34
Endorsed bill payables	194,504,130.46	203,797,521.76
Total	1,010,259,222.00	999,255,007.10

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

30. Long-term Borrowings

Item	June 30, 2024 (Unaudited)	Interest rate range	December 31, 2023	Interest rate range
Pledged borrowings	3,392,360,797.09	3.90-10.79	3,114,576,329.72	3.90-10.00
Secured borrowings	174,589,668.83	4.10	177,003,350.83	6.15
Guaranteed borrowings	7,000,000.00	3.65	10,500,000.00	3.65
Credit borrowings	214,467,505.88	3.30-4.65	200,000,000.00	4.65
Accrued but unpaid interest expenses	9,052,403.89	—	6,588,405.30	—
Sub-total	3,797,470,375.69	—	3,508,668,085.85	—
Including: Borrowings from non-banking financial institutions	346,136,067.31	4.70-8.89	143,734,000.00	4.70-10.00
Less: Long-term borrowings due within one year	518,200,000.69	—	436,581,823.79	—
Total	3,279,270,375.00	—	3,072,086,262.06	—

- (1) The Company's pledged borrowings of RMB161,500,000.00 with an annual interest rate of 5.78% from non-banking financial institutions were secured by trade receivables, for a term from May 5, 2024 to February 5, 2026.
- (2) The Company's pledged borrowings of RMB2,716,110,701.05 with annual interest rates ranging from 3.90% to 5.29% from banks were secured by certain contract assets under service concession arrangements, for a term from June 27, 2019 to October 29, 2044.
- (3) The Company's pledged borrowings of RMB488,058,470.11 with annual interest rates ranging from 4.10% to 10.79% from banks and non-banking financial institutions were secured by certain device components controlled by customers, for a term from December 8, 2021 to December 8, 2024.
- (4) The Company's pledged borrowings of RMB26,691,625.93 with annual interest rates ranging from 3.95% to 4.05% from banks were secured by the rights to electricity fee income, for a term from October 27, 2022 to March 19, 2034.
- (5) The secured borrowings of Shan'an Lide, a subsidiary of the Company, of RMB174,589,668.83 with annual interest rates ranging from 4.10% to 10.79% from banks were secured by houses and buildings, for a term from January 2, 2024 to January 2, 2030.
- (6) The borrowings of Shanxi Ningyang, a subsidiary of the Company, of RMB7,000,000.00 with an annual interest rate of 3.65% from banks were guaranteed by the Company, for a term from March 30, 2020 to March 19, 2025.
- (7) The Company's credit borrowings of RMB214,467,505.88 with annual interest rates ranging from 3.30% to 4.65% were secured from banks for a term from August 12, 2022 to February 8, 2027.

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

31. Lease Liabilities

Item	June 30, 2024 (Unaudited)	December 31, 2023
Lease payments	239,795,434.84	242,564,290.22
Less: Unrecognized finance costs	69,310,868.60	73,320,975.74
Sub-total	170,484,566.24	169,243,314.48
Less: Non-current liabilities due within one year	15,207,281.63	11,835,227.37
Total	155,277,284.61	157,408,087.11

Explanation: The interest expenses on lease liabilities accrued from January to June 2024 amounted to RMB3,979,193.63 and were included in interest expenses under finance expenses.

32. Long-term Employee Remuneration Payables

Item	June 30, 2024 (Unaudited)	December 31, 2023
Net liabilities in defined benefit plan	29,790,000.00	30,490,000.00
Termination benefits	1,590,000.00	1,660,000.00
Net liabilities on other long-term employee benefits satisfying conditions for defined benefit plan	—	—
Other long-term benefits	—	—
Sub-total	31,380,000.00	32,150,000.00
Less: Long-term employee remuneration payables due within one year — Post-employment benefits	3,100,000.00	3,100,000.00
Less: Long-term employee remuneration payables due within one year — Termination benefits	260,000.00	260,000.00
Total	28,020,000.00	28,790,000.00

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

32. Long-term Employee Remuneration Payables (continued)

(1) Changes in defined benefit plan

Present value of the defined benefit plan obligation:

Item	June 30, 2024 (Unaudited)	December 31, 2023
I. Opening balance	30,490,000.00	32,460,000.00
II. Defined benefit cost recognized in current profit or loss	360,000.00	860,000.00
1. Service cost for current period	—	—
2. Historical service cost	—	—
3. Gains on settlement (losses are expressed in “—”)	—	—
4. Net interest	360,000.00	860,000.00
III. Defined benefit cost recognized in other comprehensive income	600,000.00	330,000.00
1. Actuarial gains (losses are expressed in “—”)	600,000.00	330,000.00
IV. Other changes	1,660,000.00	3,160,000.00
1. Liabilities eliminated upon settlement	—	—
2. Benefits paid	1,660,000.00	3,160,000.00
V. Closing balance	29,790,000.00	30,490,000.00

Net liabilities in defined benefit plan:

Item	June 30, 2024 (Unaudited)	December 31, 2023
I. Opening balance	30,490,000.00	32,460,000.00
II. Net interest	360,000.00	860,000.00
III. Benefits paid	-1,660,000.00	-3,160,000.00
IV. Actuarial losses (gains)	600,000.00	330,000.00
V. Historical service cost	—	—
VI. Service cost for current period	—	—
VII. Closing balance	29,790,000.00	30,490,000.00

In addition to the basic pension insurance provided by the local government, the Company also provides supplementary pension insurance plans and other comprehensive retirement benefit plans for employees retired since the obligation has transferred from Shanxi CIG as at June 30, 2024. This benefit plan is accounted for as a long-term defined benefits obligation and does not have any plan assets. These plans include monthly living subsidies for employees after their retirement. The Company no longer provides (pays) any supplementary retirement benefits (including supplementary benefits such as retirement salaries, subsidies, medical care) for employees retired since May 1, 2022.

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

32. Long-term Employee Remuneration Payables (continued)

(1) Changes in defined benefit plan (continued)

The Company engaged an independent actuary, Towers Watson (Shenzhen) Consulting Co., Ltd., to estimate the present value of its above retirement benefit plan obligations using the actuarial method based on the expected cumulative benefit unit method. Towers Watson (Shenzhen) Consulting Co., Ltd. is an actuarial institution with professional certification qualifications and a member of the American Academy of Actuaries. The plan estimates future cash outflows based on inflation rate and mortality rate assumptions and determines its present value at a discount rate. The discount rate is determined based on the market yield of the national debt that matches the term and currency of the obligations of defined benefit plan on the balance sheet date.

The defined benefit plan exposes the Company to actuarial risks, including interest rate risk, longevity risk and inflation risk. A decrease in the rate of return of national debt will result in an increase in the present value of the defined benefit plan obligations. The present value of the defined benefit plan obligations is calculated based on the optimal estimate of the mortality rate of the participating employees, and an increase in the life expectancy of the plan members will result in an increase in the liabilities in the plan. In addition, the present value of the defined benefit plan obligation is related to the planned future payment standard, and the payment standard is determined based on the inflation rate. Therefore, the increase in the inflation rate will also result in an increase in the liabilities in the plan.

(2) Actuarial assumption

Item	June 30, 2024 (Unaudited)	December 31, 2023
Discount rate	2.25%	2.5%
Mortality rate	China Life Insurance Mortality Table (2011–2013)	China Life Insurance Mortality Table (2011–2013)
Expected life on average	5.00%	5.00%
Termination rate of employees	4.00%	4.00%
Expected growth rate of remuneration	2.25%	2.5%

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

33. Deferred Income

Item	December 31, 2023	Increase in the period	Decrease in the period	June 30, 2024 (Unaudited)
Government grants	21,562,500.00	—	1,437,500.00	20,125,000.00
Total	21,562,500.00	—	1,437,500.00	20,125,000.00

Government grants:

Item	December 31, 2023	Additional grants in the period	Amount included in profit or loss in the period	Other changes	June 30, 2024 (Unaudited)	Asset related/ income related
Appropriation in relation to the construction on the waste recycling project (phase I) in Shanxi Transformation Comprehensive Reform Demonstration Zone Xiaohu Industrial Park	21,562,500.00	—	1,437,500.00	—	20,125,000.00	Asset-related
Total	21,562,500.00	—	1,437,500.00	—	20,125,000.00	

34. Share Capital (Unit: 0,000 shares)

Item	December 31, 2023	Increase or decrease in the period (+, -)					Sub-total	June 30, 2024 (Unaudited)
		Issuance of new shares	Bonus issue	Shares converted from capital reserve	Others			
Shanxi Construction Investment Group Co., Ltd.	98,000.00	—	—	—	—	—	98,000.00	
Shanghai Rongda Investment Management Co., Ltd.	2,000.00	—	—	—	—	—	2,000.00	
Holder of overseas listed H shares	37,348.60	—	—	—	—	—	37,348.60	
Total	137,348.60	—	—	—	—	—	137,348.60	

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

35. Capital Reserve

Item	December 31, 2023	Increase in the period	Decrease in the period	June 30, 2024 (Unaudited)
Share premium	372,566,081.89	—	—	372,566,081.89
Other capital reserve	278,300,420.13	—	—	278,300,420.13
Total	650,866,502.02	—	—	650,866,502.02

36. Other Comprehensive Income

Other comprehensive income attributable to the parent company in the balance sheet:

Item	December 31, 2023	Amount for the period		June 30, 2024 (Unaudited)
		Attributable to the parent company, net of tax	Less: Previously recognized in other comprehensive income and transferred to retained earnings in the current period	
I. Other comprehensive income that cannot be reclassified into profit or loss	15,143,457.28	-5,890,285.36	—	9,253,171.92
1. Changes in remeasurement of defined benefit plan	-2,602,620.96	-510,000.00	—	-3,112,620.96
2. Changes in fair value of investment in other equity instruments	17,746,078.24	-5,380,285.36	—	12,365,792.88
II. Other comprehensive income that will be reclassified into profit or loss	67,105,819.84	1,658,262.90	—	68,764,082.74
1. Translation differences on financial statements of foreign currencies	1,093,013.19	1,658,262.90	—	2,751,276.09
2. The portion of self-use properties converted into investment properties measured at fair value whose fair value is greater than their carrying amount on the conversion date	66,012,806.65	—	—	66,012,806.65
Total other comprehensive income	82,249,277.12	-4,232,022.46	—	78,017,254.66

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

36. Other Comprehensive Income (continued)

Other comprehensive income attributable to the parent company in the income statement:

Item	Amount for the period, before income tax	Amount for the period transferred to profit or loss in the current period	Amount for the period		
			Less: Income tax expenses	Less: Attributable to minority shareholders, net of tax	Attributable to the parent company, net of tax
I. Other comprehensive income that cannot be reclassified into profit or loss	-6,929,747.48	—	-1,039,462.12	—	-5,890,285.36
1. Changes in remeasurement of defined benefit plan	-600,000.00	—	-90,000.00	—	-510,000.00
2. Changes in fair value of investment in other equity instruments	-6,329,747.48	—	-949,462.12	—	-5,380,285.36
II. Other comprehensive income that will be reclassified into profit or loss	1,658,262.90	—	—	—	1,658,262.90
1. Translation differences on financial statements of foreign currencies	1,658,262.90	—	—	—	1,658,262.90
2. The portion of self-use properties converted into investment properties measured at fair value whose fair value is greater than their carrying amount on the conversion date	—	—	—	—	—
Total other comprehensive income	-4,232,022.46	—	-1,039,462.12	—	-4,232,022.46

37. Special Reserve

Item	December 31, 2023	Increase in the period	Decrease in the period	June 30, 2024 (Unaudited)
Safety production expenses	751,358.26	88,053,734.49	73,406,374.42	15,398,718.33
Total	751,358.26	88,053,734.49	73,406,374.42	15,398,718.33

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

38. Surplus Reserve

Item	December 31, 2023	Increase in the period	Decrease in the period	June 30, 2024 (Unaudited)
Statutory surplus reserve	10,061,343.87	2,598,256.71	—	12,659,600.58
Total	10,061,343.87	2,598,256.71	—	12,659,600.58

39. Undistributed Profit

Item	January to June 2024 (Unaudited)	2023
Undistributed profit at the end of the previous period (before adjustment)	492,728,479.07	411,580,266.01
Total adjustments for undistributed profit at the beginning of the period (“+” for increase; “-” for decrease)	—	—
Undistributed profit at the beginning of the period (after adjustment)	492,728,479.07	411,580,266.01
Add: Net profit for the period attributable to shareholders of the parent company	89,473,203.06	154,190,334.59
Less: Appropriation for statutory surplus reserve	-2,598,256.71	-1,364,171.54
Ordinary share dividends payable	-3,683,689.45	-71,677,949.99
Undistributed profit at the end of the period	575,919,735.97	492,728,479.07

40. Operating Revenue and Operating Costs

(1) Operating revenue and operating costs

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

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

40. Operating Revenue and Operating Costs (continued)

(2) Operating revenue and operating costs by type

Major type	January to June 2024 (Unaudited)		January to June 2023	
	Revenue	Costs	Revenue	Costs
Principal businesses:	6,115,137,405.48	5,408,818,568.86	5,253,138,893.24	4,455,905,307.13
1. Specialized industrial construction	3,996,674,781.38	3,614,643,362.62	2,942,024,466.92	2,602,108,436.00
— Construction income of service concession projects	813,297.39	773,506.20	16,834,323.48	12,781,710.61
— Construction income of EPC projects	3,995,861,483.99	3,613,869,856.42	2,925,190,143.44	2,589,326,725.39
2. Specialized auxiliary construction	749,830,764.28	704,030,936.18	924,470,042.23	766,832,697.00
— Construction income of service concession projects	69,129,763.42	31,370,520.22	122,338,020.20	104,232,363.66
— Construction income of EPC projects	680,701,000.86	672,660,415.96	802,132,022.03	662,600,333.34
3. Other construction	753,021,799.31	702,243,262.83	767,993,625.04	663,338,158.24
— Construction income of service concession projects	33,497,670.34	24,902,249.51	52,894,224.00	41,915,940.33
— Construction income of EPC projects	719,524,128.97	677,341,013.32	715,099,401.04	621,422,217.91
4. Non-construction business	615,610,060.51	387,901,007.23	618,650,759.05	423,626,015.89
— Interest income of service concession projects	114,864,441.91	—	78,883,211.84	—
— Operating fee income of service concession projects	59,470,103.51	43,430,164.79	53,012,615.94	36,370,690.82
— Urban heating technical services income	225,474,718.48	158,621,179.04	221,139,644.37	153,852,049.84
— Sales of LNG	114,186,472.61	110,383,853.41	140,344,974.94	132,819,920.93
— Sales of concrete	13,021,403.29	12,807,267.26	38,650,014.10	37,837,601.69
— Trading	43,560,763.82	37,284,802.86	41,164,993.45	39,933,181.26
— Design fee	17,732,855.70	11,073,103.77	21,307,589.90	9,185,019.98
— Sales of electricity	13,352,437.43	2,490,923.94	11,854,207.18	2,208,234.30
— Labor services fee	13,946,863.76	11,809,712.16	12,293,507.33	11,419,317.07
Other businesses:	11,960,217.68	1,661,089.71	11,811,728.28	6,133,966.11
— Lease	7,796,764.64	1,463,069.91	7,059,712.80	1,790,217.83
— Others	4,163,453.04	198,019.80	4,752,015.48	4,343,748.28
Total	6,127,097,623.16	5,410,479,658.57	5,264,950,621.52	4,462,639,273.24

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

40. Operating Revenue and Operating Costs (continued)

(3) Operating revenue and operating costs by geographical location

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

(4) Breakdown of operating revenue

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

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

(5) Remaining performance obligations

As at June 30, 2024, the transaction price allocated to unfulfilled performance obligations was RMB38,057,216,301.00. The expected time for recognizing such amount as revenue is as follows:

Expected time for revenue recognition	January to June 2024	January to June 2023
Within one year	10,387,581,946.05	11,430,915,665.12
After one year but within five years	27,313,210,594.95	25,924,018,177.82
After five years	356,423,760.00	405,024,523.80
Total	38,057,216,301.00	37,759,958,366.74

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

41. Taxes and Surcharges

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

Explanation: The basis for calculating taxes and surcharges are detailed in Note IV. Taxes.

42. Selling Expenses

Item	January to June 2024 (Unaudited)	January to June 2023
Employee remuneration	522,849.47	417,790.30
Depreciation expenses	75,499.74	75,499.74
Promotion expenses	—	41,792.11
Others	45,021.84	188,993.33
Total	643,371.05	724,075.48

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

43. Management Expenses

Item	January to June 2024 (Unaudited)	January to June 2023
Employee remuneration	147,268,102.71	168,270,109.79
Consulting fees	13,454,782.05	29,325,873.70
Office expenses	15,719,951.98	15,439,808.24
Depreciation expenses	10,659,998.56	7,613,938.59
Intermediary costs	9,348,072.08	6,771,116.45
Travel expenses	5,131,263.61	4,877,000.91
Lease expenses	6,270,015.01	4,107,330.18
Amortization of intangible assets	1,683,209.52	1,617,112.71
Amortization of right-of-use assets	4,782,050.78	1,605,199.11
Funds for party building	2,885,691.30	463,483.53
Others	7,546,588.34	10,678,232.80
Total	224,749,725.94	250,769,206.01

44. Research and Development Expenses

Item	January to June 2024 (Unaudited)	January to June 2023
Material costs	93,666,299.59	136,644,112.14
Labor costs	35,669,637.97	36,682,317.69
Lease expenses	2,836,013.12	7,824,819.40
Depreciation expenses	1,544,201.39	1,650,167.82
Others	1,765,011.50	2,464,319.33
Total	135,481,163.57	185,265,736.38

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

45. Finance Expenses

Item	January to June 2024 (Unaudited)	January to June 2023
Interest expenses	197,531,086.13	184,780,479.91
Less: Capitalized interest	10,452,675.71	5,600,423.34
Interest income	9,553,026.99	7,656,685.84
Exchange gains or losses	-852,922.96	-4,038.77
Handling fee and others	587,851.41	1,282,906.70
Total	177,260,311.88	172,802,238.66

Explanation: Capitalized interest had been included in construction in progress. The capitalization rates used to calculate and determine the capitalized borrowing costs in this period ranged from 4.20% to 7.40% (last period: 6.15%).

46. Other Gains

Item	January to June 2024 (Unaudited)	January to June 2023
Government grants	3,514,586.34	4,120,000.00
Refund of handling fees for withholding and payment of income tax on behalf of individuals	176,551.65	6,010.07
Total	3,691,137.99	4,126,010.07

Explanations:

- (1) See Note V.59. Government grants for details of government grants.
- (2) See Note XV.1 for the specific reasons for recognizing government grants as recurring profit or loss.

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

47. Investment Gains

Item	January to June 2024 (Unaudited)	January to June 2023
Gains on long-term equity investments under equity method	-704,533.15	2,309,614.47
Dividend income from investments in other equity instruments	—	86,221.97
Total	-704,533.15	2,395,836.44

48. Gains on Change of Fair Value

Source of gains on change of fair value	January to June 2024 (Unaudited)	January to June 2023
Investment properties measured at fair value	-523,503.04	110,420.00
Total	-523,503.04	110,420.00

49. Credit Impairment Losses (losses are expressed in “-”)

Item	January to June 2024 (Unaudited)	January to June 2023
Bad debt losses on bill receivables	-51,611.73	822,270.66
Bad debt losses on trade receivables	-14,604,337.85	-38,332,285.95
Bad debt losses on other receivables	-20,041,972.93	-6,629,087.96
Total	-34,697,922.51	-44,139,103.25

50. Asset Impairment Losses (losses are expressed in “-”)

Item	January to June 2024 (Unaudited)	January to June 2023
Impairment losses on contract assets	-22,539,919.50	-4,841,365.31
Total	-22,539,919.50	-4,841,365.31

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

51. Gains on Disposal of Assets (losses are expressed in “-”)

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

52. Non-Operating Revenue

Item	January to June 2024 (Unaudited)	January to June 2023	Amount included in current non- recurring profit or loss
Gains on donation	—	—	—
Others	5,030.00	17,372.88	5,030.00
Total	5,030.00	17,372.88	5,030.00

53. Non-Operating Expenses

Item	January to June 2024 (Unaudited)	January to June 2023	Amount included in current non- recurring profit or loss
Compensation, late fees and liquidated damages	62,044.32	14,314,947.90	62,044.32
Fine expenditure	120,002.60	36,794.18	120,002.60
Charitable donation expenditure	—	100,000.00	—
Loss on retirement of damaged non-current assets	—	42,698.37	—
Others	—	516.68	—
Total	182,046.92	14,494,957.13	182,046.92

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

54. Income Tax Expenses

(1) Breakdown of income tax expenses

Item	January to June 2024 (Unaudited)	January to June 2023
Current income tax calculated based on tax laws and relevant regulations	4,418,466.98	19,916,115.53
Deferred income tax expenses	-6,706,347.59	-9,224,584.85
Total	-2,287,880.61	10,691,530.68

(2) Reconciliation between income tax expenses and total profit is set out below:

Item	January to June 2024 (Unaudited)	January to June 2023
Total profit	113,454,707.27	120,923,401.76
Income tax expenses at statutory (or applicable) tax rate	17,018,206.09	18,138,510.26
Effect of different tax rates applied by certain subsidiaries	3,772,850.94	-211,358.68
Adjustment of current income tax in previous periods	-19,456,156.19	—
Profit or loss from joint ventures and associates accounted for under the equity method	105,679.97	-346,442.17
Non-taxable income (expressed in “-”)	—	-12,933.30
Non-deductible costs, expenses and losses	9,709,536.53	7,235,189.54
Effect of tax rate changes on opening balance of deferred income tax	—	—
Tax effect of using the deductible losses and deductible temporary differences not recognized in prior years (expressed in “-”)	—	—
Tax effect of unrecognized deductible losses and deductible temporary differences	6,884,176.59	11,973,566.01
Tax effect of deduction for research and development expenses (expressed in “-”)	-20,322,174.54	-26,085,000.98
Others	—	—
Income tax expenses	-2,287,880.61	10,691,530.68

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

55. Notes on Items in Cash Flow Statement

(1) Cash received from other operating activities

Item	January to June 2024 (Unaudited)	January to June 2023
Cash received from payment on behalf	116,763,597.01	98,955,339.70
Interest on demand deposits received	9,553,026.99	7,656,685.84
Government grants received related to income	2,077,086.34	4,120,000.00
Decrease in restricted fund	50,746,097.36	150,343,408.64
Cash received from transaction and others	509,623,565.04	730,845,559.14
Total	688,763,372.74	991,920,993.32

(2) Cash paid for other operating activities

Item	January to June 2024 (Unaudited)	January to June 2023
Safety production expenses paid	73,406,374.42	62,973,297.03
Cash payment for selling expenses, management expenses, research and development expenses	156,678,858.89	77,113,455.83
Bank handling fees paid	587,851.41	1,282,906.70
Rent and lease deposits paid relating to short-term leases and low-value asset leases	6,270,015.01	4,107,330.18
Cash paid for transaction and others	549,314,136.51	712,483,654.33
Total	786,257,236.24	857,960,644.07

(3) Cash paid for other financing activities

Item	January to June 2024 (Unaudited)	January to June 2023
Repayment of principal and interest on lease liabilities	5,544,986.26	5,395,015.95
Total	5,544,986.26	5,395,015.95

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

56. Supplementary Information on Cash Flow Statement

(1) Supplementary information on cash flow statement

Supplementary information	January to June 2024 (Unaudited)	January to June 2023
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	115,742,587.88	110,231,871.08
Add: Asset impairment losses	22,539,919.50	4,841,365.31
Credit Impairment losses	34,697,922.51	44,139,103.25
Depreciation of fixed assets	37,699,017.51	42,205,940.22
Depreciation of right-of-use assets	11,091,931.12	5,898,510.60
Amortization of intangible assets	2,683,306.34	1,566,699.56
Amortization of long-term deferred expenses	1,551,361.38	3,667,285.33
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are expressed in “-”)	-2,969,850.45	-1,316,250.72
Losses on retirement of fixed assets (gains are expressed in “-”)	—	42,698.37
Losses on changes in fair value (gains are expressed in “-”)	523,503.04	-110,420.00
Finance expenses (gains are expressed in “-”)	187,078,410.42	179,179,132.56
Investment losses (gains are expressed in “-”)	704,533.15	-2,395,836.44
Decrease in deferred income tax assets (increase is expressed in “-”)	-4,423,519.91	-7,696,432.81
Increase in deferred income tax liabilities (decrease is expressed in “-”)	-2,954,318.47	-1,528,152.04
Decrease in inventories (increase is expressed in “-”)	-211,127,527.79	-262,110,113.72
Decrease in operating receivables (increase is expressed in “-”)	-1,537,591,968.44	277,740,905.48
Increase in operational payables (decrease is expressed in “-”)	1,334,003,832.73	-495,824,630.96
Others	65,393,457.44	150,343,408.64
Net cash flows from operating activities	54,642,597.96	48,875,083.71
2. Material investing and financing activities not requiring the use of cash:		
Conversion of debt into capital	—	—
Convertible corporate bonds due within one year	—	—
New right-of-use assets in the current period	—	—
3. Net changes in cash and cash equivalents:		
Closing balance of cash	2,548,531,975.35	1,697,116,619.30
Less: Opening balance of cash	2,090,162,557.77	1,380,891,857.32
Add: Closing balance of cash equivalents	—	—
Less: Opening balance of cash equivalents	—	—
Net increase in cash and cash equivalents	458,369,417.58	316,224,761.98

Explanation: The endorsed bank acceptance bills that the Company received from sales of goods amounted to RMB555,755,356.50.

