THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Shanxi Installation Group Co., Ltd.**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF THE 2025 THIRD EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

A letter from the Board is set out on pages 5 to 24 of this circular. A notice of the EGM of the Company to be held at 3:00 p.m. on Tuesday, 23 December 2025 at the Conference Room, East Side, 2/F, Shanxi Installation Office Building, No. 8 Xinhua Road, Shanxi Transformation and Comprehensive Reform Demonstration Zone, Shanxi Province, PRC, together with a form of proxy for use at the EGM were published on the HKEx's website (**www.hkexnews.hk**) and the Company's website (**www.sxaz.com.cn**) on Friday, 5 December 2025.

Shareholders who intend to appoint a proxy to attend the EGM shall complete and return the proxy form in accordance with the instructions printed thereon. The proxy form must be signed by you or your attorney duly authorised in writing or, in case of a legal person, must either be executed under its seal or under the hand of its director or other attorney duly authorised to sign the same. If the proxy form is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other document of authority, must be notarized.

In the case of joint holders of the H Shares, only the holder whose name stands first in the register of members of the H Shares of the Company shall alone be entitled to vote at the EGM, either in person or by proxy in respect of such H Shares.

For Shareholders, please return the proxy form together with any documents of authority to the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible, and in any event not later than 24 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

5 December 2025

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In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

"2025 Bilateral Construction Services Framework Agreement"	the Bilateral construction services framework agreement entered into between the Company with Shanxi CIG on 4 December 2025, subject to Independent Shareholders' approval
"2025 Financial Services Framework Agreement"	the financial services framework agreement entered into between the Company with Shanxi CIG on 4 December 2025, subject to Independent Shareholders' approval
"2025 Raw Materials Procurement Framework Agreement"	the raw materials procurement framework agreement entered into between the Company with Shanxi CIG on 4 December 2025, subject to Independent Shareholders' approval
"Announcement"	the announcement of the Company dated 4 December 2025 in relation to the entering into various framework agreements by the Company with Shanxi CIG, including, among other things, the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the 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 incorporated in the PRC with limited liability, whose H Shares are listed on the main board of the Hong Kong Stock Exchange (stock code: 2520)
"Comprehensive Financial Services"	the comprehensive financial services including credit facility services, settlement services, financial lease services and other financial services to be provided by SCIG Group to the Group pursuant to the 2025 Financial Services Framework Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company

"Domestic Share(s)"	ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
"EGM"	the extraordinary general meeting of the Company to be convened and held at 3:00 p.m. on Tuesday, 23 December 2025 at the Conference Room, East Side, 2/F, Shanxi Installation Office Building, No. 8 Xinhua Road, Shanxi Transformation and Comprehensive Reform Demonstration Zone, Shanxi Province, PRC
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the main board of the Hong Kong Stock Exchange
"HKEx"	Hong Kong Exchanges and Clearing Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent board committee comprising the independent non-executive Directors which has been established by the Board to advise the Independent Shareholders on the Non-exempt Continuing Connected Transactions
"Independent Financial Adviser" or "First Shanghai"	First Shanghai Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions
"Independent Shareholder(s)"	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolution(s) with respect to the Non-exempt Continuing Connected Transactions
"Independent Third Party(ies)"	person(s) or company(ies) or their respective ultimate beneficial owner(s), who/which, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with the Company
"Latest Practicable Date"	4 December 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Non-exempt Continuing Connected Transactions"	being the transactions contemplated under the 2025 Financial Services Framework Agreement (except for the service fees to be paid by the Group for the Comprehensive Financial Services under the 2025 Financial Services Framework Agreement), the 2025 Bilateral Construction Services Framework Agreement (only including the Provision of Construction Services) and the 2025 Raw Materials Procurement Framework Agreement
"PRC"	the People's Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this circular
"Procurement of Construction Services"	Certain construction services to be provided by members of SCIG Group to the Group pursuant to the 2025 Bilateral Construction Services Framework Agreement
"Provision of Construction Services"	Certain construction services to be provided by the Group to members of SCIG Group pursuant to the 2025 Bilateral Construction Services Framework Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"SCIG Group"	Shanxi CIG and its subsidiaries, and for the purpose of this circular, excluding the members of the Group
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"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), a company established under the laws of the PRC with limited liability and a subsidiary of the Company
"Shanghai RD Investment"	Shanghai Rongda Investment Management Co., Ltd.* (上海榮大投資管理有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of Shanxi CIG
"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 the Controlling Shareholder of the Group
"Shanxi SASAC"	State-owned Assets Supervision and Administration Commission of the People's Government of Shanxi Province
"Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising the Domestic Share(s) and H Share(s)
"Shareholder(s)"	holder(s) of the Shares

