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

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

(Stock Code: 2520)

PROPOSED CHANGE IN USE OF PROCEEDS

References are made to the prospectus of Shanxi Installation Group Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") dated November 10, 2023 (the "**Prospectus**") in relation to, among other things, the net proceeds from the Company's global offering (the "**Global Offering**") and their use; the announcement of the Company dated November 21, 2023 in relation to the offer price and allotment result of the Global Offering; the announcement of the Company dated December 15, 2023 in relation to the partial exercise of the over-allotment option (collectively, the "**Announcements**"); and the 2024 annual report of the Company (the "**2024 Annual Report**"). Unless otherwise defined, the terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 2024 Annual Report.

PROPOSED CHANGE IN USE OF PROCEEDS

As stated in the 2024 Annual Report and the Announcements, 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 underwriting commissions and other expenses payable by the Company in connection with the Global Offering. As at the date of this announcement, approximately HK$262.4 million of the net proceeds has been utilized, while approximately HK$476.1 million remains unutilized.

The board of directors of the Company (the "**Board**") hereby announces that, at the 47th meeting of the first session of the Board, having considered the Company's business development, market conditions and policy trends, the Board has considered and approved the change in the use of the proceeds from the Global Offering in the following manner (the "**Proposed Change in the Use of Proceeds**"):

Unit: million Currency: HK$

Use of proceeds	Net proceeds intended to be distributed according to the Prospectus	Net proceeds utilized as at the date of this announcement	Net proceeds unutilized as at the date of this announcement	Intended use of unutilized net proceeds
For financing our future centralized photovoltaic projects	147.6	5.6	142	10.5
For financing our investment in existing and future distributed photovoltaic projects	73.9	0	73.9	0
For our future investment in wind power projects in the PRC or abroad	73.9	33.4	40.5	255.3
For financing the future equity investment in and/or construction of other types of new energy projects	73.9	56.6	17.3	19.2
For financing our existing and future clean heating projects	29.5	17.6	11.9	53.0
For financing our future distributed energy projects	36.9	0	36.9	21.8
For financing our existing water treatment projects	36.9	20.9	16.0	15.8
For financing our future solid waste disposal projects	29.5	23.2	6.3	79.3
For paying up the registered capital of the project company and the payment of construction fee of the existing service concession project	22.2	0	22.2	0
For making payment of the construction fee for equipment required for the existing service concession project	36.9	36.4	0.5	0
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	0	44.3	0
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	13.0	60.9	17.8
For working capital and other general corporate purposes	59.1	55.7	3.4	3.4
Total	**738.5**	**262.4**	**476.1**	**476.1**

The Company currently expects to fully utilize the unutilized net proceeds by the end of 2027. The expected timeframe is based on the Group's estimation of future market conditions and may be subject to change depending on the development of current and future market conditions.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF NET PROCEEDS

The intended use of proceeds from the Global Offering as disclosed in the Prospectus was based on the best estimation made by the Group in relation to the then prevailing and future market conditions as at the latest practicable date of the Prospectus. In this connection, the Board evaluates the development trends of the industry from time to time to determine the most effective use of the net proceeds.

In the field of new energy, given the policy support for wind power technology research and development and industrial upgrading, the significant tariff rate advantages of wind power projects, and better consumption of wind power projects as compared to photovoltaic projects, the Directors believe that reallocating a larger portion of the unutilized net proceeds to invest in wind power projects will enable the Company to deploy the Group's financial resources more effectively, while also allowing the Company to better capitalize on market opportunities.

In terms of equity investment, China's "dual carbon" goals and "waste-free cities" initiatives, along with the mandatory implementation of construction waste separation policies, offer tax concessions and subsidies for solid waste disposal projects. In the clean heating sector, driven dually by policy support and the increasing market demand, coupling with environmental benefits and long-term business value, the Company's business opportunities and outlook in the clean heating sector continue to be promising. Meanwhile, considering the uncertainties in the implementation of PPP projects, the Directors believe that reallocating the unutilized net proceeds from PPP project investments to invest in future projects on clean heat supply and solid waste disposal will be more conducive to the Company's long-term sustainable development and profit optimization.

The Directors are also of the view that the existing production line equipment is sufficient to meet the procurement needs of the Group, and hence the reallocation of the unutilized proceeds reserved for financing new energy projects of upstream and downstream manufacturing industries will allow more effective utilization of the Company's financial resources.

In light of the above, the Board considers that the Proposed Change in the Use of Proceeds is in line with the Group's operational strategy, is fair and reasonable, will not have any material adverse effect on the business operation of the Group, and is in the best interests of the Company and its shareholders (the "**Shareholders**") as a whole. The Board confirms that there has been no material change in the nature of the Company's business as set out in the Prospectus.

OTHER MATTERS

According to the articles of association of the Company and the relevant laws and regulations, the Proposed Change in the Use of Proceeds is subject to the approval of the Shareholders by way of an ordinary resolution at the general meeting of the Company. A circular containing, among others, details of the Proposed Change in the Use of Proceeds and the notice convening the general meeting will be published on the websites of the Company and the Stock Exchange as and when appropriate.

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

Shanxi, the PRC, August 27, 2025

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