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

56. Supplementary Information on Cash Flow Statement (continued) (2) Composition of cash and cash equivalents

Item	June 30, 2024 (Unaudited)	December 31, 2023
I. Cash	3,044,169,214.30	2,294,878,157.82
Including: Cash on hand	10,045.37	13,712.10
Bank deposits	2,548,521,929.98	2,090,148,845.68
Other monetary funds	495,637,238.95	546,383,336.31
Less: Restricted monetary funds and time deposits of more than three months	495,637,238.95	597,761,538.52
II. Cash equivalents	—	—
III. Closing balance of cash and cash equivalents	2,548,531,975.35	1,697,116,619.30

57. Assets with Restricted Ownership or Use Rights

Item	June 30, 2024 (Unaudited)	December 31, 2023	Reason for restriction
Cash	495,637,238.95	546,383,336.31	Frozen, bill pledged, letter of credit pledged
Trade receivables	752,000,000.00	1,113,665,014.57	Pledged
Contract assets	3,611,371,198.10	2,951,876,036.54	Pledged
Fixed assets	241,366,785.69	—	Charged
Total	5,100,375,222.74	4,611,924,387.42	

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

58. Items in Foreign Currency

Item	June 30, 2024 (Unaudited)	Exchange rate	Closing balance translated into RMB
Cash			
Including: USD	101,073.30	7.1268	720,329.19
HKD	11,099,026.34	0.91268	10,129,859.36
AUD	146,466.36	4.7650	697,912.21
BDT	1,472,796.00	0.06186	91,107.16
VND	34,706,737.93	0.000285	9,891.42

59. Government Grants

(1) Government grants included in deferred income which will be measured by gross amount method subsequently

Projects with grants	Type	Opening balance	Amount of additional grant for the period	Amount carried forward into profit and loss for the period	Other changes	Closing balance	Presentation item carried forward into profit and loss for the period	Asset related/income related
Appropriation in relation to the construction on the waste recycling project (phase I) in Shanxi Transformation Comprehensive Reform Demonstration Zone Xiaohu Industrial Park	Fiscal appropriation	21,562,500.00	—	1,437,500.00	—	20,125,000.00	Other income	Asset related
Total		21,562,500.00	—	1,437,500.00	—	20,125,000.00	Other income	Asset related

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

59. Government Grants (continued)

(2) Government grants charged to profit and loss of current period by adopting gross amount method

Projects with grants	Type	Amount charged to profit and loss in January to June 2024 (Unaudited)	Amount charged to profit and loss in January to June 2023	Presentation item charged to profit and loss	Asset related/ income related
Appropriation in relation to the construction waste recycling project (phase I) in Shanxi Transformation Comprehensive Reform Demonstration Zone Xiaohu Industrial Park	Fiscal appropriation	1,437,500.00	—	Other income	Asset related
Special funds for technological reform in 2024	Fiscal appropriation	1,000,000.00	—	Other income	Income related
Investment budget fund for the construction research center in 2022	Fiscal appropriation	—	1,000,000.00	Other income	Income related
Safety production target responsibility assessment reward fund	Fiscal appropriation	—	20,000.00	Other income	Income related
Incentives for scientific and technological R&D and innovation platforms	Fiscal appropriation	—	1,000,000.00	Other income	Income related
Project awards for "Special and new" small and medium-sized enterprises in 2022	Fiscal appropriation	—	200,000.00	Other income	Income related
Reward funds of small and micro industrial enterprises upgraded to industrial enterprises above designated size	Fiscal appropriation	—	300,000.00	Other income	Income related
Incentives for Special and New Enterprises in Shanxi Comprehensive Reform Demonstration Zone	Fiscal appropriation	—	200,000.00	Other income	Income related
Incentives for Special and New Enterprises in Shanxi Comprehensive Reform Demonstration Zone	Fiscal appropriation	—	100,000.00	Other income	Income related
Incentives for Special and New Enterprises at Economic Development Promotion Center	Fiscal appropriation	—	350,000.00	Other income	Income related
Maode Energy 2022 Hi-tech Enterprises Recognition rewards	Fiscal appropriation	—	100,000.00	Other income	Income related
Xinshi Yangtian 2022 Hi-tech Recognition rewards	Fiscal appropriation	—	400,000.00	Other income	Income related
Shan'an Bluesky 2022 Hi-tech Recognition rewards	Fiscal appropriation	—	200,000.00	Other income	Income related
Shan'an Bluesky 2021 Hi-tech Recognition rewards	Fiscal appropriation	—	200,000.00	Other income	Income related
Shan'an Bluesky reward funds for small and micro industrial enterprises upgraded to industrial enterprises above designated size	Fiscal appropriation	—	50,000.00	Other income	Income related
2024 provincial special funds for the development of small and medium-sized enterprises	Fiscal appropriation	100,000.00	—	Other income	Income related
Special funds for technological transformation in 2024 (the first batch of key industrial chain cultivation directions)	Fiscal appropriation	500,000.00	—	Other income	Income related
Subsidies for employment expansion for fresh graduates	Fiscal appropriation	4,000.00	—	Other income	Income related
Subsidy for employment stabilizing	Fiscal appropriation	539.00	—	Other income	Income related
Delivery standard for building information modeling	Fiscal appropriation	15,094.34	—	Other income	Income related
Unemployment insurance supporting position stabilizing of enterprises	Fiscal appropriation	10,385.00	—	Other income	Income related
Subsidy for internship units in Q4 2023	Fiscal appropriation	59,940.00	—	Other income	Income related
2023 Demonstration Zone High-quality Development Commendation and Reward Fund	Fiscal appropriation	200,000.00	—	Other income	Income related
Subsidy for internship units in Q3 2023	Fiscal appropriation	7,128.00	—	Other income	Income related
Reward fund for "entering into the ranks as a regulated enterprise for the first time in 2019 and maintaining the status for three consecutive years" of Daning County Private Economic Development Promotion Center	Fiscal appropriation	100,000.00	—	Other income	Income related
Incentives received for technological R&D and innovation platforms — Financial Management and Operation Department of Management Committee of Shanxi Transformation Comprehensive Reform Demonstration Zone	Fiscal appropriation	80,000.00	—	Other income	Income related
Total		3,514,586.34	4,120,000.00		

VI. CHANGE IN SCOPE OF COMBINATION

1. Business Combination not under Common Control

Business combination not under common control in current period: None.

2. Business Combination under Common Control

Business combination under common control in current period: None.

3. Reverse Purchases

Reverse purchases in current period: None.

4. Disposals of Subsidiaries

Disposals of subsidiaries in current period: None.

5. Others

(1) There was no deregistration or liquidation of subsidiaries of the Company in current period.

(2) Newly-established subsidiaries of the Company in current period:

Name of subsidiaries	Date of establishment	Principal place of business	Place of registration	Business nature	Share capital (RMB thousand)	Shareholding ratio %		Way of acquisition
						Direct	Indirect	
Shanxi Installment Xiaoyi Construction Engineering Co., Ltd.	June 19, 2024	Xiaoyi, Shanxi	Xiaoyi, Shanxi	Construction management business, earthwork construction, foreign contracting projects	40,000.00	51%	N/A	Establishment by investment
Xiyang Shan'an New Energy Co., Ltd.	March 26, 2024	Xiyang, Shanxi	Xiyang, Shanxi	Power generation, power transmission and power supply	1,000.00	100%	N/A	Establishment by investment
Linfen Shan'an Lide Environmental Protection Technology Co., Ltd.	February 2, 2024	Linfen, Shanxi	Linfen, Shanxi	Urban construction waste disposal, road cargo transportation	100,000.00	49%	38.25%	Establishment by investment
Baode Shan'an New Energy Co., Ltd.	March 26, 2024	Baode, Hebei	Baode, Hebei	Power generation, power transmission and power supply	1,000.00	100%	N/A	Establishment by investment
Danling Shan'an Xinyuan Co., Ltd.	January 29, 2024	Danling, Shanxi	Danling, Shanxi	Power generation, power transmission and power supply	1,000.00	100%	N/A	Establishment by investment
Fenxi Shan'an Xinyuan Co., Ltd.	January 29, 2024	Fenxi, Shanxi	Fenxi, Shanxi	Power generation, power transmission and power supply	5,000.00	100%	N/A	Establishment by investment

VII. Interests in Other Entities

1. Interests in Subsidiaries

(1) Composition of corporate group

Name of subsidiaries	Date of establishment	Principal place of business	Place of registration	Business nature	Share capital (RMB thousand)	Shareholding ratio %		Way of acquisition
						Direct	Indirect	
Shan'an Bluesky	June 2015	Taiyuan, Shanxi	Taiyuan, Shanxi	Investment, development and operation of clean heating projects	101,782	56.77	N/A	1
Zhuo'an Materials	May 2015	Taiyuan, Shanxi	Taiyuan, Shanxi	Construction materials trading and leasing	3,100	100	N/A	1
Shan'an Maode	July 2016	Taiyuan, Shanxi	Taiyuan, Shanxi	New energy project investment, development and operation	300,000	100	N/A	1
Shanxi Ningyang	May 2013	Taiyuan, Shanxi	Taiyuan, Shanxi	Liquefied natural gas ("LNG") production and sales	30,000	51	N/A	3
Shan'an Lide	December 2015	Taiyuan, Shanxi	Taiyuan, Shanxi	Cement products and rubber products	100,000	84.38	N/A	1
Shanghai Shan'an	April 2017	Shanghai	Shanghai	Mechanical and electrical installation works construction	100,000	100	N/A	1
Shanxi Shan'an Lida Environmental Technology Co., Ltd.	May 2018	Taiyuan, Shanxi	Taiyuan, Shanxi	Ecological and environmental protection and restoration	50,000	40	18.75	1
Son Tay Viet Nam Construction Co., Ltd.	August 2020	Vietnam	Vietnam	Construction and operation of new energy power generation projects	1,000	100	N/A	1
Shan'an Biquan	July 2016	Taiyuan, Shanxi	Taiyuan, Shanxi	Investment, development and operation of water environment control projects	100,000	100	N/A	1
Lingchuan Shan'an Construction Development Co., Ltd.	January 2018	Lingchuan, Shanxi	Lingchuan, Shanxi	Investment, construction and operation of municipal road projects	54,712	90	N/A	1
Guangdong Shan'an Construction Engineering Co., Ltd.	May 2018	Guangzhou, Guangdong	Guangzhou, Guangdong	Mechanical and electrical installation works construction	100,000	100	N/A	1
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	December 2020	Xiangyuan, Shanxi	Xiangyuan, Shanxi	Investment, construction and operation of road and bridge projects	29,942	80	N/A	1
Linfen Shan'an Waterwork Development Co., Ltd.	March 2021	Linfen, Shanxi	Linfen, Shanxi	Investment, construction and operation of sewage treatment projects	20,805	85.67	9.52	1
Australia Shan An Construction Engineering Pty Limited	March 2018	Australia	Australia	Construction and operation of new energy power generation projects	2,784	100	N/A	1
Xinjiang Shan'an	September 2018	Xinjiang, Shanxi	Xinjiang, Shanxi	Investment, construction and operation of river and lake treatment projects	50,000	60	30	1
Shanxi Shan'an Maode Electricity Supply Co., Ltd.	July 2017	Taiyuan, Shanxi	Taiyuan, Shanxi	Electricity distribution and sales business	20,000	100	N/A	1
Xiyang Shan'an	January 2019	Xiyang, Shanxi	Xiyang, Shanxi	Investment, construction and operation of underground comprehensive pipe gallery facility projects	136,660	90	N/A	1
Qinshui Culture and Sport	January 2019	Qinshui, Shanxi	Qinshui, Shanxi	Investment, construction and operation of municipal facility projects	67,463	95.00	N/A	1
Jiexiu Shan'an	March 2019	Jiexiu, Shanxi	Jiexiu, Shanxi	Investment, construction and operation of water environment control projects	117,620	75.24	5	1
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	June 2018	Changzhi, Shanxi	Changzhi, Shanxi	Investment, construction and operation of municipal road projects	60,928	90	N/A	1
Shanxi Shan'an Yunmeng Environmental Technology Co., Ltd.	March 2019	Taiyuan, Shanxi	Taiyuan, Shanxi	Comprehensive utilization of solid waste	50,000	41	14.25	1
Changzhi Shan'an Construction Development Co., Ltd.	July 2018	Changzhi, Shanxi	Changzhi, Shanxi	Investment, construction and operation of industrial park projects	40,000	90	N/A	1

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VII. Interests in Other Entities (continued)

1. Interests in Subsidiaries (continued)

(1) Composition of corporate group (continued)

Name of subsidiaries	Date of establishment	Principal place of business	Place of registration	Business nature	Share capital (RMB thousand)	Shareholding ratio %		Way of acquisition
						Direct	Indirect	
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	December 2017	Gaoping, Shanxi	Gaoping, Shanxi	Investment, construction and operation of municipal road projects	41,880	95	N/A	1
Sichuan Shan'an Construction Engineering Co., Ltd.	September 2021	Chengdu, Sichuan	Chengdu, Sichuan	Water environment control works construction	100,000	100	N/A	1
Yangquan Shan'an Construction Development Co., Ltd.	September 2021	Yangquan, Shanxi	Yangquan, Shanxi	Investment, construction and operation of civil engineering projects	130,000	80	N/A	1
Qinshui Construction Development	May 2022	Qinshui, Shanxi	Qinshui, Shanxi	Investment, construction and operation of commercial services projects	170,863	80	N/A	1
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	November 2022	Jinzhong, Shanxi	Jinzhong, Shanxi	Handling of urban construction waste and cargo logistic	30,000	49	3.75	1
Hubei Shan'an Construction Engineering Co., Ltd.	September 2022	Wuhan, Hubei	Wuhan, Hubei	Construction engineering commencement; construction engineering design	100,000	100	N/A	1
Shaanxi Shan'an Construction Engineering Co., Ltd.	March 2023	Xi'an, Shaanxi	Xi'an, Shaanxi	Construction management services, subcontracting and construction labor subcontracting	100,000	100	N/A	1
Chongqing Shan'an Construction Engineering Co., Ltd.	August 2023	Chongqing	Chongqing	Construction engineering commencement; construction engineering design	100,000	100	N/A	1
Yushe County Shan'an Xinyuan Co., Ltd.	September 2023	Yushe, Shanxi	Yushe, Shanxi	Electricity, heating, gas and water production and supply	1,000	100	N/A	1
Liaoning Yingkou Shan'an New Energy Co., Ltd.	October 2023	Yingkou, Liaoning	Yingkou, Liaoning	Operation of new energy power generation, power transmission and power supply projects	10,000	100	N/A	1
Shan'an Runxing New Energy (Lvliang) Co., Ltd.	November 2023	Lvliang, Shanxi	Lvliang, Shanxi	Operation of new energy power generation, power transmission and power supply projects	10,000	51	N/A	1
Shanxi Installment Xiaoyi Construction Engineering Co., Ltd.	June 19, 2024	Xiaoyi, Shanxi	Xiyang, Shanxi	Construction management business, earthwork construction, foreign contracting projects	40,000.00	51%	N/A	1
Xiyang Shan'an New Energy Co., Ltd.	March 26, 2024	Xiyang, Shanxi	Xiyang, Shanxi	Power generation, power transmission and power supply	1,000.00	100%	N/A	1
Linfen Shan'an Lide Environmental Protection Technology Co., Ltd.	February 2, 2024	Linfen, Shanxi	Linfen, Shanxi	Urban construction waste disposal, road cargo transportation	100,000.00	49%	38.25%	1
Baode Shan'an New Energy Co., Ltd.	March 26, 2024	Baode, Hebei	Baode, Hebei	Power generation, power transmission and power supply	1,000.00	100%	N/A	1
Daning Shan'an Xinyuan Co., Ltd.	January 29, 2024	Daning, Shanxi	Daning, Shanxi	Power generation, power transmission and power supply	1,000.00	100%	N/A	1
Fenxi Shan'an Xinyuan Co., Ltd.	January 29, 2024	Fenxi, Shanxi	Fenxi, Shanxi	Power generation, power transmission and power supply	5,000.00	100%	N/A	1

① Way of acquisition: 1. Establishment by investment; 2. Business combination under common control; 3. Business combination not under common control; 4. Others.

VII. Interests in Other Entities (continued)

1. Interests in Subsidiaries (continued)

(2) Significant non-wholly-owned subsidiaries

Name of subsidiaries	Shareholding ratio of minority shareholders % (Unaudited)	Profit or loss attributable to minority shareholders in January to June 2024 (Unaudited)	Dividends declared to minority shareholders in January to June 2024 (Unaudited)	Equity balance of minority shareholders as at June 30, 2024 (Unaudited)
Shan'an Bluesky	43.23	26,936,140.25	—	347,077,116.11
Shan'an Lide	15.62	-1,925,216.40	—	9,509,636.63
Shanxi Ningyang	49.00	-2,124,961.82	—	26,032,024.77
Xiyang Shan'an	10.00	758,660.17	—	16,001,000.81
Jiexiu Shan'an	24.76	1,232,108.21	—	23,128,628.04
Xinjiang Shan'an	10.00	568,927.46	—	42,952,407.24
Qinshui Construction Development	20.00	232,566.19	—	32,225,646.72

(3) Main financial information of significant non-wholly-owned subsidiaries

Name of subsidiaries	June 30, 2024 (Unaudited)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shan'an Bluesky	732,021,860.38	923,839,361.38	1,655,861,221.76	198,871,691.83	616,850,481.94	815,722,173.77
Shan'an Lide	120,360,726.56	274,355,031.73	394,715,758.29	145,404,475.00	194,504,643.71	339,909,118.71
Shanxi Ningyang	26,123,158.28	203,173,750.55	229,296,908.83	177,046,344.59	—	177,046,344.59
Xiyang Shan'an	89,228,083.82	540,408,496.40	629,636,580.22	132,677,193.31	333,677,933.59	466,355,126.90
Jiexiu Shan'an	63,706,657.99	338,989,951.83	402,696,609.82	54,749,118.17	254,603,667.18	309,352,785.35
Xinjiang Shan'an	73,534,908.46	472,554,408.01	546,089,316.47	75,062,303.04	350,883,126.83	425,945,429.87
Qinshui Construction Development	89,614,996.56	625,382,825.00	714,997,821.56	139,761,818.57	414,143,101.05	553,904,919.62

Continued (1):

Name of subsidiaries	December 31, 2023					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shan'an Bluesky	717,515,803.69	906,576,927.44	1,624,092,731.13	228,519,199.17	619,581,606.60	848,100,805.77
Shan'an Lide	123,521,531.95	279,680,325.55	403,201,857.50	174,492,895.77	161,576,993.07	336,069,888.84
Shanxi Ningyang	11,985,786.93	209,401,923.75	221,387,710.68	162,427,883.00	3,500,000.00	165,927,883.00
Xiyang Shan'an	125,693,804.73	513,560,201.98	639,254,006.71	135,115,097.84	348,444,057.25	483,559,155.09
Jiexiu Shan'an	39,325,836.04	392,892,264.09	432,218,100.13	75,386,849.30	268,463,630.76	343,850,480.06
Xinjiang Shan'an	80,457,742.80	473,610,990.94	554,068,733.74	86,162,829.55	362,951,292.21	449,114,121.76
Qinshui Construction Development	91,500,392.94	574,297,024.03	665,797,416.97	141,534,095.43	364,333,250.55	505,867,345.98

VII. Interests in Other Entities (continued)

1. Interests in Subsidiaries (continued)

(3) Main financial information of significant non-wholly-owned subsidiaries (continued)

Continued (2):

Name of subsidiaries	January to June 2024 (Unaudited)			
	Operating revenue	Net profits	Total comprehensive income	Cash flows from operating activities
Shan'an Bluesky	287,907,961.51	64,147,122.63	64,147,122.63	-28,605,688.96
Shan'an Lide	18,692,635.67	-12,325,329.08	-12,325,329.08	-4,905,922.26
Shanxi Ningyang	114,708,261.61	-4,336,656.78	-4,336,656.78	8,101,644.64
Xiyang Shan'an	18,792,189.36	7,586,601.70	7,586,601.70	34,226,153.31
Jiexiu Shan'an	12,314,007.77	4,976,204.40	4,976,204.40	15,934,967.97
Xinjiang Shan'an	19,302,272.83	5,689,274.62	5,689,274.62	9,347,573.41
Qinshui Construction Development	10,202,362.30	1,162,830.95	1,162,830.95	-1,147,919.60

Continued (3):

Name of subsidiaries	January to June 2023			
	Operating revenue	Net profits	Total comprehensive income	Cash flows from operating activities
Shan'an Bluesky	283,475,304.22	68,921,938.59	68,921,938.59	-10,420,779.86
Shan'an Lide	46,413,516.41	1,128,616.97	1,128,616.97	-8,383,614.45
Shanxi Ningyang	140,344,974.94	-5,002,207.07	-5,002,207.07	-904,055.82
Xiyang Shan'an	21,489,408.72	6,703,976.78	6,703,976.78	48,517,546.78
Jiexiu Shan'an	1,007,706.77	-5,344,397.13	-5,344,397.13	22,366,992.35
Xinjiang Shan'an	166,934.77	-8,075,715.42	-8,075,715.42	25,646,655.39
Qinshui Construction Development	—	-3,154,678.02	-3,154,678.02	3,115,508.46

VII. Interests in Other Entities (continued)

2. Interests in Joint Venture Arrangements or Associates

(1) Significant joint ventures or associates

Name of joint ventures or associates	Principal place of business	Place of registration	Business nature	Shareholding ratio (%)		Accounting treatment for investment in joint ventures or associates
				Direct	Indirect	
I. Joint ventures						
II. Associates						
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Steel structure construction engineering	20%	—	Equity method
Changzhi Caihui Shan'an Energy Technology Co., Ltd.	Changzhi, Shanxi	Changzhi, Shanxi	Industrial installation engineering technical consultation	40%	—	Equity method
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Exploitation and utilization of renewable energy sources	40.01%	—	Equity method
Shanxi Jiantou Cloud Data Technology Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Software and information technology services	20%	—	Equity method
Shanxi Jiantou International Investment Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Foreign investment and foreign project contracting	30%	—	Equity method
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	Linfen, Shanxi	Linfen, Shanxi	Sales of non-metallic mineral products	10%	—	Equity method
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Leasing, maintenance of construction equipment and general machinery and equipment and construction labor subcontracting	20%	—	Equity method
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	Taiyuan, Shanxi	Taiyuan, Shanxi	Private equity investment fund management and venture capital fund management services	74%	—	Equity method
Taiyuan Xie'an Property Service Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Catering service and property management	49%	—	Equity method
Zhangzhi Jinjian Flood Control and Drainage Project Management Co., Ltd.	Zhangzhi, Shanxi	Zhangzhi, Shanxi	Construction project management on flood control and drainage	26.4%	—	Equity method
Shanxi Hangchan New Energy Co., Ltd.	Taiyuan, Shanxi	Taiyuan, Shanxi	Power generation, power transmission and power supply	15%	—	Equity method
Yingkou Shan'an Mingyang Electricity Energy Co., Ltd.	Yingkou, Liaoning	Yingkou, Liaoning	Power generation, power transmission and power supply	49%	—	Equity method
Yingkou Shan'an Mingyang Green Energy Co., Ltd.	Yingkou, Liaoning	Yingkou, Liaoning	Power generation, power transmission and power supply	49%	—	Equity method

Notes to Financial Statements

VII. Interests in Other Entities (continued)

2. Interests in Joint Venture Arrangements or Associates (continued)

(2) Main financial information of significant joint ventures

Item	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.		Shanxi Construction Investment International Investment Co., Ltd.		Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)		Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	
	June 30, 2024 (Unaudited)	December 31, 2023	June 30, 2024 (Unaudited)	December 31, 2023	June 30, 2024 (Unaudited)	December 31, 2023	June 30, 2024 (Unaudited)	December 31, 2023
Current assets	42,632,262.09	49,384,114.38	14,111,268.83	16,920,407.26	120,100,194.57	120,100,242.69	3,264,461.76	859,571.41
Non-current assets	129,024,698.28	133,560,979.64	85,563,729.35	85,622,369.33	—	—	182,611,617.03	183,584,758.17
Total assets	171,656,960.37	182,945,094.02	99,674,998.18	102,542,776.59	120,100,194.57	120,100,242.69	185,876,078.79	184,444,329.58
Current liabilities	24,565,437.45	49,088,417.60	7,229,972.07	5,533,255.76	30,824.59	30,824.59	85,319,929.49	80,405,082.40
Non-current liabilities	103,316,828.24	90,612,764.14	—	—	—	—	27,052,189.13	27,325,443.56
Total liabilities	127,882,265.69	139,701,181.74	7,229,972.07	5,533,255.76	30,824.59	30,824.59	112,372,118.62	107,730,525.96
Net assets	43,774,694.68	43,243,912.28	92,445,026.11	97,009,520.83	120,069,369.98	120,069,418.10	73,503,960.17	76,713,803.62
Proportionate share in net assets	17,514,638.20	17,302,066.61	28,092,289.81	29,503,989.21	89,051,449.40	89,051,485.09	14,537,684.61	15,179,653.30
Adjustments	—	—	—	—	—	—	—	—
Carrying amount of investments in associates	17,514,638.20	17,302,066.61	28,092,289.81	29,503,989.21	89,051,449.40	89,051,485.09	14,537,684.61	15,179,653.30
Fair value of equity investments in associates in association with quoted price	—	—	—	—	—	—	—	—
Operating revenue	13,993,782.61	39,012,766.39	13,838,259.66	908,737.86	67,185.16	300,993.72	—	—
Net profit	2,511,382.84	4,350,385.32	-4,564,494.72	690,292.48	-48.12	4,675.48	-3,209,843.45	-4,753,646.26
Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive income	2,511,382.84	4,350,385.32	-4,564,494.72	690,292.48	-48.12	4,675.48	-3,209,843.45	-4,753,646.26
Dividends from associates received in current period	792,240.18	—	—	—	—	—	—	—

(3) Summarized information of insignificant associates and joint ventures

Item	June 30, 2024 (Unaudited)	December 31, 2023
Joint ventures:		
Total carrying amount of investment		
Total of the following by shareholding ratio		
Net profit	—	—
Other comprehensive income	—	—
Total comprehensive income	—	—
Associates:		
Total carry amount of investment	43,062,957.83	44,066,782.64
Total of the following by shareholding ratio	—	—
Net profit	344,358.86	3,375,523.93
Other comprehensive income	—	—
Total comprehensive income	344,358.86	3,375,523.93

VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

Major financial instruments of the Company include cash, bill receivables, trade receivables, receivables financing, other receivables, non-current assets due within one year, other current assets, investments in other equity instruments, bill payables, trade payables, other payables, short-term borrowings, non-current liabilities due within one year, long-term borrowings, lease liabilities and long-term payables. Details of financial instruments are disclosed in related notes. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. The management of the Company manages and monitors these exposures to ensure that the above risks are controlled in a limited extent.