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"%"	percentage

* *The English names of Chinese entities marked with "*" in this circular are translations of their Chinese names for identification purpose only.*



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)

Executive Directors:
Mr. REN Rui *(Chairman)*
Mr. ZHANG Yan *(Vice President)*

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

Headquarters and Registered office:
No. 8 Xinhua Road
Tanghuai Industrial Park
Shanxi Transformation and Comprehensive
Reform Demonstration Zone
Shanxi Province
PRC

Principal place of business in Hong Kong:
Room 1919, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

5 December 2025

To the Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND NOTICE OF THE 2025 THIRD EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement dated 4 December 2025 in relation to, among other things, the entering into the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement between the Company and Shanxi CIG for a term of three years from 1 January, 2026 and ending on 31 December, 2028, subject to Independent Shareholders' approval.

The purpose of this circular is to provide you with further details of (i) the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof; (iii) a letter from First Shanghai to the Independent Board Committee and the Independent Shareholders containing its recommendations in respect of the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof; and (iv) other information as required by the Listing Rules and the notice of the EGM.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

References are made to the section headed "continuing connected transactions" of the Company's prospectus dated 10 November 2023 relating to, among other things, the entering into a financial services framework agreement, a bilateral construction services framework agreement and a raw materials procurement framework Agreement on 3 November 2023 with Shanxi CIG. As these agreements are expiring on 31 December 2025, and the Company expects to continue to carry on the relevant transactions upon their expiry, the Company has entered into the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement on 4 December 2025 with Shanxi CIG.

A. 2025 Financial Services Framework Agreement

The principal terms of the 2025 Financial Services Framework Agreement are as follows:

Parties	The Company (for itself and on behalf of its subsidiaries) Shanxi CIG (for itself and on behalf of its subsidiaries)
Date	4 December 2025
Term	From 1 January 2026 to 31 December 2028, subject to the Independent Shareholders' approval
Subject Matter	SCIG Group will provide Comprehensive Financial Services to the Group including credit facility services, settlement services, financial lease services, as well as other financial services. Depending on the specific services to be provided by SCIG Group, the Group may be required to charge certain assets owned by it, such as its account receivables, as collateral for the Comprehensive Financial Services.

Pricing Policy

For credit facility services, the credit interest rates and rates for loans to be provided to the Group by relevant members of SCIG Group shall be no higher than those available to the Group from other independent financial institutions in the PRC for the same period and of similar nature.

For settlement services and finance lease services, the fees charged by relevant members of SCIG Group for the provision of such services to the Group shall be no less favorable than those available to the Group from independent financial institutions in the PRC.

For other financial services, the fees charged shall be in compliance with the fees standard prescribed by the People's Bank of China or the China Banking Regulatory Commission in respect of such services and shall in no event be no less favorable than those charged by independent financial institutions in the PRC for the same period and of similar nature.

Historical amounts

Set out below are the existing annual caps and the historical amounts for Comprehensive Financial Services provided by SCIG Group to the Group:

		For the years ended/ending 31 December		
		2023	**2024**	**2025**
		RMB million	*RMB million*	*RMB million*
2025 Financial Services Framework Agreement				
— Maximum daily balance of Comprehensive Financial Services	Annual Caps	500.0	500.0	500.0
	Historical amounts	453.7	332.0	331.7[1]
— Service fees for Comprehensive Financial Services	Annual Caps	7.0	7.0	7.0
	Historical amounts	2.9	1.5	3.1[1]

Note 1: Historical transaction amounts as of 31 October 2025.

