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山西安装
SHANXI CIG

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

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

(Stock Code: 2520)

DISCLOSEABLE TRANSACTION IN RELATION TO FINANCE LEASE ARRANGEMENT

The Board is pleased to announce that after the trading hours on 30 September 2025, the Lessor and the Lessee have agreed on a Finance Lease Agreement. According to the Finance Lease Agreement, the Lessor shall purchase the Target Assets from the Company at a consideration of RMB200,000,000 and lease the Target Assets to the Lessee for a period of 180 months and receive the Lease Payments in return.

PRINCIPAL TERMS OF THE FINANCE LEASE AGREEMENT

The principal terms of the Finance Lease Agreement are summarized as follows:

Date:	30 September 2025
Parties:	(i) the Lessor as lessor; and (ii) the Lessee as lessee
Transaction arrangement:	The Lessor agrees to purchase the Target Assets from the Company and lease the Target Assets to the Lessee.
Target Assets:	The wind power generation equipment to be purchased by the Lessor from the Company and leased to the Lessee.

Price of the Target Assets:	The Price of the Target Assets payable by the Lessor to the Group for the purchase of the Target Assets shall be RMB200,000,000, which was determined after arm's length negotiation between the Group and the Lessor with reference to the book value of the Target Assets and the financing needs of the Group.
Finance period:	The finance period shall be 180 months from the date on which the Lessor makes the initial payment for the Price of the Target Assets. The grace period shall commence on the date of payment for the initial payment for the Price of the Target Assets and end on the date of delivery of the final batch of the Target Assets, but shall in no event extend beyond the 12th month following the date on which the Lessor makes the initial payment for the Price of the Target Assets. The lease term is 168 months. The specific number and time of the payment installments of the Price of the Target Assets shall be determined by negotiations between the Lessor and the Lessee with reference to the construction progress of the Lessee's projects and the financial needs of the Group.
Lease Payments and interest rate:	The grace period pre-leasing interest rate is the over-five-year LPR value on 16 September 2025, minus 30 basis points, which is at 3.20%. The pre-leasing interest rate shall remain unchanged. The lease interest rate for the lease term is the over-five-year LPR value on 16 September 2025, minus 30 basis points, which is at 3.20%. The lease interest rate for the lease term is a floating rate, subject to adjustment every four instalments in accordance with the prevailing LPR at that time. The pre-leasing interest during the grace period is payable at the end of each three-month period. The Lease Payments during the lease term are payable at the end of each three-month period, totalling 56 instalments. The Lease Payments will be funded by the internal resources of the Group.
Purchase option:	Upon the expiry of the finance period, the Lessee has the option to buy back the Target Assets from the Lessor at a consideration of RMB1.

Credit enhancement measures:	The Lessee agrees to pledge to the Lessor the electricity fee collection rights pertaining to the 50MW distributed wind power project under the Rural Revitalisation Wind Driving Action (鄉村振興驅風行動) in Xiyang County, Jinzhong City, Shanxi Province, as collateral security for the debts under the Finance Lease Agreement.

FINANCIAL IMPACT

In accordance with the Accounting Standards for Business Enterprises No. 21 — Leases, the Finance Lease Arrangement will be accounted for as a financing arrangement by the Group, and therefore will not result in any gain or loss on, or a decrease in the value of, the Target Assets. However, pursuant to FAQ No. 052–2018 issued by the Stock Exchange, the Finance Lease Arrangement involves the transfer of legal ownership of the Target Assets, which constitutes a disposal by the Company under the relevant Listing Rules (i.e. RMB200,000,000).

Taking the transactions under the Finance Lease Agreement as a whole, the consideration for the purchase of the Target Assets by the Lessor from the Company is in effect the principal amount of the finance lease to be advanced by the Lessor to the Group.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The Finance Lease Arrangement is entered into in the ordinary and usual course of business of the Group, which allows the Group to obtain the financial resources and retain the wind power generation equipment required for its operations. The Directors consider that the terms of the Finance Lease Arrangement are on normal commercial terms, are fair and reasonable and in the interests of the Shareholders as a whole. As at 30 September 2025, the unaudited book value of the Target Asset was approximately RMB200,000,000.

The Directors are of the view that, according to the applicable accounting standards, the transactions contemplated under the above Finance Lease Arrangement will not result in any gain or loss on disposal to be recorded by the Group.

INFORMATION ON THE PARTIES TO THE FINANCE LEASE AGREEMENT

The Company

The Company is a construction service provider, and is mainly engaged in specialized industrial construction, specialized auxiliary construction, other construction and non-construction business. The Company is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Shanxi Province.

The Lessee

The Lessee is a subsidiary of the Company, and is mainly engaged in power generation, transmission and supply (distribution) businesses.

The Lessor

The Lessor is a company established under the laws of the PRC and wholly owned by China Merchants Bank Co., Ltd. It is principally engaged in finance leasing.

China Merchants Bank Co., Ltd is a commercial bank and a joint stock company established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600036) and the main board of the Stock Exchange (stock code: 03968).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Lessor and its ultimate beneficial owner are independent third parties.

LISTING RULE IMPLICATIONS

Pursuant to FAQ No. 052–2018 issued by the Stock Exchange, the Finance Lease Arrangement will be accounted for as a financing arrangement by the Group under the Accounting Standards for Business Enterprises No. 21 — Leases. However, the transfer of the legal ownership of the Target Assets from the Company to the Lessor involved in the Finance Lease Arrangement constitutes a disposal by the Company under the relevant Listing Rules.

As the highest applicable percentage ratio in respect of the Finance Lease Arrangement exceeds 5% but is less than 25%, the Finance Lease Arrangement constitutes a discloseable transaction of the Group under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set forth below:

"applicable percentage ratio(s)" and "subsidiary(ies)"	have the meanings ascribed to them under the Listing Rules
"Board"	board of Directors

"Company"	Shanxi Installation Group Co., Ltd. (山西省安裝集團股份有限公司), a joint stock company established under the PRC laws with limited liability whose H shares are listed on the Stock Exchange (stock code: 2520)
"Director(s)"	director(s) of the Company
"Finance Lease Agreement"	the finance lease agreement dated September 30, 2025 between the Lessor and the Lessee for the sale and leaseback of the Target Assets by the Lessor to the Lessee
"Finance Lease Arrangement"	the Lessor and Lessee in respect of the transactions contemplated under the Finance Lease Agreement
"Group"	the Company and its subsidiaries
"independent third party(ies)"	have the meanings ascribed to them under the Listing Rules
"Lease Payment(s)"	the lease payment(s) payable by the Lessee to the Lessor under the Finance Lease Agreement during the finance period for the leasing of the Target Assets, which consist of the principal amount and interest of the lease
"Lessee"	Xiyang Shan'an New Energy Co., Ltd., a company established under the PRC laws with limited liability and a subsidiary of the Company
"Lessor"	CMB Financial Leasing Co., Ltd., a company established under the PRC laws with limited liability
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LPR"	the loan prime rate published by the National Interbank Funding Center under the authorisation of the People's Bank of China
"PRC"	the People's Republic of China
"Price of the Target Assets"	the purchase price of the Target Assets agreed by the Company and the Lessor
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the share(s) of the Company

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Assets"	the wind power generation equipment to be purchased by the Lessor from the Company and leased to the Lessee pursuant to the Finance Lease Arrangement
"%"	per cent

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, September 30, 2025

As at the date of this announcement, the Board of the Company 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.