1. Risk Management Objectives and Policies

Risks associated with the financial instruments of the Company mainly include credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and commodity price risk).

The Company's objectives in risk management is to achieve an appropriate balance between risk and return, minimizing the negative impact of risk on the Company's operating performance to the lowest level, and maximizing the interests of shareholders and other equity investors. Based on the risk management objectives, the Company's fundamental strategy for risk management is to identify and analyse various risks faced by the Company, establish appropriate risk tolerance thresholds, and conduct risk management. Additionally, timely and reliable supervision of various risks is carried out to control risks within defined limits.

The Board is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and relevant guidelines and overseeing the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies specify specific risks and cover various aspects such as market risk, credit risk and liquidity risk management. The Company regularly assesses changes in the market environment and the Company's operating activities to determine whether to update its risk management policies and systems. The risk management of the Company is carried out by the risk management committee in accordance with policies approved by the Board. The risk management committee identifies, evaluates and mitigates related risks through close cooperation with other business departments of the Company. The Company's internal audit department conducts regular audit on the risk management control and procedures and reports the audit results to the Company's audit committee.

The Company diversifies its exposure to financial instruments through an appropriate mix of diversified investments and businesses and reduces its exposure to a single industry, specific region or specific counterparty by developing appropriate risk management policies.

VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(1) *Credit risk*

Credit risk refers to the risk that the counterparties default on their contractual obligations resulting in financial losses to the Company.

The Company manages credit risk on a group basis. Credit risk mainly arises from bank deposits, bill receivables, trade receivables, and other receivables.

The Company's bank deposits are mainly placed with reputable financial institutions with high credit ratings. The Company expects that there is no significant credit risk for the bank deposits.

In respect of the bill receivables, trade receivables and other receivables, the Company has established relevant policies to control credit risk exposure. The Company assesses the customer's creditworthiness based on their financial situation, credit history, and other factors such as the current market conditions, and sets the corresponding credit period. The Company will regularly monitor customer credit records. For customers with poor credit records, the Company will use methods such as written payment reminders, shortening the credit period, or cancelling the credit period to ensure that the overall credit risk of the Company is limited to a controllable extent.

The debtors of the Company's trade receivables are customers in different industries and regions. The Company continuously conducts credit assessments on the financial status of trade receivables and purchases credit guarantee insurance when appropriate.

The maximum credit risk exposure borne by the Company is the carrying amount of each financial asset in the balance sheet. The Company does not provide any other guarantees that may expose the Company to credit risk.

Of the Company's trade receivables, the trade receivables from the top five customers accounted for 25.47% of the Company's total trade receivables (2023: 23.90%); and of the Company's other receivables, the other receivables from the top five companies accounted for 72.73% of the Company's total other receivables (2023: 76.31%).

VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(1) Credit risk (continued)

Trade receivables, bill receivables and contract assets

It is the policy of the Company to deal only with creditworthy counterparties. Credit rating is granted to new customers after credit assessment is made by the credit control department. When appropriate, customers may be requested to provide proof as to their financial position. External credit rating and/or reports on customers are obtained and used at reasonable cost. Customers who are not considered creditworthy are required to pay in advance or on delivery of goods. Payment record of customers is closely monitored. It is not the Company's policy to request collateral from its customers.

In addition, as set out in notes, the Company assesses expected credit losses for trade receivables, bill receivables and contract assets based on provision matrix, and the expected loss rates are based on the historical settlement experience as well as the corresponding historical credit losses. The Company considered the contract assets share the similar risk profile with the corresponding trade receivables of the same project and apply the expected loss rate of corresponding trade receivables as proxy to derive at the expected loss rate of the contract assets.

The historical loss rates are adjusted based on the current and forward-looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. Details are set out as below:

Historical loss rate

The Company summarizes the trade receivables into appropriate age bands for the last 36 months (the historical back-testing dates) to calculate the historical loss rate representing the percentage of trade receivables in each age band that was ultimately written off. In calculating the average historical loss rate of the each age band, the Company applies a roll rate on each age band which represents the percentage of trade receivables that are not received in the age band and rolled to the next age band and ultimately written-off.

In determining trade receivables that are ultimately written off, the Company considers that the trade receivables is credit-impaired or has no reasonable expectation of recovery when one or more events of default that bear a detrimental impact on the estimated future cash flows of that financial asset have occurred including but not limited to:

- (a) significant financial difficulty of the customer;
- (b) a breach of contract, such as a default or past due event;
- (c) it is becoming probable that the customer will enter into bankruptcy or other financial reorganization; or
- (d) the disappearance of an active market for that financial asset because of financial difficulties.

VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(1) Credit risk (continued)

Historical loss rate (continued)

The roll rate on each age band is carefully considered, taking into account, among others, (i) the historical loss pattern based on actual settlement record of the customers; (ii) historical amount of bad debt written off from the trade receivables (if any); (iii) the percentage of trade receivable balances in one age band rolled to the next age band; (iv) the relevant credit rating, background and existence of any negative news affecting the credibility of an individual customer; and (v) other forward-looking macroeconomic factors.

Forward-looking adjustment

The Company adjusts the historical loss rate taking into account forward-looking factors. The Company has applied multiple factor regression model for determining the forward-looking factor adjustment. The adjustment determined by the multiple factor regression model is significantly affected by some significant changes in the market indexes at the end of each reporting period, the current market conditions and future economic environment. The macroeconomic factors including the GDP Price Index, construction industrial index and Money Supply data in the PRC are considered relevant in calculating the adjustment as most of the customers and projects are carried out in the PRC.

At the end of each reporting period, the historical default rates are updated and changes in the forward-looking estimates are analyzed. However, given exposure to credit risk in short term, the effects from those macroeconomic factors in the reporting period are insignificant/forward-looking information is applied, the Company has taken into account the relevant possible effects from changes in general economic environment.

Trade receivables, bill receivables and contract assets are written off (i.e. derecognized) when there is no reasonable expectation of recovery. Failure to engage with the Company on alternative payment arrangement is considered to be indicators of no reasonable expectation of recovery.

As at June 30, 2024, among the expected credit losses allowance for trade receivables as below, the expected credit losses allowance for trade receivables was RMB395,173,588.64 (2023: RMB380,569,250.79).

VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(1) Credit risk (continued)

Forward-looking adjustment (continued)

Based on the above, expected credit losses for trade receivables, bill receivables and contract assets have been determined as below:

Item	June 30, 2024 (Unaudited)	December 31, 2023
Expected credit loss rate:		
— trade receivables (note)	5.90%	5.58%
— bill receivables	1.23%	1.19%
— contract assets	1.23%	1.20%
Gross carrying amount:		
— trade receivables	6,701,094,520.46	6,823,405,053.50
— bill receivables	214,156,042.26	216,462,189.48
— contract assets	7,141,717,216.98	5,734,560,459.87
Expected credit losses:		
— trade receivables	395,173,588.64	380,569,250.79
— bill receivables	2,636,260.00	2,584,648.27
— contract assets	87,729,519.31	68,839,299.79

Note: The following table is an aging analysis of the net carrying amount of the trade receivables (based on invoice date) together with the expected credit loss rate during each of the reporting period:

Item	June 30, 2024 (Unaudited)		December 31, 2023	
	Trade receivables	Expected credit loss rate (%)	Trade receivables	Expected credit loss rate (%)
Within 1 year	3,037,401,710.42	1.23	4,212,647,119.36	1.20
1 to 2 years	1,892,119,432.41	2.65	1,508,741,075.41	3.68
2 to 3 years	1,049,999,266.44	5.29	454,044,159.06	7.66
3 to 4 years	201,291,419.55	9.61	165,895,313.13	13.15
4 to 5 years	125,109,103.00	17.17	101,508,135.75	26.45
Over 5 years	—	100.00	—	100.00
Total	6,305,920,931.82	5.90	6,442,835,802.71	5.58

VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(1) Credit risk (continued)

Other financial assets measured at amortized cost

Other financial assets measured at amortized cost include other receivables and cash. In order to minimize the credit risk of other receivables, the management of the Company has designated a team responsible for determination of credit limits and credit approvals. The management would make periodic collective and individual assessment on the recoverability of other receivables based on historical settlement records and past experience as well as current external information, and make adjustment based on the weighted probability of forward-looking information including operation default rate of debtors. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. If the credit risk of debt instruments is considered to be high, collateral is required before granting the debts to debtors. In these regards, the credit risk of other receivables is considered to be low.

Besides, as at June 30, 2024, it is expected that other receivables from debtors amounted to RMB786,493,444.96 (2023: RMB825,233,882.28) in aggregate. As disclosed in Note V.6, except for other receivables, all fall within Stage 2 and Stage 3. After taking into account the factors in Note III.10, the management of the Company considers there is no significant increase in credit risk on other receivables since initial recognition as the risk of default is low. Therefore, expected credit losses determination is based on 12-month expected credit losses for other receivables under Stage 1. The expected credit loss rate for other receivables was 7.28% (2023: 4.51%) as at June 30, 2024.

(2) Liquidity risk

Liquidity risk refers to the risk that the Company may encounter deficiency of funds in meeting obligations settled by delivering cash or other financial assets.

When managing liquidity risk, the Company maintains and monitors cash and cash equivalents that management deems sufficient to meet the Company's operational needs and reduce the impact of cash flow fluctuations. The management of the Company monitors the use of bank loans and ensures compliance with the loan agreements. At the same time, the Company obtains commitments from major financial institutions to provide sufficient reserve funds, so as to meet short-term and long-term funding needs.

The Company raises operating funds through the funds generated from its business operations, bank loans and other borrowings. As at June 30, 2024, the unutilized banking facilities of the Company amounted to RMB8,568,013,600 (December 31, 2023: RMB6,589,909,900).

The liquidity of the Group mainly depends on the ability to maintain sufficient operation cash inflow to repay debts when due, and ability to obtain external finance to fund future capital expenditure committed.

VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(2) Liquidity risk (continued)

The maturity profile of the Group's financial liabilities, based on the contractual undiscounted payments, is as follows (Unit: RMB'000):

Item	Balance at June 30, 2024 (Unaudited)				Book value
	Within 1 year	1 to 5 years	More than 5 years	Total contractual undiscounted cash flows	
Borrowings (including interest payable)	3,597,111	1,888,169	1,608,578	7,093,858	6,681,701
Trade payables and bill payables	11,894,567	—	—	11,894,567	11,894,567
Other payables and accruals (including long-term payables)	864,126	—	—	864,126	864,126
Lease liabilities	21,545	88,644	131,186	241,375	170,485
Total	16,377,349	1,976,813	1,739,764	20,093,926	19,610,879
Maximum amount of financial guarantee issued	12,312	—	—	12,312	—

At the end of last year, the financial liabilities and off-balance sheet guarantee items held by the Company were analyzed according to the maturity period of the undiscounted remaining contractual cash flows as below (Unit: RMB'000):

Item	Balance at December 31, 2023				Book value
	Within 1 year	1 to 5 years	More than 5 years	Total contractual undiscounted cash flows	
Borrowings (including interest payable)	3,858,447	2,332,994	1,806,108	7,997,549	5,951,786
Trade payables and bill payables	10,394,160	—	—	10,394,160	10,394,160
Other payables and accruals (including long-term payables)	1,291,699	—	—	1,291,699	1,283,647
Lease liabilities	18,705	88,858	135,001	242,564	169,243
Total	15,563,011	2,421,852	1,941,109	19,925,972	17,798,836
Maximum amount of financial guarantee issued	12,312	—	—	12,312	—

The maximum guaranteed amount in the signed guarantee contract does not represent the amount to be paid.

VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

1. Risk Management Objectives and Policies (continued)

(3) *Market risk*

Market risk of financial instruments refers to the risk of fluctuations in the fair value or future cash flows of financial instruments due to changes in market prices, including interest rate risk, exchange rate risk, and other price risks.

Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of a financial instrument fluctuate due to market rate changes. Interest rate risk arises from recognized interest-bearing financial instruments and unrecognized financial instruments (such as certain loan commitments).

The Company's interest rate risk arises mainly from long-term bank borrowings and other long-term interest-bearing debts. Financial liabilities with floating interest rates expose the Company to cash flow interest rate risk, while financial liabilities with fixed interest rates expose the Company to fair value interest rate risk. The Company determines the relative proportions of fixed-rate and floating-rate contracts based on the prevailing market conditions and maintains an appropriate mix of fixed-rate and floating-rate instruments through regular reviews and monitoring.

The Company closely monitors the impact of interest rate changes on the Company's interest rate risk. The Company does not have an interest rate hedging policy. However, the management is responsible for monitoring interest rate risk and will consider hedging significant interest rate exposure if necessary. An increase in interest rate will increase the cost of new interest-bearing debts as well as interest expense on the Company's outstanding interest-bearing debts with floating interest rates, and have a material adverse effect on the Company's financial results. The management will make timely adjustments based on the latest market conditions, which may be in the form of interest rate swaps arranged to reduce interest rate risk.

Exchange rate risk

Exchange rate risk refers to the risk that the fair value or future cash flow of a financial instrument fluctuate due to changes in foreign exchange rates. The exchange rate risk mainly comes from financial instruments denominated in foreign currencies other than the accounting currency.

Exchange rate risk mainly represents the exposure of the Company's financial position and cash flows to fluctuations in foreign exchange rates. Except for the subsidiaries established in Hong Kong which hold assets denominated in Hong Kong dollars, the investment business in Hong Kong market only accounts for a small portion, and the proportion of foreign currency assets and liabilities held by the Company to the overall assets and liabilities is insignificant. Therefore, the Company considers that the exposure to exchange rate risk is insignificant.

Other price risks

Other price risks refer to the risks of fluctuations due to changes in market price other than exchange rate risk and interest rate risk, whether these changes are caused by factors related to individual financial instruments or their issuers, or by factors related to all similar financial instruments traded in the market.

VIII. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS (continued)

2. Capital Management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

The Company sets the amount of capital in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to the shareholders, return capital to the shareholders or issue new shares. The Company is not subject to any external capital requirements. As at June 30, 2024, there are no changes in capital management objectives, policies or procedures.

The Company monitors capital using a gearing ratio, which is the sum of interest-bearing borrowings divided by total equity. Total equity includes the equity attributable to the Company and non-controlling interests stated in the historical financial information.

The Company's strategy is to maintain the gearing ratio at a healthy capital level in order to support its operation of the business. The principal strategies adopted by the Company include, but not limited to, evaluating future cash flow requirements and ability to meet debt repayment schedules when due, maintaining available banking facilities at a reasonable level and adjusting investment plans and financing plans, if necessary, to ensure that the Company has a reasonable level of capital to fund its operation. The gearing ratio of the Company as at the end of each reporting period is as follows (Unit: RMB'000):

Item	June 30, 2024 (Unaudited)	December 31, 2023
Short-term borrowings	2,884,230	2,443,118
Long-term borrowings due within one year	518,200	436,582
Long-term borrowings	3,279,270	3,072,086
Net debts	6,681,700	5,951,786
Shareholders' equity	3,261,119	3,125,804
Total capital	9,942,819	9,077,590
Gearing ratio	204.9%	190.4%

Notes to Financial Statements

IX. FAIR VALUE

The level in which fair value measurement is categorized is determined by the lowest level of inputs that are significant to the overall measurement in fair value measurement. The levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than market quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as a price) or indirectly (i.e., derived from price).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Items and amounts measured at fair value

At the end of the period, assets and liabilities measured at fair value are presented according to the above three levels as follows:

Item	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	—	—	—	—
(I) Financial assets held for trading	—	—	—	—
1. Investment in equity instruments	—	—	—	—
2. Financial assets designated at fair value through profit or loss	—	—	—	—
(II) Receivables financing	—	—	—	—
(III) Investment in other equity instruments	—	—	136,196,597.03	136,196,597.03
(IV) Investment properties	—	—	186,281,911.96	186,281,911.96
1. Leased land use rights	—	—	—	—
2. Leased buildings	—	—	186,281,911.96	186,281,911.96
3. Land use rights held for transfer after appreciation	—	—	—	—
Total assets measured at fair value on a recurring basis (Unaudited)	—	—	322,478,508.99	322,478,508.99

During the year, there were no transfers between Level 1 and Level 2 in the fair value measurement of the Company's financial assets and financial liabilities, and there were no transfers into or out of Level 3.

For financial instruments traded in active markets, the Company determines their fair value based on their quoted prices in active markets; and for financial instruments not traded in active markets, the Company uses valuation techniques to determine their fair value. The valuation models used mainly include the discounted cash flow model and the market comparable company model. The inputs for valuation techniques mainly include risk-free rate, benchmark rate, exchange rate, credit spread, liquidity premium, and discount for lack of marketability.

Items and amounts not measured at fair value but for which fair value is disclosed

The financial assets and financial liabilities at amortized cost of the Company mainly include: cash, bill receivables, trade receivables, other receivables, short-term borrowings, bill payables, trade payables, other payables, long-term borrowings due within one year, long-term payables, long-term borrowings, and bond payables.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Parent Company of the Company

Name of parent company	Place of registration	Nature of business	Registered capital (RMB'0,000)	Shareholding of the parent company in the Company (%)	Voting right of the parent company in the Company (%)
Shanxi Construction Investment Group Co., Ltd.	Taiyuan, Shanxi	Building construction	500,000.00	71.35	71.35

The parent company of the Company is Shanxi Construction Investment Group Co., Ltd. (山西建設投資集團有限公司) (“**Shanxi CIG**”).

The ultimate holding company of the Company is Shanxi State-owned Capital Operation Co., Ltd. (山西省國有資本運營有限公司) (“**SSCO**”), 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 changes in registered capital (paid-in capital) of the parent company during the reporting period are as follows: Unit: RMB’0,000

Opening balance	Increase in the period	Decrease in the period	Closing balance (Unaudited)
500,000.00	—	—	500,000.00

2. Subsidiaries of the Company

See Note VII.1 for details of the subsidiaries.

3. Joint Ventures and Associates of the Company

See Note VII.2 for details of the significant joint ventures and associates.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company

Name of related party	Relationship with the Company
Shanghai Rongda Investment Management Co., Ltd.	A shareholder of the Company having the same ultimate holding parent company
Shanxi First Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Sixth Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Group Decoration Co., Ltd.	A company under common control of the parent company
Shanxi Construction Investment City Operation Group Co., Ltd.	A company under common control of the parent company
Shenzhen Warranty Asset Management Co., Ltd.	A company under common control of the parent company
Shanxi Survey Design Research Institute Co., Ltd.	A company under common control of the parent company
Shanxi Architectural Research Institute Co., Ltd.	A company under common control of the parent company
Shanxi Architectural Design and Research Institute Co., Ltd.	A company under common control of the parent company
Jinjian Structural Adjustment Equity Investment (Guangdong) Partnership (Limited Partnership)	A company under common control of the parent company
Shanxi Beautiful Village Construction Co., Ltd.	A company under common control of the parent company
Shanxi Static Traffic Construction and Operation Co., Ltd.	A company under common control of the parent company
Shanxi Low Carbon Environmental Protection Industry Group Co., Ltd.	A company under common control of the parent company
Shanxi Taixin Economic Integrated Development Investment Group Co., Ltd.	A company under common control of the parent company
Shanxi CIG (Hong Kong) Limited	A company under common control of the parent company
Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Changzhi Construction Industry Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Linfen Construction Industry Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Ancient City Renovation Project Management Co., Ltd.	A company under common control of the parent company
Shanxi Construction and Installation Technical School	A company under common control of the parent company
Jin Jiantou South China Investment and Construction Co., Ltd.	A company under common control of the parent company
Shanxi Jiangong Road Construction Co., Ltd.	A company under common control of the parent company
Yuncheng Jinjian Thermal Power Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou International Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Construction Engineering Group (Malaysia) Co., Ltd.	A company under common control of the parent company
Shanxi Construction Engineering (Sri Lanka) Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Jinfa Highway Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Construction Engineering Jinlong Highway Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Construction Engineering Group Jinzhong Highway Engineering Co., Ltd.	A company under common control of the parent company
Jincheng Jinjian National Highway Realignment Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Jian'an Non-Financing Guarantee Co., Ltd.	A company under common control of the parent company

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of related party	Relationship with the Company
Shanxi Jiantou South East Jin Investment Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Jinshuo Project Management Co., Ltd.	A company under common control of the parent company
Shanxi Investment Planning Research Institute Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Yingbin Road Construction Project Management Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou North West Jin Education Construction Investment Co., Ltd.	A company under common control of the parent company
Beijing Guangheng Real Estate Development Co., Ltd.	A company under common control of the parent company
Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under common control of the parent company
Jincheng Danhe Huasheng Real Estate Development Co., Ltd.	A company under common control of the parent company
Jinjian International Finance Lease (Tianjin) Co., Ltd.	A company under common control of the parent company
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under common control of the parent company
Jinjian Private Equity Fund Management (Hengqin) Co., Ltd.	A company under common control of the parent company
Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the parent company
Shanxi Aobo Construction Industry Co., Ltd.	A company under common control of the parent company
Shanxi Eighth Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Datongyu Engineering Tools Leasing Co., Ltd.	A company under common control of the parent company
Shanxi Second Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Hongchangsheng Material Supply Chain Management Co., Ltd.	A company under common control of the parent company
Shanxi Mechanization Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Jianda Ready Mixed Concrete Co., Ltd.	A company under common control of the parent company
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	A company under common control of the parent company
Shanxi Jiangong Construction Engineering Testing Co., Ltd.	A company under common control of the parent company
Shanxi Construction Materials Trading Co., Ltd.	A company under common control of the parent company
Shanxi Jiankan Geotechnical Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Construction Financing Guarantee Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company
Shanxi Jiantou Decoration Industry Co., Ltd.	A company under common control of the parent company
Shanxi Jianye Material Leasing Co., Ltd.	A company under common control of the parent company
Shanxi Construction Engineering Group Co., Ltd.	A company under common control of the parent company
Shanxi Construction Equipment and Tools Leasing Co., Ltd.	A company under common control of the parent company
Shanxi Jinheng Construction Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Keyuan Construction Research and Testing Co., Ltd.	A company under common control of the parent company
Shanxi Lvjian Housing Technology Co., Ltd.	A company under common control of the parent company
Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under common control of the parent company
Shanxi Third Construction Group Co., Ltd.	A company under common control of the parent company