The Company expects that the actual maximum daily balance and service fees to be paid for the Comprehensive Financial Services during the year ending 31 December 2025 would not exceed the annual caps for the year.

Annual caps and basis of determination

Set out below are the proposed annual caps of the 2025 Financial Services Framework Agreement for the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	**2027**	**2028**
	(RMB million)	*(RMB million)*	*(RMB million)*
Maximum daily balance of Comprehensive Financial Services	500.0	500.0	500.0
Service fees for Comprehensive Financial Services	5.0	5.0	5.0

The proposed annual caps for Comprehensive Financial Services was determined by the Group taking into account (i) the maximum daily balance of Comprehensive Financial Services provided by members of SCIG Group to the Group during the two years ended 31 December 2024 and the ten months ended 31 October 2025, in particular, the maximum daily balance of Comprehensive Financial Services for the years ended 31 December 2023 and 2024 of RMB453.7 million and RMB332.0 million, which accounted for approximately 90.7% and 66.4% of the annual caps for Comprehensive Financial Services for each of the years ended 31 December 2023, 2024, respectively; and (ii) expectation that the demand for Comprehensive Financial Services will increase in line with the Group's business development.

The annual caps for service fees for Comprehensive Financial Services was determined by the Group taking into account (i) the service fees paid by the Group during two years ended 31 December 2024 and the ten months ended 31 October 2025 in respect of each type of the Comprehensive Financial Services; and (ii) the Group's future business demand for Comprehensive Financial Services.

Reasons for the transaction

The Group has been obtaining Comprehensive Financial Services from certain members of SCIG Group in the ordinary and usual course of its business. Having considered that (i) the interest rates on loans and facilities offered by relevant members of SCIG Group to the Group will be no less favorable than those offered by independent commercial banks and financial institutions in the PRC for similar amount and period; (ii) the Comprehensive Financial Services providers in SCIG Group have obtained necessary licenses (if required) in connection with the provision of the Comprehensive Financial Services to the Group; and (iii) members of SCIG Group providing Comprehensive Financial Services have a better understanding of operations of the Group, which allows them to develop practical financing solutions that closely align with the Group's funding needs and provide credit facilities and loans to the Group in an efficient manner, the Directors consider that the Financial Services contemplated under the 2025 Financial Services Framework Agreement will be able to meet the daily operation needs of the Group. As the Directors expect that the Group's main business and core operating indicators will remain stable in the years ending 31 December 2026, 2027 and 2028, the Directors anticipate that the Group's demand for Comprehensive Financial Services will remain stable over the next three years to ensure stable liquidity for funding its daily operating capital needs and established investment projects.

B. 2025 Bilateral Construction Services Framework Agreement

The principal terms of the 2025 Bilateral Construction Services Framework Agreement are as follows:

Parties	The Company (for itself and on behalf of its subsidiaries) Shanxi CIG (for itself and on behalf of its subsidiaries)
Date	4 December 2025
Term	From 1 January 2026 to 31 December, 2028, subject to the Independent Shareholders' approval
Subject Matter	The Group shall engage members of SCIG Group for Procurement of Construction Services, while SCIG Group may also engage members of the Group for Provision of Construction Services (including industrial equipment installation) as and when required.

Pricing Policy

Contract sum for construction services provided under the 2025 Bilateral Construction Services Framework Agreement shall be determined with reference to the pricing guidelines and methods as set out in the valuation guidelines published by the local housing and urban-rural construction bureaus and with consideration with other factors such as project schedule, complexity and scale of the construction project, potential revision of the scope of work, geographical location and environmental conditions of the project site.