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of related party	Relationship with the Company
Shanxi Engineering Machinery Co., Ltd.	A company under common control of the parent company
Shanxi Building Materials Industry Design and Research Institute Co., Ltd.	A company under common control of the parent company
Shanxi Architectural Research Institute Testing Centre Co., Ltd.	A company under common control of the parent company
Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the parent company
Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Tianlu Construction Labor Service Co., Ltd.	A company under common control of the parent company
Shanxi Tongda Industrial Equipment Installation Co., Ltd.	A company under common control of the parent company
Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the parent company
Shanxi Xiaohe International Conference Centre Co., Ltd.	A company under common control of the parent company
Shanxi Xiaohe International Convention and Exhibition Centre Co., Ltd.	A company under common control of the parent company
Shanxi Xiaohe Construction Industry Co., Ltd.	A company under common control of the parent company
Shanxi Xiaohe New City Hotel Co., Ltd.	A company under common control of the parent company
Shanxi Xinyuan Intelligent Construction Co., Ltd.	A company under common control of the parent company
Shanxi Xu'an Real Estate Development Co., Ltd.	A company under common control of the parent company
Shanxi Zhida Construction Engineering Inspection Co., Ltd.	A company under common control of the parent company
Shanxi Zhongyuanda Machinery Construction Co., Ltd.	A company under common control of the parent company
Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd.	A company under common control of the parent company
Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under common control of the parent company
Shenzhen Huakong Kaidi Investment Development Co., Ltd.	A company under common control of the parent company
SPF (Suzhou) Biotechnology Co., Ltd.	A company under common control of the parent company
Taiyuan Xie'an Property Service Co., Ltd.	A company under common control of the parent company
Tengye Steel Structure Co., Ltd.	A company under common control of the parent company
Tongfang Pharmaceutical Group Co., Ltd.	A company under common control of the parent company
Jinyang Asset Management Co., Ltd.	A company under common control of the de facto controller
Shanxi Coking Coal Group Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Group Co., Ltd.	A company under common control of the de facto controller
Huayang New Materials Technology Group Co., Ltd.	A company under common control of the de facto controller
Lu'an Chemical Group Co., Ltd.	A company under common control of the de facto controller
Huaxin Gas Group Co., Ltd.	A company under common control of the de facto controller
Taiyuan Heavy Machinery Group Co., Ltd.	A company under common control of the de facto controller
Shanxi International Energy Group Co., Ltd.	A company under common control of the de facto controller
Huayuan International Land Port Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Culture Tourism Investment Holdings Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Transportation Holdings Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Xinghuaacun Fenjiu Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Dadi Environmental Investment Holdings Co., Ltd.	A company under common control of the de facto controller
Shanxi Cloud Times Technology Co., Ltd.	A company under common control of the de facto controller
Wanjiazhai Water Holdings Group Co., Ltd.	A company under common control of the de facto controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)**4. Other Related Parties of the Company (continued)**

Name of related party	Relationship with the Company
Shennong Technology Group Co., Ltd.	A company under common control of the de facto controller
Huajian Sports Holdings Group Co., Ltd.	A company under common control of the de facto controller
Taiyuan Chemical Industry Group Co., Ltd.	A company under common control of the de facto controller
Jinsheng Development (Shanxi) Co., Ltd.	A company under common control of the de facto controller
Jinchuang Investment Co., Ltd.	A company under common control of the de facto controller
Jinshang Credit Enhancement Investment Co., Ltd.	A company under common control of the de facto controller
Shanxi Jintong Enterprise Asset Management Co., Ltd.	A company under common control of the de facto controller
Shanxi New and Old Kinetic Energy Conversion No. 2 Equity Investment Partnership (Limited Partnership)	A company under common control of the de facto controller
Shanxi Jinyun Internet Technology Co., Ltd.	A company under common control of the de facto controller
Shanxi State-owned Capital Operation Research Institute Co., Ltd.	A company under common control of the de facto controller
Northern Copper Co., Ltd.	A company under common control of the de facto controller
Datong Coal Mining Group Beixinyao Coal Co., Ltd.	A company under common control of the de facto controller
Datong Coal Mining Group Building Materials Co., Ltd.	A company under common control of the de facto controller
Datong Coal Mining Group Shuozhou Thermal Power Co., Ltd.	A company under common control of the de facto controller
Gemeng Shanyin New Energy Co., Ltd.	A company under common control of the de facto controller
Hongchuang Financial Leasing Co., Ltd.	A company under common control of the de facto controller
Houma Beitong Copper Co., Ltd.	A company under common control of the de facto controller
Huguan Coal Sales and Heat Co., Ltd.	A company under common control of the de facto controller
Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller
Jinkong Electric Power Heshun New Energy Co., Ltd.	A company under common control of the de facto controller
Jinkong Electric Power Zezhou New Energy Co., Ltd.	A company under common control of the de facto controller
Jinkong Jinshi Chemical Group Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Power Group Yuxian Clean Energy Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Coal Industry Group Shuozhou Coal and Electricity Co., Ltd.	A company under common control of the de facto controller
Jinneng Holding Coal Industry Group Co., Ltd.	A company under common control of the de facto controller
Jinneng Clean Energy Wind Power Co., Ltd.	A company under common control of the de facto controller
Linfen Linyun Yaosheng Automobile Transport Co., Ltd.	A company under common control of the de facto controller
Shanjiao Sales Rizhao Co., Ltd.	A company under common control of the de facto controller
Shanxi Anxin Construction Engineering Inspection Co., Ltd.	A company under common control of the de facto controller
Shanxi Beitong New Material Technology Co., Ltd.	A company under common control of the de facto controller
Shanxi Dacheng Expressway Co., Ltd.	A company under common control of the de facto controller
Shanxi Gemeng Zhongmei Clean Energy R&D Centre Co., Ltd.	A company under common control of the de facto controller
Shanxi Guangyuyuan Traditional Chinese Medicine Co., Ltd.	A company under common control of the de facto controller
Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller
Shanxi Guokong Cultural and Creative Investment Development Co., Ltd.	A company under common control of the de facto controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of related party	Relationship with the Company
Shanxi Guoxin Kelai Natural Gas Co., Ltd.	A company under common control of the de facto controller
Shanxi Guoxin Logistics Co., Ltd.	A company under common control of the de facto controller
Shanxi Hepo Power Generation Co., Ltd.	A company under common control of the de facto controller
Shanxi Hongsha Construction Engineering Third Co., Ltd.	A company under common control of the de facto controller
Shanxi Hongsha Construction Engineering Co., Ltd.	A company under common control of the de facto controller
Shanxi Hongsheng Kejian Technology Co., Ltd.	A company under common control of the de facto controller
Shanxi Huashan Property Management Co., Ltd.	A company under common control of the de facto controller
Shanxi Huaxin Biomass Energy Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Huaxin Zhonghaosheng Natural Gas Co., Ltd.	A company under common control of the de facto controller
Shanxi Jiaokong Ecological Environment Co., Ltd.	A company under common control of the de facto controller
Shanxi Transportation Investment and Financing Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Coking Co., Ltd.	A company under common control of the de facto controller
Shanxi Coking Coal Group Tendering Co., Ltd.	A company under common control of the de facto controller
Shanxi Coking Coal Real Estate Co., Ltd.	A company under common control of the de facto controller
Shanxi Jindafeng Natural Gas Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Jinju Coal Electrification Co., Ltd.	A company under common control of the de facto controller
Shanxi Jinyang Equipment Co., Ltd.	A company under common control of the de facto controller
Shanxi Jindong Xuneng Natural Gas Co., Ltd.	A company under common control of the de facto controller
Shanxi Jinxing Aolong Building Materials Co., Ltd.	A company under common control of the de facto controller
Shanxi Jingtai Trading Co., Ltd.	A company under common control of the de facto controller
Shanxi Linfen Thermal Power Co., Ltd.	A company under common control of the de facto controller
Shanxi Liulin Electric Power Co., Ltd.	A company under common control of the de facto controller
Shanxi Luqiao Seventh Engineering Co., Ltd.	A company under common control of the de facto controller
Shanxi Luqiao Real Estate Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Luqiao Group Traffic Mechanical and Electrical Engineering Co., Ltd.	A company under common control of the de facto controller
Shanxi Lu'an Mining (Group) Co., Ltd.	A company under common control of the de facto controller
Shanxi Lu'an Seraphim Photovoltaic System Co., Ltd.	A company under common control of the de facto controller
Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Import and Export Group Hequ Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Import and Export Group Zuoquan Hongyuan Coal Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Transportation and Sales Group Shouyang Hengyuan Coal Co., Ltd.	A company under common control of the de facto controller
Shanxi Coal Sales Guodian Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Mingyuan Chemical Co., Ltd.	A company under common control of the de facto controller
Shanxi Pingshuo Coal Gangue Power Generation Co., Ltd.	A company under common control of the de facto controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)**4. Other Related Parties of the Company (continued)**

Name of related party	Relationship with the Company
Shanxi Puqin Clean Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Qiguang Power Generation Co., Ltd.	A company under common control of the de facto controller
Shanxi Automobile Transport Group Yuncheng Automobile Transport Co., Ltd.	A company under common control of the de facto controller
Shanxi Rongguang Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Ruiguang Thermal Power Co., Ltd.	A company under common control of the de facto controller
Shanxi Urban and Rural Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller
Shanxi Expressway Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Coke Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Gas Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller
Shanxi Water Conservancy and Hydropower Engineering Construction Supervision Co., Ltd.	A company under common control of the de facto controller
Shanxi Water Conservancy and Hydropower Survey and Design Institute Co., Ltd.	A company under common control of the de facto controller
Shanxi Investment Group High-tech Internet of Things Park Co., Ltd.	A company under common control of the de facto controller
Shanxi Investment Group Taigu Anyang Senior Care Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	A company under common control of the de facto controller
Shanxi Water Engineering Construction Supervision Co., Ltd.	A company under common control of the de facto controller
Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller
Shanxi General Aviation UAV Co., Ltd.	A company under common control of the de facto controller
Shanxi Wanjiazhai Water Control Engineering Investment Co., Ltd.	A company under common control of the de facto controller
Shanxi Wanjiazhai Yellow River Water Diversion Group Co., Ltd.	A company under common control of the de facto controller
Shanxi Xishan Huatong Cement Co., Ltd.	A company under common control of the de facto controller
Shanxi Xishan Coal Gasification Co., Ltd.	A company under common control of the de facto controller
Shanxi Xinchenglian Real Estate Development Co., Ltd.	A company under common control of the de facto controller
Shanxi Xingneng Power Generation Co., Ltd.	A company under common control of the de facto controller
Shanxi Xingxin Safety Production Technology Service Co., Ltd.	A company under common control of the de facto controller
Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller
Shanxi Compressed Natural Gas Group Xinzhou Co., Ltd.	A company under common control of the de facto controller
Shanxi Yangmei Fengxi Quanji Energy Co., Ltd.	A company under common control of the de facto controller
Shanxi Yangmei Group Niangou Coal Industry Co., Ltd.	A company under common control of the de facto controller
Shanxi Yangmei Sijiazhuang Coal Industry Co., Ltd.	A company under common control of the de facto controller
Shanxi Yaoguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller
Shanxi Zhongtiaoshan Mechanical and Electrical Equipment Co., Ltd.	A company under common control of the de facto controller
Shanghai Zhongtiaoshan Industrial Co., Ltd.	A company under common control of the de facto controller
Taihua Group Hongdong Huaxu Chemical Technology Co., Ltd.	A company under common control of the de facto controller

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

4. Other Related Parties of the Company (continued)

Name of related party	Relationship with the Company
Taiyuan Engineering Tiancheng Electronic Information Technology Co., Ltd.	A company under common control of the de facto controller
Taiyuan Gas Installation Engineering Co., Ltd.	A company under common control of the de facto controller
Taiyuan Yi'anju Property Management Co., Ltd.	A company under common control of the de facto controller
Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller
Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller
Tianji Coal Chemical Group Co., Ltd.	A company under common control of the de facto controller
Tongmei Zhangze (Shanghai) Financial Leasing Co., Ltd.	A company under common control of the de facto controller
Xinjiang Guotai Xinhua Chemical Co., Ltd.	A company under common control of the de facto controller
New Vision Changzhi Lighting Electrical Co., Ltd.	A company under common control of the de facto controller
Yangmei Group Taiyuan Chemical New Materials Co., Ltd.	A company under common control of the de facto controller
Yangquan Coal Industry Group Yuxian Chemical Co., Ltd.	A company under common control of the de facto controller
Yuncheng Yunqi Freight Co., Ltd.	A company under common control of the de facto controller
Changzhi Huaxin Liquefied Natural Gas Co., Ltd.	A company under common control of the de facto controller
Changzhi Inland Port International Logistics Co., Ltd.	A company under common control of the de facto controller
WANG Limin	Chairman, secretary of the Communist Party Committee
REN Rui	Vice president, general manager, deputy secretary of the Communist Party Committee
ZHANG Yan	Vice president, deputy secretary of the Communist Party Committee, chairman of the labor's union
DU Jiang	Secretary of the Discipline Inspection Commission, member of the Communist Party Committee
MU Jianwei	Outside independent director
FENG Cheng	Outside independent director
ZHANG Hongjie	Outside independent director
XU Guanshi	Outside independent director
SHIN Chuck Yin	Non-executive director
GUO He	Non-executive director
WU Qiusheng	Non-executive director
WANG Jingming	Non-executive director
LIANG Bo	Chief engineer, member of the Communist Party Committee
ZHOU Saimei	Chief accountant
ZHANG Xiaodong	Secretary of the Board, joint company secretary
NIU Xiaoping	Deputy general manager, member of the Communist Party Committee
WANG Jianjun	Deputy general manager, chief safety officer

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions

(1) Related party purchase and sales

① Purchase of goods and receipt of services

Name of related party	Related party	Description of related party transaction	January to June 2024 (Unaudited)	January to June 2023
Shanxi Construction Materials Trading Co., Ltd.	A company under common control of the parent company	Payment for materials	—	169,649.18
Shanxi Jiantou Construction Industry Co., Ltd.	A company under common control of the parent company	Payment for materials	31,054,071.45	12,649,740.95
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	Payment for materials	16,072,263.59	11,704,253.31
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company	Payment for materials	248,942,742.43	410,496,794.10
Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the parent company	Payment for materials	—	187,721.00
Shanxi Xiaohu Construction Industry Co., Ltd.	A company under common control of the parent company	Payment for materials	—	2,778,171.63
Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the parent company	Payment for materials	—	34,838.23
Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	Payment for materials	—	234,831.12
Shanxi Liulin Electric Power Co., Ltd.	A company under common control of the de facto controller	Payment for materials	22,515,573.29	21,815,766.69
Shanxi Longteng Zhongtian Technology Co., Ltd.	A company under common control of the de facto controller	Payment for materials	—	240,000.00
Shanxi Lu'an Seraphim Photovoltaic System Co., Ltd.	A company under common control of the de facto controller	Payment for materials	—	21,191,214.00
Shanxi Xingneng Power Generation Co., Ltd.	A company under common control of the de facto controller	Payment for materials	66,776,928.52	66,711,265.15
Shanghai Zhongtiaoshan Industrial Co., Ltd.	A company under common control of the de facto controller	Payment for materials	1,692,695.92	16,437,933.74
Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	Payment for materials	—	272,000.05
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under common control of the parent company	Service fees	—	5,303,900.72
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	Labor service fees	167,309,506.01	99,400,602.83
Shanxi Tianlu Construction Labor Service Co., Ltd.	A company under common control of the parent company	Labor service fees	—	223,489.40
Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the parent company	Payment for construction	18,864,876.39	1,000,000.00
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under common control of the parent company	Payment for construction	1,563,263.08	52,314.03
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under common control of the parent company	Payment for construction	—	5,065,861.04
Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the parent company	Payment for construction	19,911.50	1,131,228.00
Shanxi Survey Design Research Institute Co., Ltd.	A company under common control of the parent company	Payment for construction	56,603.77	5,000,000.00
Shanxi First Construction Group Co., Ltd.	A company under common control of the parent company	Payment for construction	—	400,000.00
Shanxi Urban and Rural Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller	Payment for construction	—	226,415.10
Shanxi General Aviation UAV Co., Ltd.	A company under common control of the de facto controller	Payment for equipment	—	194,617.00
Taiyuan Xie'an Property Service Co., Ltd.	An associate	Service fees	—	4,765,676.86

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)**5. Related Party Transactions (continued)****(1) Related party purchase and sales (continued)****① Purchase of goods and receipt of services (continued)**

Name of related party	Related party	Description of related party transaction	January to June 2024 (Unaudited)	January to June 2023
Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under common control of the parent company	Service fees	—	950,000.00
Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under common control of the parent company	Service fees	—	10,000.00
Shanxi Construction Financing Guarantee Co., Ltd.	A company under common control of the parent company	Service fees	—	24,000.00
Shanxi Construction Investment Group Co., Ltd.	Parent company	Service fees	—	406,341.27
Shanxi Survey Design Research Institute Co., Ltd.	A company under common control of the parent company	Service fees	—	2,830.19
Shanxi Jiantou International Investment Co., Ltd.	An associate	Payment for materials	632,923.20	—
Shanxi Jiantou Decoration Industry Co., Ltd.	A company under common control of the parent company	Payment for materials	1,008,759.01	—
Shanxi Jingtai Trading Co., Ltd.	A company under common control of the de facto controller	Payment for materials	1,279,378.30	—
Shanxi Static Traffic Construction and Operation Co., Ltd.	A company under common control of the parent company	Payment for materials	35,329.45	—
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	An associate	Payment for materials	75,919.23	—
Shanxi Building Materials Industry Design and Research Institute Co., Ltd.	A company under common control of the parent company	Service fees	30,000.00	—
Shanxi Architectural Research Institute Testing Centre Co., Ltd.	A company under common control of the parent company	Service fees	1,300.00	—
Shanxi Anxin Construction Engineering Inspection Co., Ltd.	A company under common control of the de facto controller	Payment for construction	378,000.00	—
Shanxi Guoxin Kelai Natural Gas Co., Ltd.	A company under common control of the de facto controller	Payment for construction	112,395.23	—
Shanxi Jinheng Construction Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the parent company	Payment for construction	298,733.33	—
Shanxi Architectural Design and Research Institute Co., Ltd.	A company under common control of the parent company	Payment for construction	264,419.00	—
Shanxi Fifth Construction Group Co., Ltd.	A company under common control of the parent company	Payment for construction	3,260,000.00	—
Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	Payment for construction	65,791.74	—
Shanxi Construction Investment Group Co., Ltd.	Parent company	Payment for materials	5,053,003.77	—
Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	A company under common control of the parent company	Payment for materials	90,828.00	—
Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under common control of the parent company	Service fees	40,000.00	—
Shanxi Construction Financing Guarantee Co., Ltd.	A company under common control of the parent company	Service fees	54,302.00	—
Taiyuan Xie'an Property Service Co., Ltd.	An associate	Service fees	1,013,073.00	—
Shanxi Construction Investment Group Co., Ltd.	Parent company	Payment for construction	2,300,000.00	—
Shanxi Fourth Construction Group Co., Ltd.	A company under common control of the parent company	Payment for construction	47,399.00	—
Shanxi Park Construction and Development Group Co., Ltd.	A company under common control of the parent company	Payment for construction	858,607.55	—
Shanxi Construction Investment Group Co., Ltd.	Parent company	Labor service fees	2,000,000.00	—

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(1) Related party purchase and sales (continued)

② Sales of goods and rendering of services

Name of related party	Related party	Description of related party transaction	January to June 2024 (Unaudited)	January to June 2023
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate	Specialized industrial construction	—	14,851,460.58
Shanxi Construction Investment Group Co., Ltd.	Parent company	Specialized industrial construction	332,710,211.86	119,075,618.68
Shanxi Jiantou Construction Industry Co., Ltd.	A company under control of the same parent company	Specialized industrial construction	—	8,305.17
Shanxi Fourth Construction Group Co., Ltd.	A company under control of the same parent company	Specialized industrial construction	—	14,623.10
Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under control of the same parent company	Specialized industrial construction	2,229,956.09	24,785,164.98
Northern Copper Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	4,513,357.72	28,309,786.28
Houma Beitong Copper Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	27,718,675.40	10,618,259.75
Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	13,901,339.37	98,199,231.64
Jinkong Electric Power Heshun New Energy Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	20,152,771.47	35,474,943.97
Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	4,478,687.60	1,757,496.17
Shanjiao Sales Rizhao Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	—	140,762.07
Shanxi Hepo Power Generation Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	4,506,572.42	3,065,317.60
Shanxi Transportation Investment and Financing Group Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	1,413,626.10	333,540.33
Shanxi Pingshuo Coal Gangue Power Generation Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	—	6,082,740.39
Shanxi Puqin Clean Energy Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	1,127,554.76	15,464,982.26
Shanxi Zhongtiaoshan Mechanical and Electrical Equipment Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	—	1,387,381.82
Shanxi Construction Investment Group Co., Ltd.	Parent company	Specialized auxiliary construction	3,039,192.72	46,915,482.12
Shanxi Jiantou Construction Industry Co., Ltd.	A company under control of the same parent company	Specialized auxiliary construction	—	20,305,052.35
Yuncheng Jinjian Thermal Power Co., Ltd.	A company under control of the same parent company	Specialized auxiliary construction	—	259,713.27
Jinneng Holding Coal Industry Co., Ltd. Yungang Mine	A company under common control of the de facto controller	Specialized auxiliary construction	—	334,998.17
Shanxi Jiaokong Ecological Environment Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	—	22,442.82
Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	1,192,722.85	3,158,034.33
Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	—	2,378,936.04
Shanxi Compressed Natural Gas Group Xinzhou Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	—	129,582.29
Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	493,817.05	23,004.07

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(1) Related party purchase and sales (continued)

② Sales of goods and rendering of services (continued)

Name of related party	Related party	Description of related party transaction	January to June 2024 (Unaudited)	January to June 2023
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	An associate	Other construction	—	525,923.33
Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under control of the same parent company	Other construction	—	16,507,014.59
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under control of the same parent company	Other construction	—	1,122,251.85
Shanxi Construction Engineering Group Co., Ltd.	A company under control of the same parent company	Other construction	880,057.36	18,968.45
Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under control of the same parent company	Other construction	30,356.19	84,880,515.99
Shanxi Xiaohu New City Hotel Co., Ltd.	A company under control of the same parent company	Other construction	—	2,528,829.17
Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	Other construction	3,395,469.96	6,054,338.98
Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller	Other construction	353,560.04	201,741.80
Shanxi Luqiao Real Estate Development Co., Ltd.	A company under common control of the de facto controller	Other construction	7,937,652.71	2,600,681.75
Shanxi Luqiao Group Traffic Mechanical and Electrical Engineering Co., Ltd.	A company under common control of the de facto controller	Other construction	—	1,369,211.26
Shanxi Coke Group Co., Ltd.	A company under common control of the de facto controller	Other construction	—	2,697,773.97
Shanxi Investment Group Taigu Anyang Senior Care Development Co., Ltd.	A company under common control of the de facto controller	Other construction	—	266,992.07
Shanxi Yangmei Sijiazhuang Coal Industry Co., Ltd.	A company under common control of the de facto controller	Other construction	—	2,981,430.42
Shanxi Jiantou Cloud Data Technology Co., Ltd.	An associate	Non-construction	—	286,146.65
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	Non-construction	—	1,346,836.41
Taiyuan Xie'an Property Service Co., Ltd.	An associate	Non-construction	—	58,668.03
Jinjian International Finance Lease (Tianjin) Co., Ltd.	A company under control of the same parent company	Non-construction	—	237,330.20
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under control of the same parent company	Non-construction	—	174,121.04
Jinjian Private Equity Fund Management (Hengqin) Co., Ltd.	A company under control of the same parent company	Non-construction	—	174,121.04
Shanxi Aobo Construction Industry Co., Ltd.	A company under control of the same parent company	Non-construction	—	2,971.73
Shanxi Eighth Construction Group Co., Ltd.	A company under control of the same parent company	Non-construction	—	4,325,422.46
Shanxi Second Construction Group Co., Ltd.	A company under control of the same parent company	Non-construction	—	5,052,549.55
Shanxi Construction Investment Group Co., Ltd.	Parent company	Non-construction	—	3,050,281.07
Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under control of the same parent company	Non-construction	415,879.22	1,153,283.36
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under control of the same parent company	Non-construction	6,758,816.78	34,468,263.55
Shanxi Fourth Construction Group Co., Ltd.	A company under control of the same parent company	Non-construction	—	7,964,912.26

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(1) Related party purchase and sales (continued)

② Sales of goods and rendering of services (continued)

Name of related party	Related party	Description of related party transaction	January to June 2024 (Unaudited)	January to June 2023
Shanxi Fifth Construction Group Co., Ltd.	A company under control of the same parent company	Non-construction	—	16,336.38
Shanxi First Construction Group Co., Ltd.	A company under control of the same parent company	Non-construction	—	11,115.78
Shenzhen Huakong Kaidi Investment Development Co., Ltd.	A company under control of the same parent company	Non-construction	—	119,761.09
Tongfang Pharmaceutical Group Co., Ltd.	A company under control of the same parent company	Non-construction	—	28,913.46
Linfen Linyun Yaosheng Automobile Transport Co., Ltd.	A company under common control of the de facto controller	Non-construction	—	1,508,897.50
Shanxi Hongsha Construction Engineering Third Co., Ltd.	A company under common control of the de facto controller	Non-construction	7,192,977.53	427,189.64
Shanxi Automobile Transport Group Yuncheng Automobile Transport Co., Ltd. Xinjiang Branch	A company under common control of the de facto controller	Non-construction	—	2,684.83
Shanxi Ruiguang Thermal Power Co., Ltd.	A company under common control of the de facto controller	Non-construction	1,853,351.27	1,454,266.22
Shanxi Xingneng Power Generation Co., Ltd.	A company under common control of the de facto controller	Non-construction	151,195,417.52	148,371,668.69
Tianji Coal Chemical Group Co., Ltd.	A company under common control of the de facto controller	Non-construction	—	15,045.84
Yuncheng Yunqi Freight Co., Ltd.	A company under common control of the de facto controller	Non-construction	—	457,241.67
Gemeng Shanyin New Energy Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	510,683.32	—
Jinneng Holding Power Group Yuxian Clean Energy Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	6,394,918.88	—
Jinneng Clean Energy Wind Power Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	250,496.48	—
Shanxi Second Construction Group Co., Ltd.	Shanxi Construction Investment Group Co., Ltd.	Specialized industrial construction	15,150,116.76	—
Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	77,579.19	—
Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	885,209.07	—
Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	222,729.03	—
Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	2,819,571.93	—
Shanxi Coal Import and Export Group Hequ Energy Co., Ltd.	A company under common control of the de facto controller	Specialized industrial construction	53,652,237.02	—
Yuncheng Jinjian Thermal Power Co., Ltd.	A company under control of the same parent company	Specialized industrial construction	49,910.36	—
Jinneng Holding Coal Industry Group Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	7,555,589.17	—
Shanxi Jiantou Supplies Trading Co., Ltd.	A company under control of the same parent company	Specialized auxiliary construction	246,402.75	—
Shanxi Luqiao Seventh Engineering Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	1,793,725.70	—
Shanxi Lu'an Mining (Group) Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	1,387,134.12	—

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(1) Related party purchase and sales (continued)

② Sales of goods and rendering of services (continued)

Name of related party	Related party	Description of related party transaction	January to June 2024 (Unaudited)	January to June 2023
Shanxi Xinchenglian Real Estate Development Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	1,035,926.02	—
Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	An associate	Specialized auxiliary construction	1,456,368.85	—
Shanxi Huaxin Zhonghaosheng Natural Gas Co., Ltd.	A company under common control of the de facto controller	Specialized auxiliary construction	999,839.58	—
Shanxi Coking Coal Real Estate Co., Ltd.	A company under common control of the de facto controller	Other construction	2,938,085.32	—
Shanxi Pingshuo Coal Gangue Power Generation Co., Ltd.	A company under common control of the de facto controller	Other construction	6,458,631.20	—
Shanxi Qiguang Power Generation Co., Ltd.	A company under common control of the de facto controller	Other construction	2,922,580.90	—
Shanxi Wanjiashai Yellow River Water Diversion Group Co., Ltd.	A company under common control of the de facto controller	Other construction	1,224,860.42	—
Shanxi Dacheng Expressway Co., Ltd.	A company under common control of the de facto controller	Non-construction	75,471.70	—
Shanxi Jiantou Construction Industry Co., Ltd.	A company under control of the same parent company	Non-construction	336,861.32	—
Shanxi Construction Engineering Group Co., Ltd.	A company under control of the same parent company	Non-construction	1,895,637.74	—
Shanxi Sixth Construction Group Co., Ltd.	A company under control of the same parent company	Non-construction	139,245.28	—
Shanxi Xiaohu Construction Industry Co., Ltd.	A company under control of the same parent company	Non-construction	546,031.31	—
Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller	Non-construction	1,520,952.30	—
Xinjiang Guotai Xinhua Chemical Co., Ltd.	A company under common control of the de facto controller	Non-construction	330,188.68	—
Shanxi Jiantou Cloud Data Technology Co., Ltd.	An associate	Other business income	1,371.43	—

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)**5. Related Party Transactions (continued)****(2) Related party leases****① The Company as a lessor**

Name of lessee	Type of leased assets	Lease income recognized in the current period (Unaudited)	Lease income recognized in the previous period
Jinjian International Finance Lease (Tianjin) Co., Ltd.	Buildings	—	237,330.20
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	Buildings	—	174,121.04
Jinjian Private Equity Fund Management (Hengqin) Co., Ltd.	Buildings	—	174,121.04
Shanxi Construction Investment Group Co., Ltd.	Buildings	3,984,859.59	2,863,602.45
Shanxi Jiantou Supplies Trading Co., Ltd.	Buildings	—	383,771.58
Shanxi Jiantou Cloud Data Technology Co., Ltd.	Buildings	—	286,146.65
Shanxi Fifth Construction Group Co., Ltd.	Buildings	—	4,252.96
Shanxi First Construction Group Co., Ltd.	Buildings	5,133.00	10,233.68
Shenzhen Huakong Kaidi Investment Development Co., Ltd.	Buildings	120,147.14	119,761.09
Taiyuan Xie'an Property Service Co., Ltd.	Buildings	94,846.19	58,668.03
Tongfang Pharmaceutical Group Co., Ltd.	Buildings	29,006.67	28,913.46
Shanxi Construction Engineering Group Co., Ltd.	Buildings	47,619.05	—
Shanxi Eighth Construction Group Co., Ltd.	Equipment	—	140,395.73
Shanxi Fourth Construction Group Co., Ltd.	Equipment	44,247.79	174,875.68
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Equipment	—	1,346,836.41

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(2) Related party leases (continued)

② The Company as a lessee

Name of lessee	Type of leased assets	January to June 2024 Lease payments payable (Unaudited)	January to June 2023 Lease payments payable
Shanxi Construction Investment Group Co., Ltd.	Buildings	34,800.00	34,800.00
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	Buildings	—	434,591.13
Taiyuan Xie'an Property Service Co., Ltd.	Buildings	—	25,679.56
Shanxi Construction Investment Group Co., Ltd.	Construction machinery	—	1,338,724.48
Shanxi Jiantou Construction Industry Co., Ltd.	Construction machinery	—	100,440.00
Shanxi Construction Engineering Group Co., Ltd.	Construction machinery	—	1,122,297.16
Shanxi Construction Equipment and Tools Leasing Co., Ltd.	Construction machinery	19,500.00	—
Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	Construction machinery	359,733.00	1,036,213.65

Explanation: The pricing of related party transactions is determined through negotiation between both parties with reference to the market price.

Additions of right-of-use assets during the year in which the Company is a lessee:

Nil.

Interest expenses on lease liabilities borne during the year by the Company as a lessee:

Nil.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(3) Related party guarantees

① The Company as a guarantor

Guarantee	Guarantee amount (Unaudited)	Guarantee commencement date	Guarantee due date	Whether the guarantee has been fulfilled
Xinjiang Shan'an Waterwork Management Co., Ltd.	373,190,000.00	June 27, 2019	June 23, 2037	No
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	354,428,100.00	June 20, 2019	June 17, 2039	No
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	273,700,000.00	May 31, 2019	February 15, 2039	No
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd.	245,500,000.00	October 18, 2019	January 20, 2039	No
Liulin Shan'an Bluesky Heating Co., Ltd.	239,000,000.00	September 24, 2019	September 23, 2047	No
Qinshui Shan'an Construction Development Co., Ltd.	210,674,480.84	January 19, 2023	January 19, 2040	No
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	140,800,000.00	October 29, 2018	October 29, 2035	No
Shanxi Shan'an Lide Environmental Technology Co., Ltd.	130,942,251.62	November 8, 2023	November 8, 2029	No
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	108,000,000.00	May 31, 2021	May 30, 2032	No
Lingchuan Shan'an Construction Development Co., Ltd.	97,000,000.00	October 23, 2018	October 30, 2033	No
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	92,100,000.00	August 15, 2019	July 8, 2033	No
Linfen Shan'an Waterwork Development Co., Ltd.	59,049,500.00	October 28, 2021	October 27, 2036	No
Shanxi Ningyang Energy Co., Ltd.	7,000,000.00	March 30, 2020	March 19, 2025	No
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	6,184,225.70	May 11, 2023	May 9, 2033	No
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	1,783,548.00	February 1, 2019	January 31, 2035	No
Total	2,339,352,106.16			

② The Company as a guarantee
Nil.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

5. Related Party Transactions (continued)

(4) Borrowings from and to related parties

Related party	Borrowing amount (Unaudited)	Commencement date	Due date	Explanation
From:				
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	230,095,125.61	January 1, 2024	December 31, 2024	Short-term borrowings
To:				
Nil				

(5) Other transactions

Related party	Closing balance (Unaudited)	Commencement date	Due date	Explanation
Shanxi Jiantou International Investment Co., Ltd.	38,222.25	January 1, 2024	June 30, 2024	Interest income
Jinjian International Finance Lease (Tianjin) Co., Ltd.	1,114,427.18	September 18, 2020	April 27, 2024	Interest expenses
Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	15,016,804.09	January 1, 2024	December 31, 2024	Interest expenses
Tongmei Zhangze (Shanghai) Financial Leasing Co., Ltd.	2,823,786.04	October 24, 2023	October 24, 2026	Interest expenses
Hongchuang Financial Leasing Co., Ltd.	1,865,583.28	December 8, 2022	December 8, 2026	Interest expenses
Shanxi Xiaohe Construction Industry Co., Ltd.	7,921,666.66	June 20, 2019	April 11, 2024	Interest expenses
Shanxi Construction Investment Group Co., Ltd.	7,471,388.88	January 1, 2024	July 5, 2024	Interest expenses

(6) Remuneration of key management personnel

The Company had 23 key management personnel from January to June 2024 and 10 key management personnel from January to June 2023. The remuneration is shown in the table below:

Item	Amount incurred during January to June 2024 (Unaudited)	Amount incurred during January to June 2023
Salary, allowances and other benefits of key management personnel	3,624,181.40	3,116,963.20
Pension scheme contributions	592,706.86	408,758.40
Total	4,216,888.26	3,525,721.60

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties

(1) Receivables from related parties

Item	Name of related party	Related party	June 30, 2024 (Unaudited)		December 31, 2023	
			Balance	Bad debt provision	Balance	Bad debt provision
Trade receivables	Datong Coal Mining Group Beixinyao Coal Co., Ltd.	A company under common control of the de facto controller	3,101,520.42	634,116.88	3,101,520.42	592,220.91
Trade receivables	Datong Coal Mining Group Building Materials Co., Ltd.	A company under common control of the de facto controller	6,402,000.00	338,768.78	6,402,000.00	235,816.46
Trade receivables	Houma Beitong Copper Co., Ltd.	A company under common control of the de facto controller	2,397,552.57	29,513.86	22,054,485.20	264,769.01
Trade receivables	Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller	13,783,839.26	335,210.46	21,375,167.54	256,613.65
Trade receivables	Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under control of the same parent company	35,184,733.81	881,686.63	43,683,441.58	824,616.84
Trade receivables	Jinkong Electric Power Heshun New Energy Co., Ltd.	A company under common control of the de facto controller	12,296,865.84	151,374.37	13,680,214.41	164,234.02
Trade receivables	Jinneng Holding Power Group Yuxian Clean Energy Co., Ltd.	A company under common control of the de facto controller	2,533,719.43	31,190.08	1,463,631.44	17,571.22
Trade receivables	Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller	3,477,077.74	43,020.28	15,359.57	184.40
Trade receivables	Jinneng Holding Coal Industry Group Shuozhou Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	5,636,110.65	69,380.50	9,636,110.65	115,683.66
Trade receivables	Jinneng Holding Coal Industry Group Co., Ltd.	A company under common control of the de facto controller	9,580,500.00	217,609.08	12,580,500.00	400,317.53
Trade receivables	Shanxi Eighth Construction Group Co., Ltd.	A company under control of the same parent company	6,166,065.71	160,952.33	7,498,999.91	100,056.98
Trade receivables	Shanxi Beitong New Material Technology Co., Ltd.	A company under common control of the de facto controller	6,892,983.60	84,852.60	5,740,673.60	68,918.07
Trade receivables	Shanxi Second Construction Group Co., Ltd.	A company under control of the same parent company	25,873,275.40	1,184,936.80	25,908,331.55	997,280.87
Trade receivables	Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	1,973,883.61	24,298.50	4,914,280.06	58,997.03
Trade receivables	Shanxi Guokong Cultural and Creative Investment Development Co., Ltd.	A company under common control of the de facto controller	6,365,043.05	2,352,090.55	6,365,043.05	885,598.17
Trade receivables	Shanxi Guoxin Logistics Co., Ltd.	A company under common control of the de facto controller	1,743,299.96	996,034.21	1,743,299.96	281,436.37
Trade receivables	Shanxi Huaxin Zhonghaosheng Natural Gas Co., Ltd.	A company under common control of the de facto controller	—	—	1,015,449.26	133,524.51
Trade receivables	Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller	—	—	1,958,192.60	72,129.65
Trade receivables	Shanxi Hepo Power Generation Co., Ltd.	A company under common control of the de facto controller	—	—	202,126.00	2,426.57
Trade receivables	Shanxi Mechanization Construction Group Co., Ltd.	A company under control of the same parent company	9,669,845.13	235,786.92	8,242,344.81	99,000.85
Trade receivables	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate	—	—	1,733,776.91	22,204.84

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)**6. Receivables from and Payables to Related Parties (continued)****(1) Receivables from related parties (continued)**

Item	Name of related party	Related party	June 30, 2024 (Unaudited)		December 31, 2023	
			Balance	Bad debt provision	Balance	Bad debt provision
Trade receivables	Shanxi Construction Investment Group Co., Ltd.	Parent company	293,426,812.33	4,594,330.69	75,792,846.92	2,276,225.56
Trade receivables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under control of the same parent company	124,716,081.83	3,967,752.75	102,815,713.46	6,848,336.00
Trade receivables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under control of the same parent company	35,061,055.20	771,462.03	11,127,614.84	309,101.38
Trade receivables	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under control of the same parent company	5,967,748.99	131,753.56	6,917,304.11	83,043.78
Trade receivables	Shanxi Jiantou Cloud Data Intelligent Technology Co., Ltd.	A company under control of the same parent company	—	—	12,421.20	457.53
Trade receivables	Shanxi Construction Engineering Group Co., Ltd.	A company under control of the same parent company	6,490,925.47	197,496.43	4,409,182.61	75,693.88
Trade receivables	Shanxi Construction Engineering Group Co., Ltd. Design Institute	A company under control of the same parent company	—	—	332,000.00	12,229.16
Trade receivables	Shanxi Jiaokong Ecological Environment Co., Ltd.	A company under common control of the de facto controller	996,963.26	25,465.44	1,182,738.21	15,579.08
Trade receivables	Shanxi Jinju Coal Electrification Co., Ltd.	A company under common control of the de facto controller	1,379,547.82	36,514.39	2,879,547.82	106,067.60
Trade receivables	Shanxi Jinyang Equipment Co., Ltd.	A company under common control of the de facto controller	1,425,828.64	142,647.78	1,625,828.64	133,564.63
Trade receivables	Shanxi Jinxing Aolong Building Materials Co., Ltd.	A company under common control of the de facto controller	12,236,164.48	248,868.80	3,684,553.40	99,238.46
Trade receivables	Shanxi Linfen Thermal Power Co., Ltd.	A company under common control of the de facto controller	859,143.20	859,143.20	859,143.20	859,143.20
Trade receivables	Shanxi Luqiao Real Estate Development Co., Ltd.	A company under common control of the de facto controller	2,467,269.97	30,372.08	3,310,605.50	39,744.56
Trade receivables	Shanxi Luqiao Group Traffic Mechanical and Electrical Engineering Co., Ltd.	A company under common control of the de facto controller	5,389,040.47	285,166.93	5,389,040.47	198,504.29
Trade receivables	Shanxi Lu'an Mining (Group) Co., Ltd.	A company under common control of the de facto controller	644,000.00	17,045.64	4,074,000.00	48,909.28
Trade receivables	Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	3,009,289.63	2,870,882.56	3,009,289.63	2,864,166.54
Trade receivables	Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller	4,714,894.79	58,040.34	3,945,549.94	47,367.21

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)**6. Receivables from and Payables to Related Parties (continued)****(1) Receivables from related parties (continued)**

Item	Name of related party	Related party	June 30, 2024 (Unaudited)		December 31, 2023	
			Balance	Bad debt provision	Balance	Bad debt provision
Trade receivables	Shanxi Coal Import and Export Group Zuoquan Hongyuan Coal Co., Ltd.	A company under common control of the de facto controller	2,182,912.17	2,182,912.17	2,182,912.17	1,737,323.95
Trade receivables	Shanxi Mingyuan Chemical Co., Ltd.	A company under common control of the de facto controller	72,487.05	72,487.05	72,487.05	72,487.05
Trade receivables	Shanxi Puqin Clean Energy Co., Ltd.	A company under common control of the de facto controller	8,814,798.28	108,510.13	13,188,991.40	158,336.78
Trade receivables	Shanxi Rongguang Energy Co., Ltd.	A company under common control of the de facto controller	2,599,695.77	137,565.72	2,599,695.77	95,759.30
Trade receivables	Shanxi Third Construction Group Co., Ltd.	A company under control of the same parent company	3,777,417.78	331,074.06	3,777,417.78	259,771.50
Trade receivables	Shanxi Coke Group Co., Ltd.	A company under common control of the de facto controller	399,423.57	4,916.90	399,423.57	4,795.17
Trade receivables	Shanxi Investment Group High-tech Internet of Things Park Co., Ltd.	A company under common control of the de facto controller	1,035,240.78	99,499.72	1,035,240.78	79,253.17
Trade receivables	Shanxi Investment Group Taigu Anyang Senior Care Development Co., Ltd.	A company under common control of the de facto controller	179,824.20	9,515.59	252,417.65	9,297.76
Trade receivables	Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	A company under common control of the de facto controller	5,358,164.91	373,616.17	7,329,241.18	411,148.29
Trade receivables	Shanxi Fourth Construction Group Co., Ltd.	A company under control of the same parent company	19,256,020.21	524,830.29	20,863,963.27	547,325.81
Trade receivables	Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller	2,432,053.82	1,989,902.71	2,432,053.82	780,466.66
Trade receivables	Shanxi Wanjiashai Water Control Equipment Manufacturing Co., Ltd.	A company under common control of the de facto controller	50,000.00	4,805.63	50,000.00	3,827.77
Trade receivables	Shanxi Fifth Construction Group Co., Ltd.	A company under control of the same parent company	798,200.05	22,791.83	783,200.05	31,668.21
Trade receivables	Shanxi Xishan Huatong Cement Co., Ltd.	A company under common control of the de facto controller	588,668.53	588,668.53	588,668.53	155,681.45
Trade receivables	Shanxi Xishan Coal Gasification Co., Ltd.	A company under common control of the de facto controller	5,170,038.79	641,990.58	5,170,038.79	493,296.18
Trade receivables	Shanxi Xiaohe International Conference Centre Co., Ltd.	A company under control of the same parent company	28,021.32	2,693.20	28,021.32	2,145.18
Trade receivables	Shanxi Xiaohe International Convention and Exhibition Centre Co., Ltd.	A company under control of the same parent company	57,159.62	5,493.76	57,159.62	4,375.87
Trade receivables	Shanxi Xiaohe Construction Industry Co., Ltd.	A company under control of the same parent company	544,981.10	6,708.72	364,545.49	4,376.45
Trade receivables	Shanxi Xiaohe New City Hotel Co., Ltd.	A company under control of the same parent company	2,427,194.81	36,809.34	2,623,888.91	32,943.58

Notes to Financial Statements

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	June 30, 2024 (Unaudited)		December 31, 2023	
			Balance	Bad debt provision	Balance	Bad debt provision
Trade receivables	Shanxi Xingneng Power Generation Co., Ltd.	A company under common control of the de facto controller	227,090,167.61	2,795,479.03	188,243,882.67	2,259,909.76
Trade receivables	Shanxi Xinghuacun Fenji Distillery Co., Ltd.	A company under common control of the de facto controller	3,133,596.64	165,817.67	3,133,596.64	115,425.44
Trade receivables	Shanxi Xu'an Real Estate Development Co., Ltd.	A company under control of the same parent company	4,151,840.29	219,699.14	23,907,355.22	880,622.91
Trade receivables	Shanxi Compressed Natural Gas Group Xinzhou Co., Ltd.	A company under common control of the de facto controller	151,571.10	1,865.84	166,126.31	1,994.38
Trade receivables	Shanxi Yangmei Group Niangou Coal Industry Co., Ltd.	A company under common control of the de facto controller	11,821,260.18	625,534.81	11,821,260.18	435,433.89
Trade receivables	Shanxi Yangmei Sijiazhuang Coal Industry Co., Ltd.	A company under common control of the de facto controller	—	—	1,556,092.99	28,524.29
Trade receivables	Shanxi Yaoguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	647,000.00	7,964.57	647,000.00	7,767.38
Trade receivables	Shanxi First Construction Group Co., Ltd.	A company under control of the same parent company	7,258,380.73	244,564.92	5,343,229.06	225,794.99
Trade receivables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	10,560,673.69	242,520.80	10,252,268.44	283,821.75
Trade receivables	Shanxi Zhongtiaoshan Mechanical and Electrical Equipment Co., Ltd.	A company under common control of the de facto controller	106,420.00	2,816.76	106,420.00	1,277.60
Trade receivables	Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohu Construction Industry Co., Ltd.	An associate	55,935,271.35	2,474,559.75	55,935,271.35	1,604,741.82
Trade receivables	Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd.	A company under control of the same parent company	—	—	9,537.74	351.32
Trade receivables	Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under control of the same parent company	7,782,663.48	203,445.97	7,602,663.48	91,271.67
Trade receivables	Taihua Group Hongdong Huaxu Chemical Technology Co., Ltd.	A company under common control of the de facto controller	4,715,370.61	312,130.33	4,715,370.61	143,375.47
Trade receivables	Taiyuan Yi'anju Property Management Co., Ltd.	A company under common control of the de facto controller	161,072.63	8,523.33	161,072.63	5,933.08
Trade receivables	Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	1,755,524.62	92,895.49	1,755,524.62	64,664.42
Trade receivables	Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	91,708,518.00	1,128,931.48	117,747,518.00	1,413,585.20
Trade receivables	Tianji Coal Chemical Group Co., Ltd.	A company under common control of the de facto controller	150,000.00	1,988.08	250,000.00	3,001.31
Trade receivables	Yangmei Group Taiyuan Chemical New Materials Co., Ltd.	A company under common control of the de facto controller	1,299,623.63	33,451.15	1,232,682.67	14,798.63

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)**6. Receivables from and Payables to Related Parties (continued)****(1) Receivables from related parties (continued)**

Item	Name of related party	Related party	June 30, 2024 (Unaudited)		December 31, 2023	
			Balance	Bad debt provision	Balance	Bad debt provision
Trade receivables	Shanjiao Sales Rizhao Co., Ltd.	A company under common control of the de facto controller	1,604,363.94	42,464.91	3,577,826.39	42,952.60
Trade receivables	Yangquan Coal Industry Group Yuxian Chemical Co., Ltd.	A company under common control of the de facto controller	3,383,209.57	3,383,209.57	3,383,209.57	3,383,209.57
Trade receivables	Yuncheng Jinjian Thermal Power Co., Ltd.	A company under control of the same parent company	466,900.00	29,996.23	474,900.00	29,119.30
Trade receivables	Changzhi Huaxin Liquefied Natural Gas Co., Ltd.	A company under common control of the de facto controller	60,000.00	1,588.10	60,000.00	720.31
Trade receivables	Changzhi Inland Port International Logistics Co., Ltd.	A company under common control of the de facto controller	3,807,749.67	100,784.96	9,707,749.67	128,360.01
Trade receivables	Beijing Guangheng Real Estate Development Co., Ltd.	A company under control of the same parent company	1,926,000.00	1,926,000.00	—	—
Trade receivables	Gemeng Shanyin New Energy Co., Ltd.	A company under common control of the de facto controller	519,000.00	6,388.89	—	—
Trade receivables	Shanxi Hongchangsheng Material Supply Chain Management Co., Ltd.	A company under control of the same parent company	149,993.58	1,846.42	—	—
Trade receivables	Shanxi Hongsha Construction Engineering Third Co., Ltd.	A company under common control of the de facto controller	5,499,650.00	145,566.81	—	—
Trade receivables	Shanxi Huaxin Biomass Energy Development Co., Ltd.	A company under common control of the de facto controller	26,233.36	694.35	—	—
Trade receivables	Shanxi Jiantou City Operation Group Co., Ltd.	A company under control of the same parent company	80,807.44	994.74	—	—
Trade receivables	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	403,337.90	4,965.09	—	—
Trade receivables	Shanxi Coking Coal Real Estate Co., Ltd.	A company under common control of the de facto controller	582,812.83	7,174.42	—	—
Trade receivables	Shanxi Pingshuo Coal Gangue Power Generation Co., Ltd.	A company under common control of the de facto controller	2,077,906.94	25,579.03	—	—
Trade receivables	Shanxi Qiguang Power Generation Co., Ltd.	A company under common control of the de facto controller	209,503.38	2,578.99	—	—
Trade receivables	Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	An associate	2,326,344.62	28,637.29	—	—
Trade receivables	Shanxi Huaxin Zhonghaosheng Natural Gas Co., Ltd.	A company under common control of the de facto controller	1,405,325.07	102,396.87	—	—
Other receivables	Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under control of the same parent company	16,970,990.00	2,018,163.88	16,970,990.00	244,507.43
Other receivables	Jincheng Danhe Huasheng Real Estate Development Co., Ltd.	A company under control of the same parent company	17,467,670.00	2,077,228.30	17,467,670.00	251,663.29
Other receivables	Jinkong Jinshi Chemical Group Co., Ltd.	A company under common control of the de facto controller	1,698,910.57	1,698,910.57	1,698,910.57	224,476.84
Other receivables	Shanxi Second Construction Group Co., Ltd.	A company under control of the same parent company	7,795,973.66	475,934.15	7,795,973.66	42,319.52