The Group shall only subcontract construction works to SCIG Group through open tender procedures, thereby ensuring that the price and terms under the 2025 Bilaterial Construction Services Framework Agreement shall be no less favorable to the Group than those offered by Independent Third Parties.

Historical amounts

Set out below are the existing annual caps and the historical amounts of aggregate contract value for construction services provided by the Group to SCIG Group and vice versa for the two years ended 31 December 2024 and the ten months ended 31 October 2025:

		Existing annual caps for the years ended/ending 31 December		
		2023	**2024**	**2025**
		RMB million	*RMB million*	*RMB million*
2025 Bilateral Construction Services Framework Agreement				
— Contract value for Procurement of Construction Services	Annual Caps	40.0	100.0	110.0
	Historical amounts	40.0	45.3	4.9[1]
— Contract value for Provision of Construction Services	Annual Caps	750.0	800.0	850.0
	Historical amounts	549.0	167.9	348.2[1]

Note 1: Historical transaction amount as of 31 October 2025.

The Company expects that both of the actual amounts for procurement and provision of Constructions Services during the year ending 31 December 2025 would not exceed the annual caps for the year.

Annual caps and basis of determination

Set out below are the proposed annual caps of the 2025 Bilateral Construction Services Framework Agreement for the three years ending 31 December 2028:

	For the year ending 31 December,		
	2026	**2027**	**2028**
	(RMB million)	*(RMB million)*	*(RMB million)*
Contract value for Procurement of Construction Services	60.0	60.0	60.0
Contract value for Provision of Construction Services	1,000.0	1,200.0	1,400.0

In determining the proposed annual caps for contract value for Procurement of Construction Services, the Directors have considered the following factors:

(1) the historical transaction amounts of the construction services received from SCIG Group for the two years ended 31 December 2024 and the ten months ended 31 October 2025;

(2) A significant portion of the Group's procurement of construction services from SCIG Group relates to the Group's "Other Projects" business segment, which covers residential, office, commercial, and educational, cultural, and healthcare construction projects. Such projects require the relevant qualifications for general contracting of construction works. Due to certain registration issues concerning the Company's grading of the qualification for general contracting of construction works, the Company experienced a temporary limitation in its ability to undertake new general contracting projects for housing construction during the first half of 2025, while the overall impact on to the Group's business operation and financial performance is insignificant. Since the Company has regained its First Grade Qualifications of General Construction Contracting in June 2025, and the Company expects that related business will continue to develop steadily over the next three years;

(3) the business development plan and expected growth trend in the principal business of the Group for the years ending 31 December 2026, 2027 and 2028;

(4) in accordance with the overall planning of SCIG Group, the Group is expected to become the primary coordinator for the overseas business of SCIG Group in 2026. Thereafter, the Group shall require the members of SCIG Group to cooperate with the Group to jointly carry out the construction of major overseas projects, and the expected Contract value for Procurement of Construction Services will increase; and

(5) the relevant pricing guidelines issued by the competent authorities in the PRC.

In determining the proposed annual caps for the Provision of Construction Services, the Directors have considered the following factors:

(1) the historical transaction amounts of contract value for Provision of Construction Services for the two years ended 31 December 2024 and the ten months ended 31 October 2025;

(2) the remaining contract value for Provision of Construction Services for the year ending 31 December 2026 of RMB802.3 million in relation to 8 projects;

(3) the highest annual cap for revenue derived from the Provision of Construction Services for the three years ending 31 December 2028 of RMB1,400 million represents less than 11.4% of the Group's revenue for the year ended 31 December 2024;

(4) the business development plan and expected growth trend in the businesses of SCIG Group for the years ending 31 December 2027 and 2028;

(5) the expected costs, including material costs and labor costs to be incurred for the years ending 31 December 2026, 2027 and 2028 by the Group in the Provision of Construction Services; and

(6) the relevant pricing guidelines issued by the competent authorities in the PRC.