Notes to Financial Statements

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	June 30, 2024 (Unaudited)		December 31, 2023	
			Balance	Bad debt provision	Balance	Bad debt provision
Other receivables	Shanxi Huashan Property Management Co., Ltd.	A company under common control of the de facto controller	112,827.66	112,827.66	112,827.66	1,125.55
Other receivables	Shanxi Construction Investment Group Co., Ltd.	Parent company	48,806,372.33	1,214,783.42	112,025,076.52	1,613,987.40
Other receivables	Shanxi Jiantou City Operation Group Co., Ltd.	A company under control of the same parent company	5,771,800.00	83,156.49	5,771,800.00	183,156.49
Other receivables	Shanxi Jiantou International Construction Group Co., Ltd.	A company under control of the same parent company	400,000.00	47,567.38	400,000.00	5,762.95
Other receivables	Shanxi Jiantou International Investment Co., Ltd.	An associate	3,099,555.61	187,441.14	3,061,333.36	44,105.78
Other receivables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under control of the same parent company	6,567,998.94	107,287.49	13,871,376.23	199,850.13
Other receivables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under control of the same parent company	202,362,665.97	3,025,712.91	202,362,665.97	2,915,515.01
Other receivables	Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	—	—	790,885.27	11,394.58
Other receivables	Shanxi Coal Sales Guodian Energy Co., Ltd.	A company under common control of the de facto controller	74,229.11	1,069.45	74,229.11	1,069.45
Other receivables	Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller	—	—	1,193,486.36	17,195.01
Other receivables	Shanxi Xiaohe Construction Industry Co., Ltd.	A company under control of the same parent company	148,530.55	9,067.60	148,530.55	2,139.94
Other receivables	Shanxi Xu'an Real Estate Development Co., Ltd.	A company under control of the same parent company	125,108,522.94	1,901,919.03	125,108,522.94	1,795,339.09
Other receivables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	9,803,920.00	914,071.48	5,872,099.09	84,601.54
Other receivables	Yuncheng Central Heating Project Construction Headquarters	A company under control of the same parent company	—	—	29,687,335.11	508,216.60
Other receivables	Hongchuang Financial Leasing Co., Ltd.	A company under common control of the de facto controller	6,066,000.00	721,359.34	—	—
Other receivables	Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller	50,000.00	720.37	—	—
Other receivables	Shanxi Gemeng Zhongmei Clean Energy R&D Centre Co., Ltd.	A company under common control of the de facto controller	344,000.00	4,956.14	—	—
Other receivables	Shanxi Third Construction Group Co., Ltd.	A company under control of the same parent company	596,480.74	36,414.38	—	—
Other receivables	Shanxi Fourth Construction Group Co., Ltd.	A company under control of the same parent company	50,000.00	720.37	—	—
Other receivables	Shanxi Xishan Coal Gasification Co., Ltd.	A company under common control of the de facto controller	10,000.00	10,000.00	—	—
Other receivables	Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller	80,000.00	80,000.00	—	—

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)**6. Receivables from and Payables to Related Parties (continued)****(1) Receivables from related parties (continued)**

Item	Name of related party	Related party	June 30, 2024 (Unaudited)		December 31, 2023	
			Balance	Bad debt provision	Balance	Bad debt provision
Other receivables	Taiyuan Xie'an Property Service Co., Ltd.	An associate	464,659.52	6,694.52	—	—
Other receivables	Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	5,000.00	305.24	—	—
Contract assets	Datong Coal Mining Group Building Materials Co., Ltd.	A company under common control of the de facto controller	4,528,333.23	59,321.17	4,528,333.23	54,363.65
Contract assets	Houma Beitong Copper Co., Ltd.	A company under common control of the de facto controller	5,626,188.01	73,703.06	13,211,303.73	158,604.65
Contract assets	Hubei Jinkong Gas Co., Ltd.	A company under common control of the de facto controller	11,656,219.42	152,696.47	4,422,724.74	53,095.80
Contract assets	Jincheng Danhe Huada Real Estate Development Co., Ltd.	A company under control of the same parent company	45,949,037.46	601,932.39	23,837,059.96	286,169.22
Contract assets	Jinkong Electric Power Heshun New Energy Co., Ltd.	A company under common control of the de facto controller	40,515,680.73	530,755.42	37,121,824.66	445,655.78
Contract assets	Jinkong Electric Power Zezhou New Energy Co., Ltd.	A company under common control of the de facto controller	361,789.49	4,739.44	361,789.49	4,343.36
Contract assets	Jinneng Holding Power Group Yuxian Clean Energy Co., Ltd.	A company under common control of the de facto controller	29,263,278.01	383,348.94	29,972,734.50	359,829.36
Contract assets	Jinneng Holding Power Group Yuanqu Clean Energy Co., Ltd.	A company under common control of the de facto controller	64,830,735.55	849,282.64	60,352,047.95	724,539.79
Contract assets	Shanxi Beitong New Material Technology Co., Ltd.	A company under common control of the de facto controller	21,857,176.54	286,329.01	26,742,956.25	321,055.15
Contract assets	Shanxi Second Construction Group Co., Ltd.	A company under control of the same parent company	2,843,536.02	37,250.32	2,903,311.02	34,854.90
Contract assets	Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	A company under common control of the de facto controller	2,435,805.87	31,909.06	157,135.29	1,886.44
Contract assets	Shanxi Guokong Cultural and Creative Investment Development Co., Ltd.	A company under common control of the de facto controller	2,420,460.49	31,708.03	2,420,460.49	29,058.17
Contract assets	Shanxi Guoxin Logistics Co., Ltd.	A company under common control of the de facto controller	6,677.42	87.47	6,677.42	80.16
Contract assets	Shanxi Aviation Industry Group Co., Ltd.	A company under common control of the de facto controller	1,192,785.44	15,625.49	839,225.40	10,075.09
Contract assets	Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	An associate	3,446,831.71	45,153.50	12,262,130.89	147,209.61
Contract assets	Shanxi Construction Investment Group Co., Ltd.	Parent company	94,461,225.46	1,237,442.05	151,050,178.42	1,813,391.06
Contract assets	Shanxi Jiantou Construction Industry Co., Ltd.	A company under control of the same parent company	85,033,979.24	1,113,945.13	114,204,258.77	1,371,047.58
Contract assets	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under control of the same parent company	282,201.48	3,696.84	282,201.48	3,387.89
Contract assets	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under control of the same parent company	654,043.12	8,567.96	407,640.37	4,893.81
Contract assets	Shanxi Construction Engineering Group Co., Ltd.	A company under control of the same parent company	7,658,928.27	100,331.96	6,778,870.91	81,381.86

Notes to Financial Statements

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	June 30, 2024 (Unaudited)		December 31, 2023	
			Balance	Bad debt provision	Balance	Bad debt provision
Contract assets	Shanxi Jiaokong Ecological Environment Co., Ltd.	A company under common control of the de facto controller	545,725.16	7,149.00	617,967.29	7,418.84
Contract assets	Shanxi Transportation Investment and Financing Group Co., Ltd.	A company under common control of the de facto controller	1,513,716.17	19,829.68	1,300,090.07	15,607.87
Contract assets	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	78,070.42	1,022.72	36,334.01	436.20
Contract assets	Shanxi Jinyang Equipment Co., Ltd.	A company under common control of the de facto controller	13,251.32	173.59	13,251.32	159.09
Contract assets	Shanxi Jindong Xuneng Natural Gas Co., Ltd.	A company under common control of the de facto controller	729.61	9.56	729.61	8.76
Contract assets	Shanxi Luqiao Seventh Engineering Co., Ltd.	A company under common control of the de facto controller	559,761.57	7,332.88	1,366,035.87	16,399.57
Contract assets	Shanxi Luqiao Real Estate Development Co., Ltd.	A company under common control of the de facto controller	8,843,519.78	115,850.11	4,719,275.43	56,655.95
Contract assets	Shanxi Luqiao Group Traffic Mechanical and Electrical Engineering Co., Ltd.	A company under common control of the de facto controller	15,019,275.75	196,752.51	15,019,275.75	180,309.75
Contract assets	Shanxi Lu'an Mining (Group) Co., Ltd.	A company under common control of the de facto controller	2,182,391.08	28,589.32	795,256.97	9,547.24
Contract assets	Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	347,140.16	4,547.54	347,140.16	4,167.49
Contract assets	Shanxi Coal Import and Export Group Zuoquan Hongyuan Coal Co., Ltd.	A company under common control of the de facto controller	937,546.90	12,281.86	937,546.90	11,255.46
Contract assets	Shanxi Coal Transportation and Sales Group Shouyang Hengyuan Coal Co., Ltd.	A company under common control of the de facto controller	344,400.00	4,511.64	344,400.00	4,134.60
Contract assets	Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under control of the same parent company	41,977,871.94	549,910.12	41,947,515.75	503,589.28
Contract assets	Shanxi Puqin Clean Energy Co., Ltd.	A company under common control of the de facto controller	2,903,026.12	38,029.64	1,775,471.36	21,314.93
Contract assets	Shanxi Qiguang Power Generation Co., Ltd.	A company under common control of the de facto controller	372,248.43	4,876.45	332,889.54	3,996.41
Contract assets	Shanxi Ruiguang Thermal Power Co., Ltd.	A company under common control of the de facto controller	1,415,607.36	18,544.46	1,406,864.22	16,889.72
Contract assets	Shanxi Investment Group Taigu Anyang Senior Care Development Co., Ltd.	A company under common control of the de facto controller	575,124.44	7,534.13	575,754.46	6,912.06
Contract assets	Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	A company under common control of the de facto controller	4,079,877.78	53,446.40	5,008,009.65	60,122.27
Contract assets	Shanxi Fourth Construction Group Co., Ltd.	A company under control of the same parent company	279,055.14	3,655.62	279,055.14	3,350.12

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	June 30, 2024 (Unaudited)		December 31, 2023	
			Balance	Bad debt provision	Balance	Bad debt provision
Contract assets	Shanxi Natural Gas Co., Ltd.	A company under common control of the de facto controller	10,206,649.76	133,707.11	1,043,041.35	12,521.94
Contract assets	Shanxi Fifth Construction Group Co., Ltd.	A company under control of the same parent company	300,171.22	3,932.24	300,171.22	3,603.62
Contract assets	Shanxi Xishan Huatong Cement Co., Ltd.	A company under common control of the de facto controller	1,461,119.42	19,140.66	1,461,119.42	17,541.06
Contract assets	Shanxi Xiaohe New City Hotel Co., Ltd.	A company under control of the same parent company	2,794,257.93	36,604.78	2,794,257.93	33,545.69
Contract assets	Shanxi Xinyuan Intelligent Construction Co., Ltd.	A company under control of the same parent company	292,779.94	3,835.42	292,779.94	3,514.89
Contract assets	Shanxi Yangmei Sijiazhuang Coal Industry Co., Ltd.	A company under common control of the de facto controller	534,010.34	6,995.54	534,010.34	6,410.91
Contract assets	Shanxi First Construction Group Co., Ltd.	A company under control of the same parent company	5,006,682.09	65,587.54	4,863,482.09	58,387.19
Contract assets	Shanxi Zhongtiaoshan Mechanical and Electrical Equipment Co., Ltd.	A company under common control of the de facto controller	167,380.00	2,192.68	167,380.00	2,009.43
Contract assets	Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	An associate	5,110,670.55	66,949.78	5,110,670.55	61,354.74
Contract assets	Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.	A company under control of the same parent company	42,931,162.24	562,398.23	40,701,206.15	488,627.05
Contract assets	Taiyuan Yi'anju Property Management Co., Ltd.	A company under common control of the de facto controller	78,954.07	1,034.30	78,954.07	947.86
Contract assets	Changzhi Inland Port International Logistics Co., Ltd.	A company under common control of the de facto controller	138,336.72	1,812.21	138,336.73	1,660.76
Contract assets	Zhangzi Jinjian Flood Control and Drainage Project Management Co., Ltd.	An associate	513,479.28	6,726.58	1,185,430.82	14,231.36
Contract assets	Datong Coal Mining Group Shuozhou Thermal Power Co., Ltd.	A company under common control of the de facto controller	1,428,216.35	18,709.63	—	—
Contract assets	Shanxi Guangyuyuan Traditional Chinese Medicine Co., Ltd.	A company under common control of the de facto controller	84,905.66	1,112.26	—	—
Contract assets	Shanxi Coking Coal Real Estate Co., Ltd.	A company under common control of the de facto controller	818,611.70	10,723.81	—	—
Contract assets	Shanxi Coal Import and Export Group Hequ Jiuxian Open-pit Coal Co., Ltd.	A company under common control of the de facto controller	95,688.35	1,253.52	—	—
Contract assets	Shanxi Coal Import and Export Group Hequ Energy Co., Ltd.	A company under common control of the de facto controller	33,064,932.74	433,150.62	—	—

Notes to Financial Statements

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(1) Receivables from related parties (continued)

Item	Name of related party	Related party	June 30, 2024 (Unaudited)		December 31, 2023	
			Balance	Bad debt provision	Balance	Bad debt provision
Contract assets	Shanxi Investment Group High-tech Internet of Things Park Co., Ltd.	A company under common control of the de facto controller	1,110,000.00	14,541.00	—	—
Contract assets	Shanxi Wanjiashai Yellow River Water Diversion Group Co., Ltd.	A company under common control of the de facto controller	117,193.34	1,535.23	—	—
Contract assets	Shanxi Xiaohe Construction Industry Co., Ltd.	A company under control of the same parent company	23,584.91	308.96	—	—
Contract assets	Shanxi Xinchenglian Real Estate Development Co., Ltd.	A company under common control of the de facto controller	38,123.30	499.42	—	—
Contract assets	Shanxi Xinghuacun Fenjiu Group Co., Ltd.	A company under common control of the de facto controller	398,316.75	5,217.95	—	—
Contract assets	Xinjiang Guotai Xinhua Chemical Co., Ltd.	A company under common control of the de facto controller	330,188.68	4,325.47	—	—
Prepayments	Shanxi Construction Financing Guarantee Co., Ltd.	A company under control of the same parent company	—	—	18,302.00	—
Prepayments	Shanxi Construction Investment Group Co., Ltd.	Parent company	334,204.16	—	229,104.10	—
Prepayments	Shanxi Jiantou Construction Industry Co., Ltd.	A company under control of the same parent company	187,210.78	—	187,210.78	—
Prepayments	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under control of the same parent company	1,305,997.58	—	1,305,997.58	—
Prepayments	Shanxi Transportation Holdings Group Co., Ltd.	A company under common control of the de facto controller	691.00	—	1,900.00	—
Prepayments	Shanxi Keyuan Construction Research and Testing Co., Ltd.	A company under control of the same parent company	0.01	—	0.01	—
Prepayments	Shanxi Nonggu Park Industrial Development Co., Ltd.	A company under control of the same parent company	—	—	448,931.50	—
Prepayments	Shanxi Expressway Group Co., Ltd.	A company under common control of the de facto controller	2,428.92	—	1,899.12	—
Prepayments	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	11,042,780.27	—	4,201,768.75	—
Prepayments	Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	—	—	107,999.95	—
Prepayments	Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under control of the same parent company	200,000.00	—	—	—
Prepayments	Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under control of the same parent company	7,000.00	—	—	—
Prepayments	Shanxi Jiantou International Investment Co., Ltd.	An associate	830,000.00	—	—	—

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)**6. Receivables from and Payables to Related Parties (continued)****(1) Receivables from related parties (continued)**

Item	Name of related party	Related party	June 30, 2024 (Unaudited)		December 31, 2023	
			Balance	Bad debt provision	Balance	Bad debt provision
Prepayments	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under control of the same parent company	331,525.88	—	—	—
Prepayments	Shanxi Coking Coal Group Tendering Co., Ltd.	A company under common control of the de facto controller	326,000.00	—	—	—
Prepayments	Shanxi Jinheng Construction Hoisting Equipment Installation Engineering Co., Ltd.	A company under control of the same parent company	773,632.87	—	—	—
Prepayments	Shanxi Jinxing Aolong Building Materials Co., Ltd.	A company under common control of the de facto controller	80.60	—	—	—
Prepayments	Shanxi Construction and Installation Technical School	A company under control of the same parent company	900.00	—	—	—

(2) Payables to related parties

Item	Name of related party	Related party	Balance at	Balance at
			June 30, 2024 (Unaudited)	December 31, 2023
Trade payables	Coal Industry Taiyuan Design and Research Institute Group Co., Ltd.	A company under control of the same parent company	16,569,712.43	10,391,353.56
Trade payables	Shanxi Anxin Construction Engineering Inspection Co., Ltd.	A company under common control of the de facto controller	1,002,943.99	1,244,943.99
Trade payables	Shanxi Eighth Construction Group Co., Ltd.	A company under control of the same parent company	0.01	0.01
Trade payables	Shanxi Hongsheng Kejian Technology Co., Ltd.	A company under common control of the de facto controller	1,990,930.45	1,990,930.45
Trade payables	Shanxi Huaxia Construction Engineering Consulting Co., Ltd.	A company under control of the same parent company	24,000.00	24,000.00
Trade payables	Shanxi Jianda Ready Mixed Concrete Co., Ltd.	A company under control of the same parent company	174,794.70	174,794.70
Trade payables	Shanxi Jiangong Construction Engineering Testing Co., Ltd.	A company under control of the same parent company	36,000.52	36,000.52

Notes to Financial Statements

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(2) Payables to related parties (continued)

Item	Name of related party	Related party	Balance at June 30, 2024 (Unaudited)	Balance at December 31, 2023
Trade payables	Shanxi Construction Materials Trading Co., Ltd.	A company under control of the same parent company	9,992,380.72	9,992,380.72
Trade payables	Shanxi Jiankan Geotechnical Engineering Co., Ltd.	A company under control of the same parent company	1,502,243.15	1,602,243.15
Trade payables	Shanxi Construction Investment Group Co., Ltd.	Parent company	20,379,318.17	16,976,873.60
Trade payables	Shanxi Jiantou Group Decoration Co., Ltd.	A company under control of the same parent company	6,784,115.22	6,784,115.22
Trade payables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under control of the same parent company	38,630,631.96	43,427,537.52
Trade payables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under control of the same parent company	63,540,016.60	104,266,768.35
Trade payables	Shanxi Jiantou Supplies Trading Co., Ltd.	A company under control of the same parent company	766,683,837.63	666,176,025.30
Trade payables	Shanxi Jiantou Cloud Data Technology Co., Ltd.	An associate	300,000.00	300,000.00
Trade payables	Shanxi Jiantou Decoration Industry Co., Ltd.	A company under control of the same parent company	4,313,061.91	3,304,302.90
Trade payables	Shanxi Jianye Material Leasing Co., Ltd.	A company under control of the same parent company	0.85	202,541.17
Trade payables	Shanxi Construction Engineering Group Co., Ltd.	A company under control of the same parent company	448,833.11	595,528.41
Trade payables	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	484,339.20	484,339.20
Trade payables	Shanxi Jingtai Trading Co., Ltd.	A company under common control of the de facto controller	1,086,000.00	1,086,000.00
Trade payables	Shanxi Static Traffic Construction and Operation Co., Ltd.	A company under control of the same parent company	2,460,396.07	2,525,066.62

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)**6. Receivables from and Payables to Related Parties (continued)****(2) Payables to related parties (continued)**

Item	Name of related party	Related party	Balance at June 30, 2024 (Unaudited)	Balance at December 31, 2023
Trade payables	Shanxi Keyuan Construction Research and Testing Co., Ltd.	A company under control of the same parent company	5,000.89	5,000.91
Trade payables	Shanxi Liulin Electric Power Co., Ltd.	A company under common control of the de facto controller	33,871,478.85	30,611,176.76
Trade payables	Shanxi Longteng Zhongtian Technology Co., Ltd.	A company under common control of the de facto controller	—	240,000.00
Trade payables	Shanxi Lvjian Housing Technology Co., Ltd.	A company under control of the same parent company	84,350.00	84,350.00
Trade payables	Shanxi Automobile Transport Group Yuncheng Automobile Transport Co., Ltd.	A company under common control of the de facto controller	33,363.70	33,363.70
Trade payables	Shanxi Third Construction Group Co., Ltd.	A company under control of the same parent company	1,972,728.69	1,972,728.69
Trade payables	Shanxi Urban and Rural Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller	716,698.12	716,698.12
Trade payables	Shanxi Engineering Machinery Co., Ltd.	A company under control of the same parent company	763,890.20	763,890.20
Trade payables	Shanxi Architectural Design and Research Institute Co., Ltd.	A company under control of the same parent company	—	249,451.89
Trade payables	Shanxi Jinta Hoisting Equipment Installation Engineering Co., Ltd.	A company under control of the same parent company	2,822,077.76	2,792,362.97
Trade payables	Shanxi Survey Design Research Institute Co., Ltd.	A company under control of the same parent company	304,130.83	2,544,130.83
Trade payables	Shanxi Gas Planning and Design Institute Co., Ltd.	A company under common control of the de facto controller	26,284.00	26,284.00

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(2) Payables to related parties (continued)

Item	Name of related party	Related party	Balance at June 30, 2024 (Unaudited)	Balance at December 31, 2023
Trade payables	Shanxi Water Conservancy and Hydropower Engineering Construction Supervision Co., Ltd.	A company under common control of the de facto controller	156,883.32	156,883.32
Trade payables	Shanxi Water Conservancy and Hydropower Survey and Design Institute Co., Ltd.	A company under common control of the de facto controller	358,929.60	358,929.60
Trade payables	Shanxi Water Engineering Construction Supervision Co., Ltd.	A company under common control of the de facto controller	64,000.00	64,000.00
Trade payables	Shanxi Water Affairs Materials Trading Co., Ltd.	A company under common control of the de facto controller	—	236,550.00
Trade payables	Shanxi Fourth Construction Group Co., Ltd.	A company under control of the same parent company	1,315,484.86	1,365,485.86
Trade payables	Shanxi Tianlu Construction Labor Service Co., Ltd.	A company under control of the same parent company	331,901.87	331,901.87
Trade payables	Shanxi Tongda Industrial Equipment Installation Co., Ltd.	A company under control of the same parent company	223,833.82	223,833.82
Trade payables	Shanxi General Aviation UAV Co., Ltd.	A company under common control of the de facto controller	—	194,617.00
Trade payables	Shanxi Wanjiashai Water Control Engineering Investment Co., Ltd.	A company under common control of the de facto controller	163,490.00	163,490.00
Trade payables	Shanxi Fifth Construction Group Co., Ltd.	A company under control of the same parent company	29,472,594.73	30,714,086.02
Trade payables	Shanxi Xiaohe Construction Industry Co., Ltd.	A company under control of the same parent company	0.51	9,146.70

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)**6. Receivables from and Payables to Related Parties (continued)****(2) Payables to related parties (continued)**

Item	Name of related party	Related party	Balance at June 30, 2024 (Unaudited)	Balance at December 31, 2023
Trade payables	Shanxi Xingxin Safety Production Technology Service Co., Ltd.	A company under common control of the de facto controller	51,500.00	51,500.00
Trade payables	Shanxi First Construction Group Co., Ltd.	A company under control of the same parent company	52,800.00	452,800.00
Trade payables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	171,068,815.26	218,794,326.13
Trade payables	Shanxi Park Construction and Development Group Co., Ltd.	A company under control of the same parent company	2,640,466.54	4,431,214.99
Trade payables	Shanxi Zhida Construction Engineering Inspection Co., Ltd.	A company under control of the same parent company	59,785.79	173,152.79
Trade payables	Shanxi Zhongyuanda Machinery Construction Co., Ltd.	A company under control of the same parent company	—	104,465.00
Trade payables	Shanghai Zhongtiaoshan Industrial Co., Ltd.	A company under common control of the de facto controller	1,052,708.18	2,874,672.66
Trade payables	Shenzhen Huakong Kaidi Investment Development Co., Ltd.	A company under control of the same parent company	26,956,448.20	23,985,714.30
Trade payables	Taiyuan Engineering Tiancheng Electronic Information Technology Co., Ltd.	A company under common control of the de facto controller	777,670.00	777,670.00
Trade payables	Taiyuan Gas Installation Engineering Co., Ltd.	A company under common control of the de facto controller	1,601,681.70	1,601,681.70
Trade payables	Taiyuan Natural Gas Co., Ltd.	A company under common control of the de facto controller	306,320.79	234,607.79

Notes to Financial Statements

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(2) Payables to related parties (continued)

Item	Name of related party	Related party	Balance at June 30, 2024 (Unaudited)	Balance at December 31, 2023
Trade payables	Taiyuan Xie'an Property Service Co., Ltd.	An associate	1,310,510.79	2,132,474.43
Trade payables	Taiyuan Heavy Industry Co., Ltd.	A company under common control of the de facto controller	81,210,518.05	157,977,518.00
Trade payables	Tengye Steel Structure Co., Ltd.	A company under control of the same parent company	213,030.10	416,402.41
Trade payables	New Vision Changzhi Lighting Electrical Co., Ltd.	A company under common control of the de facto controller	80.00	80.00
Trade payables	Shanxi Datongyu Engineering Tools Leasing Co., Ltd.	A company under control of the same parent company	129,658.01	—
Trade payables	Shanxi Guoxin Kelai Natural Gas Co., Ltd.	A company under common control of the de facto controller	122,510.80	—
Trade payables	Shanxi Jiantou International Investment Co., Ltd.	An associate	432,923.20	—
Trade payables	Shanxi Building Materials Industry Design and Research Institute Co., Ltd.	A company under control of the same parent company	30,000.00	—
Trade payables	Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an Xiaohe Construction Industry Co., Ltd.	An associate	67,185.16	—
Other payables	Huguan Coal Sales and Heat Co., Ltd.	A company under common control of the de facto controller	12,681.00	12,681.00
Other payables	Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under control of the same parent company	10,437,714.44	9,000,000.00

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)**6. Receivables from and Payables to Related Parties (continued)****(2) Payables to related parties (continued)**

Item	Name of related party	Related party	Balance at June 30, 2024 (Unaudited)	Balance at December 31, 2023
Other payables	Shanxi Second Construction Group Co., Ltd.	A company under control of the same parent company	2,615,360.00	2,615,360.00
Other payables	Shanxi Hongsha Construction Engineering Co., Ltd.	A company under common control of the de facto controller	14,662.77	14,662.77
Other payables	Shanxi Construction Investment Group Co., Ltd.	Parent company	226,840,712.31	358,033,925.09
Other payables	Shanxi Jiantou Construction Industry Co., Ltd.	A company under control of the same parent company	1,802,744.73	3,693,854.05
Other payables	Shanxi Jiantou South East Jin Construction Industry Co., Ltd.	A company under control of the same parent company	158,880.88	158,880.88
Other payables	Shanxi Jiantou Cloud Data Technology Co., Ltd.	An associate	—	80,000.00
Other payables	Shanxi Coking Co., Ltd.	A company under common control of the de facto controller	27,933.37	330.47
Other payables	Shanxi Jindafeng Natural Gas Development Co., Ltd.	A company under common control of the de facto controller	3,700.00	3,700.00
Other payables	Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)	An associate	120,000,000.00	120,000,000.00
Other payables	Shanxi Coalbed Methane (Natural Gas) Collection and Transportation Co., Ltd.	A company under common control of the de facto controller	1,169,552.86	1,169,552.86
Other payables	Shanxi Yangmei Fengxi Quanjia Energy Co., Ltd.	A company under common control of the de facto controller	9,258.40	9,258.40
Other payables	Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.	An associate	5,940,137.33	7,181,580.16

Notes to Financial Statements

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

6. Receivables from and Payables to Related Parties (continued)

(2) Payables to related parties (continued)

Item	Name of related party	Related party	Balance at June 30, 2024 (Unaudited)	Balance at December 31, 2023
Other payables	SPF (Suzhou) Biotechnology Co., Ltd.	A company under control of the same parent company	—	16,500.00
Other payables	Taiyuan Xie'an Property Service Co., Ltd.	An associate	13,189,522.10	11,776,032.04
Other payables	Datong Coal Mining Group Shuozhou Thermal Power Co., Ltd.	A company under common control of the de facto controller	83,397.00	—
Other payables	Shanxi Ruiguang Thermal Power Co., Ltd.	A company under common control of the de facto controller	27,428.11	—
Other payables	Shanxi Fourth Construction Group Co., Ltd.	A company under control of the same parent company	300,000.00	—
Other payables	Shanxi Xinghuacun Fenjiu Distillery Co., Ltd.	A company under common control of the de facto controller	16,307.69	—
Other payables	Shanxi First Construction Group Co., Ltd.	A company under control of the same parent company	480,000.00	—
Short-term borrowings	Jinjian International Commercial Factoring (Zhuhai Hengqin) Co., Ltd.	A company under control of the same parent company	421,695,259.19	368,573,409.85
Short-term borrowings	Tongmei Zhangze (Shanghai) Financial Leasing Co., Ltd.	A company under common control of the de facto controller	—	32,942,833.33
Long-term borrowings	Hongchuang Financial Leasing Co., Ltd.	A company under common control of the de facto controller	71,268,273.45	83,272,034.57
Long-term borrowings	Jinjian International Finance Lease (Tianjin) Co., Ltd.	A company under control of the same parent company	22,000,000.00	85,162,096.88
Long-term borrowings	Tongmei Zhangze (Shanghai) Financial Leasing Co., Ltd.	A company under common control of the de facto controller	75,862,274.26	90,000,000.00
Non-current liabilities due within one year	Shanxi Xiaohe Construction Industry Co., Ltd.	A company under control of the same parent company	—	300,000,000.00

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (continued)

7. Commitments of Related Parties

Commitments of Shanxi CIG

For the year ended June 30, 2024, certain employees were unwilling to contribute to the housing provident fund, and the Company did not pay social insurance and housing provident fund for those employees. Shanxi CIG promised to pay any unpaid amounts and any resulting fines or penalties according to the amount approved by the competent authorities, and to fully compensate the Company for any economic losses caused by such matters.

The directors believe that, since (1) the Company had paid the due social insurance amounts for those employees; (2) the Company had obtained compliance certificates from local social insurance agencies, confirming that it had not been subjected to any administrative penalties for non-compliance with social insurance regulations; and (3) the Company had received advice from legal counsel, the likelihood of receiving any penalty notices or repayment demands from the competent authorities to be remote.

The directors believe that, given the relatively high turnover rate of the aforementioned employees and the lack of fixed contract hours, the disclosure of its potential impact is not practically feasible.

XI. COMMITMENTS AND CONTINGENCIES

1. Significant Commitments

Capital commitments

Capital commitments contracted for but not yet recognised in the financial statements	June 30, 2024 (Unaudited)	December 31, 2023
Commitments in relation to acquisition and construction of long-term assets	121,153,016.96	173,240,000.00
Commitments in relation to external investment	1,377,218,150.00	123,835,000.00

As at June 30, 2024, the Company has no other commitments that should be disclosed.

Notes to Financial Statements

XI. COMMITMENTS AND CONTINGENCIES (continued)

2. Contingencies

As at June 30, 2024, the Company provided guarantee for the following corporate loans:

Guarantee	Guarantee amount (Unaudited)	Guarantee commencement date	Guarantee due date	Whether the guarantee has been fulfilled
I. Subsidiaries:				
Xinjiang Shan'an Waterwork Management Co., Ltd.	373,190,000.00	June 27, 2019	June 23, 2037	No
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	354,428,100.00	June 20, 2019	June 17, 2039	No
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	273,700,000.00	May 31, 2019	February 15, 2039	No
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd.	245,500,000.00	October 18, 2019	January 20, 2039	No
Liulin Shan'an Bluesky Heating Co., Ltd.	239,000,000.00	September 24, 2019	September 23, 2047	No
Qinshui Shan'an Construction Development Co., Ltd.	210,674,480.84	January 19, 2023	January 19, 2040	No
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	140,800,000.00	October 29, 2018	October 29, 2035	No
Shanxi Shan'an Lide Environmental Technology Co., Ltd.	130,942,251.62	November 8, 2023	November 8, 2029	No
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	108,000,000.00	May 31, 2021	May 30, 2032	No
Lingchuan Shan'an Construction Development Co., Ltd.	97,000,000.00	October 23, 2018	October 30, 2033	No
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	92,100,000.00	August 15, 2019	July 8, 2033	No
Linfen Shan'an Waterwork Development Co., Ltd.	59,049,500.00	October 28, 2021	October 27, 2036	No
Shanxi Ningyang Energy Co., Ltd.	7,000,000.00	March 30, 2020	March 19, 2025	No
II. Other companies				
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	6,184,225.70	May 11, 2023	May 9, 2033	No
Shanxi Shuitou Biyuan Water Treatment Co., Ltd.	1,783,548.00	February 1, 2019	January 31, 2035	No
Total	2,339,352,106.16			

As at June 30, 2024, the Company has no other contingencies that should be disclosed.

XII. EVENTS AFTER THE BALANCE SHEET DATE

As at August 28, 2024 (the date of approval of the report by the Board), there were no post-balance sheet events that should be disclosed.

XIII. OTHER SIGNIFICANT MATTERS

1. Segment Reporting

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

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

Segment profits or losses, assets and liabilities

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

Notes to Financial Statements

XIII. OTHER SIGNIFICANT MATTERS (continued)

1. Segment Reporting (continued)

Segment profits or losses, assets and liabilities (continued)

Continued:

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

Reliance on major customers

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

XIII. OTHER SIGNIFICANT MATTERS (continued)**2. Leases****(1) As a lessee**

The Company has simplified the treatment of short-term leases and leases of low-value assets by not recognizing right-of-use assets and lease liabilities. The charges to expense for short-term leases, low-value assets and variable lease payments not included in the measurement of lease liabilities during the current period are as follows:

Item	Amount incurred for the current period (Unaudited)
Short-term leases	6,270,015.00
Low-value leases	—
Variable lease payments not included in the measurement of lease liabilities	—
Total	6,270,015.00

(2) As a lessor

Where an operating lease is formed:

Item	Amount incurred for the current period (Unaudited)
Lease income	7,796,764.64
Income relating to variable lease payments not included in lease receipts	—

The amount of undiscounted lease receipts to be received in each of the five consecutive fiscal years after the balance sheet date and the amount of undiscounted lease receipts to be received in the remaining years:

Year	Closing balance (Unaudited)
Within 1 year after the balance sheet date	5,199,790.53
1 to 2 years after the balance sheet date	2,560,232.51
2 to 3 years after the balance sheet date	825,871.59
3 to 4 years after the balance sheet date	—
4 to 5 years after the balance sheet date	—
Over 5 years after the balance sheet date	—
Total	8,585,894.63

XIII. OTHER SIGNIFICANT MATTERS (continued)**3. Others****(1) Remuneration of directors, supervisors and employees**

The remuneration of the directors and members of the supervisory committee as disclosed pursuant to the Listing Rules, Section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows.

① Remuneration of directors and supervisors

Directors and supervisors	January to June 2024 (Unaudited)	January to June 2023
Fees	—	—
Salary, allowances and other benefits	943,479.40	691,823.04
Pension scheme contributions	233,229.22	200,917.80
Performance related bonus	581,670.00	724,370.00
Total	1,758,378.62	1,617,110.84

Year ended June 30, 2024

Directors/Supervisors	Fees	Salary, allowances and other benefits	Pension scheme contributions	Performance related bonus	Total
WANG Limin	—	146,400.00	44,946.78	163,800.00	355,146.78
REN Rui	—	164,400.00	44,946.78	174,860.00	384,206.78
ZHANG Yan	—	157,600.00	44,946.78	103,710.00	306,256.78
XU Guanshi	—	—	—	—	—
ZHANG Hongjie	—	—	—	—	—
MU Jianwei	—	—	—	—	—
FENG Cheng	—	—	—	—	—
WANG Jingming	—	60,000.00	—	—	60,000.00
WU Qiusheng	—	60,000.00	—	—	60,000.00
SHIN Chuck Yin	—	60,000.00	—	—	60,000.00
GUO He	—	60,000.00	—	—	60,000.00
Sub-total of directors	—	708,400.00	134,840.34	442,370.00	1,285,610.34
SHI Meng	—	108,453.00	44,946.77	65,150.00	218,549.77
ZHANG Caixia	—	100,518.00	44,946.78	74,150.00	219,614.78
CAO Haiyang	—	—	—	—	—
YAN Lei	—	26,108.40	8,495.33	—	34,603.73
Sub-total of supervisors	—	235,079.40	98,388.88	139,300.00	472,768.28
Total	—	943,479.40	233,229.22	581,670.00	1,758,378.62

XIII. OTHER SIGNIFICANT MATTERS (continued)**3. Others (continued)****(1) Remuneration of directors, supervisors and employees (continued)****① Remuneration of directors and supervisors (continued)**

Year ended June 30, 2024 (continued)

Explanations:

- A. The Company does not have a director fee system.
- B. As resolved at the 2023 annual general meeting held on May 22, 2024, YAN Lei was appointed as a supervisor for a term from May 22, 2024 to May 21, 2027.
- C. CAO Haiyang ceased to be a supervisor as resolved at the 2023 annual general meeting held on May 22, 2024.
- D. During the years ended June 30, 2024 and December 31, 2023, none of the directors of the Company has waived or agreed to waive any emoluments.
- E. During the years ended June 30, 2024 and December 31, 2023, no emolument was paid by the Group to any of the directors as an inducement to join or upon joining the Company or as compensation for loss of office.
- F. During the years ended June 30, 2024 and December 31, 2023, Mr. ZHANG Hongjie, Mr. XU Guanshi, Mr. FENG Cheng and Mr. MU Jianwei were appointed by Shanxi CIG, where they shall perform their duties. The remuneration of such directors was paid by Shanxi CIG. In March 2022, Mr. CAO Haiyang was also appointed by Shanxi CIG, where he shall perform his duties. His remuneration was paid by Shanxi CIG since March 2022.

XIII. OTHER SIGNIFICANT MATTERS (continued)

3. Others (continued)

(1) Remuneration of directors, supervisors and employees (continued)

① Remuneration of directors and supervisors (continued)

Year ended June 30, 2023

Directors/Supervisors	Fees	Salary, allowances and other benefits	Pension scheme contributions	Performance related bonus	Total
WANG Limin	—	178,800.00	41,568.12	203,900.00	424,268.12
REN Rui	—	172,800.00	41,568.12	207,110.00	421,478.12
ZHANG Yan	—	155,200.00	41,568.12	177,260.00	374,028.12
XU Guanshi	—	—	—	—	—
ZHANG Hongjie	—	—	—	—	—
MU Jianwei	—	—	—	—	—
FENG Cheng	—	—	—	—	—
WANG Jingming	—	—	—	—	—
WU Qiusheng	—	—	—	—	—
SHIN Chuck Yin	—	—	—	—	—
GUO He	—	—	—	—	—
Sub-total of directors	—	506,800.00	124,704.36	588,270.00	1,219,774.36
SHI Meng	—	98,312.20	41,568.12	79,100.00	218,980.32
ZHANG Caixia	—	86,710.84	34,645.32	57,000.00	178,356.16
CAO Haiyang	—	—	—	—	—
Sub-total of supervisors	—	185,023.04	76,213.44	136,100.00	397,336.48
Total	—	691,823.04	200,917.80	724,370.00	1,617,110.84

XIII. OTHER SIGNIFICANT MATTERS (continued)**3. Others (continued)****(1) Remuneration of directors, supervisors and employees (continued)****② Five highest paid employees**

The five highest paid individuals of the Company during the year ended June 30, 2024 included 2 directors, whose emoluments are reflected in the section headed "Remuneration of directors and supervisors". The emoluments paid to the remaining 3 individuals from January to June 2024 are as follows:

Item	January to June 2024 (Unaudited)
Salary, allowances and other benefits	430,800.00
Performance related bonuses	484,469.00
Pension scheme contributions	134,840.34
Total	1,050,109.34

Continued:

The five highest paid individuals of the Company during the year ended June 30, 2023 included 2 directors, whose emoluments are reflected in the section headed "Remuneration of directors and supervisors". The emoluments paid to the remaining 3 individuals from January to June 2023 are as follows:

Item	January to June 2023
Salary, allowances and other benefits	500,227.50
Performance related bonuses	751,465.29
Pension scheme contributions	124,704.36
Total	1,376,397.15

The number of highest paid employees who are not members of the Board and members of the supervisory committee whose remuneration is within the following range:

Item	January to June 2024 (Unaudited)	January to June 2023
0—RMB1,000,000	3	3
RMB1,000,001—RMB1,500,000	—	—
RMB1,500,001—RMB2,000,000	—	—

Notes to Financial Statements

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Trade Receivables

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

(1) Disclosure by age

Age	June 30, 2024 (Unaudited)	December 31, 2023
Within 1 year	2,545,659,525.21	3,669,746,198.57
1-2 years	1,835,357,412.84	1,516,067,186.33
2-3 years	1,071,933,847.26	480,203,330.76
3-4 years	211,458,634.91	190,496,399.14
4-5 years	151,399,225.08	148,107,682.49
Over 5 years	199,166,850.34	160,889,194.47
Sub-total	6,014,975,495.64	6,165,509,991.76
Less: Bad debt provision	380,810,299.69	368,290,097.58
Total	5,634,165,195.95	5,797,219,894.18

(2) Disclosure by bad debt provision method

Type	June 30, 2024 (Unaudited)				
	Balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	105,270,102.37	1.75	105,270,102.37	100.00	—
Bad debt provision on a group basis	5,909,705,393.27	98.25	275,540,197.32	4.66	5,634,165,195.95
Including: Age group	5,751,920,277.44	97.33	275,540,197.32	4.79	5,476,380,080.12
Group of receivables from subsidiaries	157,785,115.83	2.67	—	—	157,785,115.83
Total	6,014,975,495.64	—	380,810,299.69	6.33	5,634,165,195.95

Continued:

Type	December 31, 2023				
	Balance		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	106,078,264.08	1.72	106,078,264.08	100.00	—
Bad debt provision on a group basis	6,059,431,727.68	98.28	262,211,833.50	4.47	5,797,219,894.18
Including: Age group	5,868,953,335.53	96.86	262,211,833.50	4.47	5,606,741,502.03
Group of receivables from subsidiaries	190,478,392.15	3.14	—	—	190,478,392.15
Total	6,165,509,991.76	—	368,290,097.58	5.97	5,797,219,894.18

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

1. Trade Receivables (continued)

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

Bad debt provision on an individual basis:

Name	June 30, 2024 (Unaudited)			
	Balance	Bad debt provision	Expected credit loss rate (%)	Reason for provision
Company 1	40,901,742.69	40,901,742.69	100.00	The company made credit loss provisions based on the recoverability of the amount
Company 2	20,748,213.95	20,748,213.95	100.00	The company made credit loss provisions based on the recoverability of the amount
Company 3	13,080,818.00	13,080,818.00	100.00	The company made credit loss provisions based on the recoverability of the amount
Company 4	12,471,658.08	12,471,658.08	100.00	The company made credit loss provisions based on the recoverability of the amount
Company 5	11,411,684.85	11,411,684.85	100.00	The company made credit loss provisions based on the recoverability of the amount
Others	6,655,984.80	6,655,984.80	100.00	The company made credit loss provisions based on the recoverability of the amount
Total	105,270,102.37	105,270,102.37		

Name	December 31, 2023			
	Balance	Bad debt provision	Expected credit loss rate (%)	Reason for provision
Company 1	40,901,742.69	40,901,742.69	100.00	The company made credit loss provisions based on the recoverability of the amount
Company 2	20,748,213.95	20,748,213.95	100.00	The company made credit loss provisions based on the recoverability of the amount
Company 3	13,080,818.00	13,080,818.00	100.00	The company made credit loss provisions based on the recoverability of the amount
Company 4	12,471,658.08	12,471,658.08	100.00	The company made credit loss provisions based on the recoverability of the amount
Company 5	11,411,684.85	11,411,684.85	100.00	The company made credit loss provisions based on the recoverability of the amount
Others	7,464,146.51	7,464,146.51	100.00	The company made credit loss provisions based on the recoverability of the amount
Total	106,078,264.08	106,078,264.08		

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

1. Trade Receivables (continued)

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

Bad debt provision on a group basis:

Provision by age group

	June 30, 2024 (Unaudited)			December 31, 2023		
	Balance	Bad debt provision	Expected credit loss rate (%)	Balance	Bad debt provision	Expected credit loss rate (%)
Within 1 year	2,387,684,909.38	29,392,391.39	1.23	3,479,267,806.42	41,754,241.72	1.20
1-2 years	1,835,322,982.84	48,578,022.26	2.65	1,514,742,756.33	57,119,693.36	3.68
2-3 years	1,071,933,847.26	56,722,543.09	5.29	480,078,763.99	36,877,143.48	7.66
3-4 years	211,334,068.14	20,311,873.76	9.61	190,494,871.14	25,050,277.81	13.15
4-5 years	151,040,649.28	25,931,546.28	17.17	138,005,606.49	46,599,546.74	26.45
Over 5 years	94,603,820.54	94,603,820.54	100.00	66,363,531.16	160,889,194.47	100.00
Total	5,751,920,277.44	275,540,197.32	4.79	5,868,953,335.53	262,211,833.50	4.47

Bad debt provisions accrued, recovered or reversed in the current period

Item	Bad debt provision amount
Opening balance	368,290,097.58
Accrual during the period	12,520,202.11
Recovery or reversal during the period	—
Write-off during the period	—
Carry-forward during the period	—
Others	—
Closing balance	380,810,299.69

(3) Trade receivables actually written off during the period

Nil.

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

1. Trade Receivables (continued)

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

Name of entity	Balance of trade receivables as at June 30, 2024 (Unaudited)	As a percentage of the total balance of trade receivables at the end of the period	Balance of bad debt provision as at June 30, 2024 (Unaudited)
		% (Unaudited)	
Company 6	527,177,207.46	8.76	13,061,880.54
Company 7	384,920,616.62	6.40	8,602,447.14
Company 8	237,217,918.52	3.94	5,105,010.86
Company 9	224,178,198.45	3.73	4,555,450.19
Company 10	106,925,403.72	1.78	4,433,566.94
Total	1,480,419,344.77	24.61	35,758,355.67

2. Other Receivables

Item	June 30, 2024 (Unaudited)	December 31, 2023
Interest receivables	—	—
Dividend receivables	2,242,572.99	1,011,775.60
Other receivables	1,825,419,244.90	1,801,953,789.31
Total	1,827,661,817.89	1,802,965,564.91

(1) Dividend receivables

Item	June 30, 2024 (Unaudited)	December 31, 2023
Shanxi Jiantou Cloud Data Technology Co., Ltd.	—	909,626.46
Shanxi Jiantou Decoration Industry Co., Ltd.	1,450,332.81	102,149.14
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.	792,240.18	—
Sub-total	2,242,572.99	1,011,775.60
Less: Bad debt provision	—	—
Total	2,242,572.99	1,011,775.60

The Company does not have any material dividend receivables with an aging of more than 1 year in the current period.