Reasons for the transaction

The Group has been providing construction services to SCIG Group in the ordinary and usual course of its business in the past. The services provided by the Group to SCIG Group involved specialized industrial construction works, specialized auxiliary construction works and other construction works. The Directors consider that the provision of construction services to SCIG Group would benefit the Group given that (i) the Group has established a stable business relationship with SCIG Group and has a throughout understanding of its business operations, construction requirements, quality control and other requirements, which enables smooth cooperation and reducing operational costs; (ii) by providing construction services to SCIG Group's engineering projects, the Group has the opportunity to expand its portfolio of construction of large-scale projects; (iii) the Company is the only subsidiary of Shanxi CIG which possesses both Premium Grade Qualifications of General Contracting for Petrochemical Engineering Construction (石油化工工程施工總承包特級資質) and Municipal Public Engineering Construction (市政公用工程施工總承包特級資質). In addition, the Group possesses six First Grate qualifications for general contracting for engineering construction, 19 Second Grade qualifications for general contracting for engineering construction, 16 First Grade qualifications for specialized contracting, and six Second Grade qualifications for specialized contracting. It has necessary qualifications and advantages to provide a wide range of services to SCIG Group; (iv) given the close proximity, the Company is able to provide construction services to SCIG Group when SCIG Group has insufficient capacity to carry out the works; and (v) the price and terms of providing construction services to SCIG Group are no less favorable to the Group than those offered by the Group to Independent Third Parties. As for the SCIG Group, it can leverage on the Group's experience and expertise to increase construction efficiency as the Group may have more experiences and expertise than SCIG Group in certain construction fields.

The Group has also subcontracted construction works to SCIG Group in the ordinary and usual course of its business. Works subcontracted by the Group to SCIG Group include geotechnical survey, design, and testing; foundation construction; construction quality inspection and testing; water conservancy well drilling and construction project supervision, etc. The Directors consider that the subcontracting of construction work to SCIG Group would benefit the Group for the following reasons:(i) there is a long and stable business relationship between SCIG Group and the Group; (ii) SCIG Group is familiar with the Group's specifications, standards and requirements, thereby giving the Group confidence in the quality of the subcontracting services provided by SCIG Group; (iii) SCIG Group has the relevant licenses, qualifications, expertise and experiences for a wide range of works and thus the Group can ensure that the relevant works and requirements undertaken from its customers can be conducted in a satisfactory manner; (iv) SCIG Group also has sufficient resources so as to enable it to take on the excessive work loads of the Group in the event that the Group does not have sufficient capacity to conduct its own works,

thereby optimizing the resources of the Group; and (v) and the price and terms of providing construction services by SCIG Group are no less favorable than those offered to the Group by Independent Third Parties.

C. 2025 Raw Materials Procurement Agreement

The principal terms of the 2025 Raw Materials Procurement Framework Agreement are as follows:

Parties	The Company (for itself and on behalf of its subsidiaries) Shanxi CIG (for itself and on behalf of its subsidiaries)
Term	From 1 January 2026 to 31 December 2028, subject to the Independent Shareholders' approval
Subject Matter	The Group shall purchase certain raw materials, including but not limiting to, steel, and precasted and prefabricated parts from SCIG Group.
Pricing Policy	The price for each type of raw materials will be determined with reference to: (i) the prevailing market price of such product; and (ii) the price of such product supplied by Independent Third Parties to SCIG Group. For the purpose of ascertaining market prices, the procurement team of the Group will obtain quotation from at least two suppliers which are Independent Third Parties. In any event, the terms for each transaction with SCIG Group will be no less favorable than the terms which can be obtained from Independent Third Party suppliers for purchasing products of comparable quality, quantity and specifications.

Historical amounts

Set out below are the existing annual caps and the historical amounts in relation to purchases of raw materials for the two years ended 31 December 2024 and the ten months ended 31 October 2025:

		Existing annual caps for the years ended/ending 31 December		
		2023	**2024**	**2025**
		RMB million	*RMB million*	*RMB million*
2025 Raw Materials Procurement Framework Agreement				
— Amount to paid or payable by the Group to SCIG Group for purchase of raw materials	Annual Caps	1,000.0	1,200.0	1,400.0
	Historical amounts	999.2	536.4	295.0[1]

Note 1: Historical transaction amount as of 31 October 2025.