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other Receivables (continued)

(2) Other receivables

① Disclosure by age

Age	June 30, 2024 (Unaudited)	December 31, 2023
Within 1 year	1,630,365,528.37	1,375,568,975.94
1-2 years	85,868,605.16	367,910,719.36
2-3 years	97,484,994.61	20,514,465.85
3-4 years	14,219,241.70	9,627,603.55
4-5 years	2,609,859.59	9,368,844.76
Over 5 years	32,484,641.96	38,972,286.85
Sub-total	1,863,032,871.39	1,821,962,896.31
Less: Bad debt provision	37,613,626.49	20,009,107.00
Total	1,825,419,244.90	1,801,953,789.31

② Disclosure by nature of payment

Item	June 30, 2024 (Unaudited)			December 31, 2023		
	Balance	Bad debt provision	Carrying amount	Balance	Bad debt provision	Carrying amount
Reserve funds	9,824,514.93		9,824,514.93	9,153,820.73		9,153,820.73
Deposits	10,623,823.33		10,623,823.33	12,203,514.13		12,203,514.13
Margins	82,433,981.55		82,433,981.55	82,125,050.68		82,125,050.68
Amount due from subsidiaries	1,129,728,564.77		1,129,728,564.77	1,050,473,465.59		1,050,473,465.59
Amount due from associates	13,366,135.13	1,107,969.31	12,258,165.82	8,931,432.45	258,752.61	8,672,679.84
Amount due from related parties	440,482,972.47	13,627,798.93	426,855,173.54	533,421,679.21	7,887,673.99	525,534,005.22
Payment and collection clearance accounts	12,089,372.24	1,049,736.35	11,039,635.89	11,055,663.30	645,416.85	10,410,246.45
Other debts	164,483,506.97	21,828,121.89	142,655,385.08	114,598,270.22	11,217,263.55	103,381,006.67
Total	1,863,032,871.39	37,613,626.49	1,825,419,244.90	1,821,962,896.31	20,009,107.00	1,801,953,789.31

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision

Bad debt provisions in Stage I at the end of the period:

Type	12-month expected			Carrying amount	Reason
	Balance	credit loss rate (%)	Bad debt provision		
Bad debt provision on an individual basis	—	—	—	—	—
Bad debt provision on a group basis	1,630,365,528.37	0.41	6,760,758.86	1,623,604,769.51	—
— Group of reserve funds, deposits and margins receivable	32,319,986.93	—	—	32,319,986.93	
— Group of receivables from related parties within the scope of consolidation	1,129,728,564.77	—	—	1,129,728,564.77	
— Age group	468,316,976.67	1.44	6,760,758.86	461,556,217.81	
Total	1,630,365,528.37	0.41	6,760,758.86	1,623,604,769.51	

Bad debt provisions in Stage II at the end of the period:

Type	Lifetime expected			Carrying amount	Reason
	Balance	credit loss rate (%)	Bad debt provision		
Bad debt provision on an individual basis	—	—	—	—	—
Bad debt provision on a group basis	288,714,228.07	5.66	16,337,419.81	272,376,808.27	—
— Group of reserve funds, deposits and margins receivable	70,562,332.88	—	—	70,562,332.88	
— Group of receivables from related parties within the scope of consolidation	—	—	—	—	—
— Age group	218,151,895.20	7.49	16,337,419.81	201,814,475.39	
Total	288,714,228.07	5.66	16,337,419.81	272,376,808.27	

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision (continued)

Bad debt provisions in Stage III at the end of the period:

Type	Balance	Lifetime expected		Carrying amount	Reason
		credit loss rate (%)	Bad debt provision		
Bad debt provision on an individual basis					
Entity 1	3,477,700.00	100.00	3,477,700.00		— Provision for credit losses is made based on the recoverability of the amount
Entity 2	2,994,579.86	100.00	2,994,579.86		— Provision for credit losses is made based on the recoverability of the amount
Entity 3	1,500,000.00	100.00	1,500,000.00		— Provision for credit losses is made based on the recoverability of the amount
Entity 4	1,409,831.00	100.00	1,409,831.00		— Provision for credit losses is made based on the recoverability of the amount
Entity 5	1,200,000.00	100.00	1,200,000.00		— Provision for credit losses is made based on the recoverability of the amount
Entity 6	1,070,000.00	100.00	1,070,000.00		— Provision for credit losses is made based on the recoverability of the amount
Entity 7	1,000,000.00	100.00	1,000,000.00		— Provision for credit losses is made based on the recoverability of the amount
Others	1,863,336.96	100.00	1,863,336.96		— Provision for credit losses is made based on the recoverability of the amount
Total	14,515,447.82	100.00	14,515,447.82		—

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other Receivables (continued)

(2) Other receivables (continued)

③ Bad debt provision (continued)

Bad debt provisions accrued, recovered or reversed in the current period

Bad debt provision	Stage I 12-month expected credit losses	Stage II Lifetime expected credit losses (not credit- impaired)	Stage III Lifetime expected credit losses (credit- impaired)	Total
Opening balance	889,660.25	6,103,998.93	13,015,447.82	20,009,107.00
The opening balance of the current period	889,660.25	6,103,998.93	13,015,447.82	20,009,107.00
— Transfer to Stage II	—	—	—	—
— Transfer to Stage III	—	-21,611.06	21,611.06	—
— Reverse to Stage II	—	—	—	—
— Reverse to Stage I	—	—	—	—
Accrual during the period	5,871,098.61	10,255,031.94	1,478,388.94	17,604,519.49
Reversal during the period	—	—	—	—
Carry-forward during the period	—	—	—	—
Write-off during the period	—	—	—	—
Other changes	—	—	—	—
Closing balance	6,760,758.86	16,337,419.81	14,515,447.82	37,613,626.49

④ Other receivables actually written off in the current period
Nil.

Notes to Financial Statements

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

2. Other Receivables (continued)

(2) Other receivables (continued)

⑤ Top five debtors of other receivables in terms of closing balance

Name of entity	Nature of amount	Closing balance of other receivables	Age	As a percentage of the total balance of other receivables at the end of the period (%)	Closing balance of bad debt provision
Entity 8	Amount due from related parties	435,611,220.26	Within 1 year, 1-2 years, 2-3 years	23.38	11,192,091.08
Entity 9	Current accounts of subsidiaries	380,046,427.12	Within 1 year	20.40	—
Entity 10	Current accounts of subsidiaries	101,143,827.07	Within 1 year	5.43	—
Entity 11	Current accounts of subsidiaries	100,000,000.00	Within 1 year	5.37	—
Entity 12	Current accounts of subsidiaries	94,877,256.12	Within 1 year	5.09	—
Total		1,111,678,730.57		59.67	11,192,091.08

3. Contract Assets

Item	June 30, 2024 (Unaudited)			December 31, 2023		
	Balance	Impairment provision	Carrying amount	Balance	Impairment provision	Carrying amount
Contract assets arising from construction contracts	6,774,369,983.93	83,206,251.96	6,691,163,731.97	5,396,283,244.05	64,778,206.42	5,331,505,037.63
— Contract assets on service concession projects	68,514,662.77	843,415.22	67,671,247.55	32,026,929.69	384,490.43	31,642,439.26
— Contract assets on EPC projects	6,705,855,321.16	82,362,836.74	6,623,492,484.42	5,364,256,314.36	64,393,715.99	5,299,862,598.37
Retention receivable	699,202,984.92	8,607,185.86	690,595,799.06	622,650,346.64	7,475,056.18	615,175,290.46
Receivables under service concession arrangements	54,446,001.83	670,230.06	53,775,771.77	50,584,465.54	607,277.78	49,977,187.76
Sub-total	7,528,018,970.68	92,483,667.88	7,435,535,302.80	6,069,518,056.23	72,860,540.38	5,996,657,515.85
Less: Contract assets shown in other non-current assets	699,928,891.23	8,616,121.77	691,312,769.46	622,749,523.89	7,476,246.82	615,273,277.07
Total	6,828,090,079.45	83,867,546.11	6,744,222,533.34	5,446,768,532.34	65,384,293.56	5,381,384,238.78

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

3. Contract Assets (continued)

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

Item	Change in amount	Reason for change
Heilongjiang Tonghe 200MW wind storage integration project	136,465,775.21	Increase in completed and unsettled projects in the period
Yuanping 160MW photovoltaic industry integration development project	120,496,810.22	Increase in completed and unsettled projects in the period
170MW photovoltaic power generation project of Guangdong Electric Power (廣東粵電) in Zezhou County	116,104,618.58	Increase in completed and unsettled projects in the period
100MW wind power generation EPC general contracting project in Daorengou of Loufan County	110,823,651.13	Increase in completed and unsettled projects in the period
New-built project with annual capacity of 1 million pieces of flexible touch modules and 1.2 million square meters of nano-silver touch conductive films	87,855,853.75	Increase in completed and unsettled projects in the period
50MWP Internet + fishery and PV integrated photovoltaic power generation EPC general contracting project in Xinhua Town	87,040,511.12	Increase in completed and unsettled projects in the period
80MW photovoltaic project in Algeria	82,491,213.94	Increase in completed and unsettled projects in the period
Sludge power generation project of Wuji County Guohui New Energy Co., Ltd.	77,930,395.15	Increase in completed and unsettled projects in the period
100,000kW wind power general contracting (EPC) project of Jingyuan Yuedian (靖遠粵電) — construction and installation engineering	77,573,527.88	Increase in completed and unsettled projects in the period
Lucheng Tianchen Guangyun 150MW wind power generation project	69,440,763.47	Increase in completed and unsettled projects in the period
Total	966,223,120.45	

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

3. Contract Assets (continued)

(2) Impairment provision of contract assets

Type	June 30, 2024 (Unaudited)				Carrying amount
	Balance		Impairment provision		
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis					
Bad debt provision on a group basis	7,528,018,970.68	100.00	92,483,667.88	1.23	7,435,535,302.80
— Group of contract assets on service concession projects	68,514,662.77	0.91	843,415.22	1.23	67,671,247.55
— Group of contract assets on EPC projects	6,705,855,321.16	89.08	82,362,836.74	1.23	6,623,492,484.42
— Group of retention receivable	699,202,984.92	9.29	8,607,185.86	1.23	690,595,799.06
— Receivables under service concession arrangements	54,446,001.83	0.72	670,230.06	1.23	53,775,771.77
Total	7,528,018,970.68	100.00	92,483,667.88	1.23	7,435,535,302.80

Continued:

Type	December 31, 2023				Carrying amount
	Balance		Impairment provision		
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis					
Bad debt provision on a group basis	6,069,518,056.23	100.00	72,860,540.38	1.20	5,996,657,515.85
— Group of contract assets on service concession projects	32,026,929.69	0.53	384,490.43	1.20	31,642,439.26
— Group of contract assets on EPC projects	5,364,256,314.36	88.38	64,393,715.99	1.20	5,299,862,598.37
— Group of retention receivable	622,650,346.64	10.26	7,475,056.18	1.20	615,175,290.46
— Receivables under service concession arrangements	50,584,465.54	0.83	607,277.78	1.20	49,977,187.76
Total	6,069,518,056.23	100.00	72,860,540.38	1.20%	5,996,657,515.85

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

3. Contract Assets (continued)

(3) Impairment provision of contract assets accrued, recovered or reversed in during the period

Item	Opening balance	Accrual during the period	Reversal during the period	Carry-forward/write-off during the period	Closing balance
Group of contract assets on service concession projects under construction contracts	384,490.43	458,924.79	—	—	843,415.22
Group of contract assets on EPC projects under construction contracts	64,393,715.99	17,969,120.75	—	—	82,362,836.74
Group of retention receivable from construction contracts	7,475,056.18	1,132,129.68	—	—	8,607,185.86
Receivables under service concession arrangements	607,277.78	62,952.28	—	—	670,230.06
Total	72,860,540.38	19,623,127.50	—	—	92,483,667.88

4. Long-term Equity Investments

Item	June 30, 2024 (Unaudited)			December 31, 2023		
	Balance	Impairment provision	Carrying amount	Balance	Impairment provision	Carrying amount
Investment in subsidiaries	1,231,974,349.52	—	1,231,974,349.52	1,217,374,349.52	—	1,217,374,349.52
Investment in joint ventures	—	—	—	—	—	—
Investment in associates	192,259,019.85	—	192,259,019.85	195,103,976.85	—	195,103,976.85
Total	1,424,233,369.37	—	1,424,233,369.37	1,412,478,326.37	—	1,412,478,326.37

(1) Investment in subsidiaries

Investees	December 31, 2023	Increase in the period	Decrease in the period	June 30, 2024 (Unaudited)	Impairment provision in the period	Closing balance of impairment provision
Shanxi Shan'an Maode Distributed Energy Technology Co., Ltd.	224,000,000.00	—	—	224,000,000.00	—	—
Shanxi Shan'an Maode Electricity Supply Co., Ltd.	20,000,000.00	—	—	20,000,000.00	—	—
Shanxi Shan'an Lide Environmental Technology Co., Ltd.	45,000,000.00	—	—	45,000,000.00	—	—
Shanxi Shan'an Biquan Haimian City Technology Co., Ltd.	69,046,900.00	—	—	69,046,900.00	—	—
Shanxi Ningyang Energy Co., Ltd.	30,824,000.00	—	—	30,824,000.00	—	—
Lingchuan Shan'an Construction Development Co., Ltd.	49,240,800.00	—	—	49,240,800.00	—	—

Notes to Financial Statements

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

4. Long-term Equity Investments (continued)

(1) Investment in subsidiaries (continued)

Investees	December 31, 2023	Increase in the period	Decrease in the period	June 30, 2024 (Unaudited)	Impairment provision in the period	Closing balance of impairment provision
Gaoping City Shan'an Five Roads One River Construction Development Co., Ltd.	42,486,000.00	—	—	42,486,000.00	—	—
Shanghai Shan'an Construction Engineering Co., Ltd.	3,000,000.00	—	—	3,000,000.00	—	—
Shanxi Zhuo'an Materials Trading Co., Ltd.	3,100,000.00	—	—	3,100,000.00	—	—
Huguan Shan'an Two Roads Three Streets Construction Development Co., Ltd.	54,834,800.00	—	—	54,834,800.00	—	—
Guangdong Shan'an Construction Engineering Co., Ltd.	6,000,000.00	—	—	6,000,000.00	—	—
Changzhi Shan'an Construction Development Co., Ltd.	36,000,000.00	—	—	36,000,000.00	—	—
Xinjiang Shan'an Waterwork Management Co., Ltd.	68,142,600.00	9,500,000.00	—	77,642,600.00	—	—
Qinshui Shan'an Culture and Sport Construction Development Co., Ltd.	64,090,100.00	—	—	64,090,100.00	—	—
Xiyang Shan'an Comprehensive Pipeline Construction Development Co., Ltd.	107,437,700.00	—	—	107,437,700.00	—	—
Jiexiu Shan'an Waterwork Construction Development Co., Ltd.	74,526,200.00	—	—	74,526,200.00	—	—
Liulin Shan'an Bluesky Heating Co., Ltd.	7,250,000.00	—	—	7,250,000.00	—	—
Xiangyuan Shan'an Road and Bridge Construction Development Co., Ltd.	23,953,840.00	—	—	23,953,840.00	—	—
Linfen Shan'an Waterwork Development Co., Ltd.	17,824,100.00	—	—	17,824,100.00	—	—
Australia Shan An Construction Engineering Pty Limited	2,784,000.00	—	—	2,784,000.00	—	—
Son Tay Viet Nam Construction Co., Ltd.	968,505.00	—	—	968,505.00	—	—
Yangquan Shan'an Construction Development Co., Ltd.	26,000,000.00	—	—	26,000,000.00	—	—
Qinshui Shan'an Construction Development Co., Ltd.	136,690,800.00	—	—	136,690,800.00	—	—
Jinzhong Shan'an Lide Solid Waste Utilization Technology Co., Ltd.	14,700,000.00	—	—	14,700,000.00	—	—
Yuanping Shan'an Biquan Waterwork Development Limited	12,250,000.00	—	—	12,250,000.00	—	—
Wenshui Shan'an Biquan Waterwork Development Limited	3,724,000.00	—	—	3,724,000.00	—	—
Shan'an Runxing New Energy (Lvliang) Co., Ltd.	—	5,100,000.00	—	5,100,000.00	—	—
Chahar Right Rear Banner Shan'an Thermal Power Co., Ltd.	7,500,000.00	—	—	7,500,000.00	—	—
Total	1,217,374,349.52	14,600,000.00		1,231,974,349.52		

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

4. Long-term Equity Investments (continued) (2) Investment in associates and joint ventures

Investees	December 31, 2023	Additional/New investment	Investment reduction	Increases and decreases in the period						June 30, 2024 (Unaudited)	Closing balance of impairment provision
				Investment gains and losses recognized under the equity method	Other comprehensive income adjustments	Other changes in equity	Declaration of cash dividends or profits	Impairment provision	Others		
① Associates											
Shanxi Transformation Comprehensive Reform Demonstration Zone Shan'an											
Xiaohe Construction Industry Co., Ltd.	15,179,653.30			-641,968.69							14,537,684.61
Changzhi Caihui Shan'an Energy Technology Co., Ltd.											
	7,078,235.48			-474,799.71							6,603,435.77
Shanxi Jianfa Comprehensive Energy Development Co., Ltd.											
	17,302,066.61			1,004,811.77			-792,240.18				17,514,638.20
Shanxi Jiantou Cloud Data Technology Co., Ltd.											
	8,208,157.78			649,082.15			-1,348,183.67				7,509,056.26
Shanxi Jiantou International Investment Co., Ltd.											
	29,503,989.21			-1,411,699.40							28,092,289.81
Shanxi Jiantou Linfen Construction Industry Co., Ltd.											
	9,070,179.15			121,936.83							9,192,115.98
Shanxi Yu'an Hengchuang Construction Engineering Co., Ltd.											
	9,773,216.24			3,076.13							9,776,292.37
Shanxi Jinjian Shan'an Equity Investment Partnership (Limited Partnership)											
	89,051,485.09			-35.69							89,051,449.40
Taiyuan Xie'an Property Service Co., Ltd.											
	1,628,497.23			42,814.38							1,671,311.61
Zhangzhi Jinjian Flood Control and Drainage Project Management Co., Ltd.											
	8,308,496.76			2,249.08							8,310,745.84
Sub-total	195,103,976.85			-704,533.15			-2,140,423.85				192,259,019.85
② Joint ventures											
Total	195,103,976.85			-704,533.15			-2,140,423.85				192,259,019.85

5. Operating Revenue and Operating Costs

(1) Operating revenue and operating costs

Item	January to June 2024 (Unaudited)		January to June 2023	
	Revenue	Costs	Revenue	Costs
Principal businesses	5,475,730,237.78	4,998,711,214.86	4,731,146,696.71	4,142,785,548.02
Other businesses	5,683,115.00	724,846.81	7,278,023.17	1,996,514.83
Total	5,481,413,352.78	4,999,436,061.67	4,738,424,719.88	4,144,782,061.85

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

5. Operating Revenue and Operating Costs (continued) (2) Operating revenue and operating costs by type

Major type	January to June 2024 (Unaudited)		January to June 2023	
	Revenue	Costs	Revenue	Costs
Principal businesses:	5,475,730,237.78	4,998,711,214.86	4,731,146,696.71	4,142,785,548.02
1. Specialized industrial construction	3,931,422,939.15	3,555,637,818.01	2,971,734,735.56	2,601,439,741.77
— Construction income of service concession projects	813,297.39	773,506.20	16,738,508.70	12,362,660.02
— Construction income of EPC projects	3,930,609,641.76	3,554,864,311.81	2,954,996,226.86	2,589,077,081.75
2. Specialized auxiliary construction	751,986,509.66	713,201,508.53	954,322,948.60	809,851,699.93
— Construction income of service concession projects	69,129,763.42	31,370,520.22	121,818,256.07	104,135,628.58
— Construction income of EPC projects	682,856,746.24	681,830,988.31	832,504,692.53	705,716,071.35
3. Other construction	745,762,287.39	696,094,036.94	762,832,703.12	714,304,847.01
— Construction income of service concession projects	33,497,670.34	24,902,249.51	49,318,519.92	41,915,940.33
— Construction income of EPC projects	712,264,617.05	671,191,787.43	713,514,183.20	672,388,906.68
4. Non-construction business	46,558,501.58	33,777,851.38	42,256,309.43	17,189,259.31
— Trading	19,530,298.86	14,334,772.74	7,310,110.24	6,276,520.24
— Design fee	17,732,855.70	11,073,103.77	22,652,691.86	7,410,295.99
— Labor services fee	9,295,347.02	8,369,974.87	12,293,507.33	3,502,443.08
Other businesses:	5,683,115.00	724,846.81	7,278,023.17	1,996,514.83
— Lease	4,822,625.65	526,827.01	7,059,712.81	1,790,217.83
— Others	860,489.35	198,019.80	218,310.36	206,297.00
Total	5,481,413,352.78	4,999,436,061.67	4,738,424,719.88	4,144,782,061.85

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

5. Operating Revenue and Operating Costs (continued)

(3) Operating revenue and operating costs by geographical location

Major operating areas	January to June 2024 (Unaudited)		January to June 2023	
	Operating revenue	Operating costs	Operating revenue	Operating costs
China	5,276,273,940.62	4,806,435,534.69	4,597,190,988.88	4,007,745,752.24
Overseas	205,139,412.16	193,000,526.98	141,233,731.00	137,036,309.61
Total	5,481,413,352.78	4,999,436,061.67	4,738,424,719.88	4,144,782,061.85

(4) Breakdown of operating revenue

Timing of revenue recognition	January to June 2024 (Unaudited)	January to June 2023
Including: Recognized at a point in time	47,418,990.93	42,474,619.79
Recognized over time	5,429,171,736.20	4,688,890,387.28
Total	5,476,590,727.13	4,731,365,007.07

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

(5) Remaining performance obligations

As at June 30, 2024, the transaction price allocated to unfulfilled performance obligations was RMB37,856,197,886.74. The expected time for recognizing such amount as revenue is as follows:

Expected time of revenue recognition	January to June 2024 (Unaudited)	January to June 2023
Within 1 year	10,198,287,326.37	11,383,472,671.32
After 1 year but within 5 years	27,301,486,800.37	25,887,444,366.84
After 5 years	356,423,760.00	405,024,523.80
Total	37,856,197,886.74	37,675,941,561.96

XIV. NOTES ON MAJOR ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (continued)

6. Investment Income

Item	January to June 2024 (Unaudited)	January to June 2023
Long-term equity investment income calculated using the cost method	—	—
Long-term equity investment income calculated using the equity method	-704,533.15	2,309,614.47
Dividends from investments in other equity instruments	86,221.97	
Others	—	—
Total	-704,533.15	2,395,836.44

XV. SUPPLEMENTARY INFORMATION

1. Breakdown of Extraordinary Items for the Current Period

Item	January to June 2024 (Unaudited)	Explanation
Gains and losses from disposal of non-current assets	2,969,850.45	
Tax returns and abatement that are examined and approved beyond authority, or without official approval documents or occasional		
Government subsidies recognized in current profit or loss, except government subsidies which are closely related to the Company's normal business operations, which comply with national policies and can be obtained continuously based on a set of standards by fixed amount or fixed quantity	3,514,586.34	
Capital occupation fees charged from the non-financial enterprises	38,222.25	
Gains when the investment cost of acquiring a subsidiary, an associate and a joint venture is less than the fair value of the identifiable net assets of the investee	-704,533.15	

XV. SUPPLEMENTARY INFORMATION (continued)

1. Breakdown of Extraordinary Items for the Current Period (continued)

Item	January to June 2024 (Unaudited)	Explanation
Gains and losses from changes in fair value of investment properties subsequently measured in the fair value model	-523,503.04	
Other non-operating revenue and expenses other than the above	-177,016.92	
Total extraordinary items	5,117,605.93	
Less: Income tax impact on extraordinary items	552,714.67	
Net extraordinary items	4,564,891.26	
Less: Net impact of extraordinary items attributable to minority shareholders, net of tax	249,360.23	
Extraordinary items attributable to the ordinary shareholders of the Company	4,315,531.04	

2. Return on Equity and Earnings per Share

Profit for the Reporting Period	Weighted average return on equity %	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the ordinary shareholders of the Company	3.37	0.07	—
Net profit attributable to the ordinary shareholders of the Company after deducting extraordinary items	3.20	0.06	—

Shanxi Installation Group Co., Ltd.
August 28, 2024

DEFINITIONS

“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“Central SASAC”	State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
“CG Code”	Corporate Governance Code as contained in Appendix C1 to the Hong Kong Listing Rules
“China” or “PRC”	the People’s Republic of China
“Company” or “our Company”	Shanxi Installation Group Co., Ltd. (山西省安裝集團股份有限公司) (formerly known as Shanxi Industrial Equipment Installation Company* (山西省工業設備安裝公司), Shanxi Industrial Equipment Installation Co., Ltd.* (山西省工業設備安裝有限公司) and Shanxi Industrial Equipment Installation Group Co., Ltd.* (山西省工業設備安裝集團有限公司)), a company established under the laws of the PRC on November 20, 1989 whose H shares are listed on the Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“EPC” or “EPC Projects”	engineering, procurement and construction, a common form of contracting model whereby the contractor is commissioned by the project owner to carry out such project work as survey, design, procurement, construction testing and commissioning of an engineering project, or any combination of the above, either through the contractor’s own labor or by subcontracting part or all of the project work, and be responsible for the quality, safety, timely delivery and cost of the project
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which is/are listed on the Hong Kong Stock Exchange and overseas listed foreign share(s) traded in Hong Kong dollars
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	September 19, 2024, being the latest practicable date prior to the publication of this interim report for the purpose of ascertaining certain information contained herein

“LNG”	liquified natural gas
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
“PPP”	public-private partnership, a partner relationship based on a framework agreement and formed between the government and private organizations for co-construction of infrastructure projects or providing certain public goods and services
“Prospectus”	the prospectus issued by the Company dated November 10, 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	the six months ended June 30, 2024
“SCIG Group”	Shanxi CIG and its subsidiaries, for the purpose of this interim report, except the Group
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shan’an Bluesky”	Shanxi Shan’an Bluesky Energy Conservation Technology Co., Ltd.* (山西山安藍天節能科技股份有限公司), a company incorporated in the PRC, whose shares are listed on the NEEQ, and a subsidiary of the Company
“Shan’an Lide”	Shanxi Shan’an Lide Environmental Technology Company Limited* (山西山安立德環保科技有限公司) (formerly known as Shanxi Shan’an Lide Energy Reservation Technology Company Limited (山西山安立德節能科技有限公司)), a company incorporated in the PRC and a 75% owned subsidiary of the Company
“Shanxi CIG”	Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司), a state-owned company established under the laws of the PRC and our Controlling Shareholder
“Shanxi SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Shanxi Province (山西省人民政府國有資產監督管理委員會)
“Share(s)”	comprising A Shares and H Shares

Definitions

“Shareholder(s)”	shareholder(s) of the Company, including holder(s) of A Shares and holder(s) of H Shares
“Supervisor(s)”	the supervisor(s) of the Company
“2024 Interim Report”	the interim report of the Group for the six months ended June 30, 2024
“%”	per cent



山西安装