The Company expects that the actual amount paid or payable by the Group to SCIG Group for purchase of raw materials during the year ending 31 December 2025 would not exceed the annual cap for the year.

Since 2024, SCIG Group has established a supplier platform for raw materials other than steel, selecting eligible Independent Third Party qualified suppliers to form a procurement database. Subsidiaries of SCIG Group (including the Group) may independently conduct tender-based procurement within the procurement pool. The Group has since accessed more Independent Third Party suppliers through the supplier platform and increased purchases from them. Consequently, the amount of raw materials purchased by the Group from SCIG Group for the year ended 31 December 2024 and the ten months ended 31 October 2025 decreased compared with the procurement amount for the year ended 31 December 2023.

Annual caps and basis of determination

Set out below are the proposed annual caps of the 2025 Raw Materials Procurement Framework Agreement for the three years ending 31 December, 2028:

	For the year ending 31 December,		
	2026	**2027**	**2028**
	(RMB million)	*(RMB million)*	*(RMB million)*
Amount to be paid by the Group to SCIG Group for purchase of raw materials	805.0	905.0	1,004.6

In determining the proposed annual caps under the 2025 Raw Materials Procurement Framework Agreement, the Directors have considered the following factors:

(1) the historical transaction amounts for the raw materials purchased from SCIG Group for the two years ended 31 December 2024 and the ten months ended 31 October 2025;

(2) the business development plan and expected growth trend in Group's principal business; and

(3) in 2025, SCIG Group has commenced production and gradually improved the production and supply capacity of certain types of raw materials, further enhancing its full-chain production capability. In 2026, it is expected that SCIG Group will incorporate the construction raw material products manufactured by its ten major parks engaged in the production of construction materials into the centralized procurement platform established for its member companies (including the Group), increasing the categories and volume of raw materials available for centralized procurement. The Group will benefit from bulk production. Therefore, the Group expects that purchasing such raw materials from SCIG Group through the centralized procurement platform will not only enable it to enjoy more favorable prices, but also save transportation expenses, which will be more economically beneficial and in line with supply chain security. Consequently, the proportion of the total amount of raw materials procured by the Group from SCIG Group's centralized procurement platform in the three years ending 31 December 2028 is expected to increase significantly.

Reasons for the transaction

The Group has been purchasing certain raw materials from SCIG Group in the ordinary and usual course of its business. The Directors consider that purchasing from SCIG Group would allow the Group to be benefited from the lower price and more favorable terms offered by the suppliers of relevant raw materials to SCIG Group due to the bulk quantities it purchases. Even though SCIG Group would charge service fees on top of the original prices of relevant raw materials, the overall prices would still be lower than those obtained for from Independent Third Party suppliers in the market for similar quantities and delivery terms.

INFORMATION ON THE PARTIES

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. As a national high-tech enterprise, the Company top 100 competitive enterprises in the field of China construction industry, ranks as top 10 backbone construction enterprise in Shanxi Province, and has extensive practical experience in the field of project investment, construction, and operation. The Company is ultimately controlled by the Shanxi SASAC.

Shanxi CIG

Shanxi CIG is a company established in the PRC with limited liability and the Controlling Shareholder of the Company. As a comprehensive construction enterprise group, Shanxi CIG leverages on the industry layout of "three pillar segments of construction (including the investment, construction and operation of infrastructure), real estate as well as energy conservation and environmental protection, and six supporting segments of international engineering and services trading, construction industry and logistics, finance, surveying and design consultation, construction labouring and new energy". Its scope of business covers investment and development, industry finance, planning and consultation, construction design, coal industry design, scientific research on construction, construction industry, production of construction materials, manufacturing of machineries, intelligent supply, logistics and transportation, construction works, roads and bridges construction, equipment installation, decoration and repair, property operation and maintenance and other businesses, which have formulated a diversified and complete industry chain. Shanxi CIG is ultimately controlled and supervised by the Shanxi SASAC.

INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant framework agreements for the continuing connected transactions are fair and reasonable, or no less favorable than terms available to or from Independent Third Parties, and that the contemplated continuing connected transactions are carried out under normal commercial terms, the Group has adopted the following internal control procedures:

- the Group has adopted and implemented a management system on connected transactions. Under such system, the Audit Committee is responsible for reviewing compliance with relevant laws, regulations, internal policies and the Listing Rules in respect of the continuing connected transactions. Further, the Audit Committee, the Board and various internal departments of the Company (including but not limited to the financial assets department and the compliance and legal department) are jointly responsible for evaluating the terms under framework agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each agreement;

- the Audit Committee, the Board and various other internal departments of the Company (including but not limited to the financial assets department and the compliance and legal department) will also regularly monitor the fulfillment status and the transaction updates under the framework agreements. In addition, the Company's management also regularly reviews the pricing policies of the framework agreements;

- the independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmation, in accordance with Rules 14A.55 and 14A.56 of the Listing Rules, to ensure that the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the relevant pricing policies;

- regarding the monitoring and control of the annual caps for continuing connected transactions, the Company has established an annual budget reporting mechanism and a monthly review arrangement. At the beginning of each year, the Company requires relevant departments to comply with the policies governing connected transactions and the monthly review arrangement, and to strictly monitor the amounts of continuing connected transactions. If the projected transaction amount is expected to reach 80% of the annual cap, it must be reported promptly. During the year, relevant business departments submit a monthly report of continuing connected transactions to the Board Office. The Board Office updates the cumulative annual transaction amount dynamically based on the reported data to ensure that the amounts of all connected transactions do not exceed the relevant annual cap. If the annual transaction amount reaches approximately 80% of the annual cap and, after further assessment, the Company considers an adjustment necessary, it will initiate the adjustment process for the annual cap and promptly formulate an adjustment plan for the annual cap. Any adjustment

will be carried out after review and approved by the Audit Committee, the Board, and/or the shareholders' meeting in accordance with the Listing Rules, the Company's Articles of Association, and the connected transaction management system;

- for the Comprehensive Financial Services, the Company's fund management department acts as the lead department and determines the type of financial services to be undertaken based on actual business needs. Before engaging in borrowing activities, the Group uses the one-year Loan Prime Rate ("**LPR**") published by the National Interbank Funding Center under the authorization of the People's Bank of China as a reference, consulting no fewer than three independent financial institutions for the optimal solutions regarding interest rates, terms, amounts, credit enhancement measures, etc., and also consulting relevant service institutions within SCIG Group for comparable lending proposals. This ensures that the interest rate for loans obtained from connected persons under equivalent conditions is not higher than that from independent third parties. For other businesses, before proceeding, the Group selects well-known financial institutions in the industry with good market standing, creditworthiness, and performance, as well as institutions that have had prior business dealings with the Group, to form a supplier list. The fund management department consults no fewer than three independent financial institutions to compare their fees, interest rates, and other conditions with those offered by SCIG Group, ensuring that financial services conducted with connected parties comply with the Company's pricing policy. At the same time, the Company will also consult SCIG Group from time to time on pricing and interest rate standards for similar businesses as a reference. During the contract review stage, after approval by the fund management department, the contract is submitted to the legal and compliance department for review, and the Company's legal counsel issues a legal opinion to confirm the legality of the relevant terms, followed by approval from the Company's Chief Accountant;

- for the bilateral construction services, the Company's market development department is responsible for coordinating the bidding work for engineering projects. At the bidding stage, the group company which initiate the project will assess the risks and fairness of bid prices, projected profit margins, bidding methods, and bid bond amounts based on tender documents, on-site surveys, and similar project information, and complete the "Risk Assessment Report for the Tendering Stage." When assessing the acceptable profits of such bidding project, the Group will ensure that the bidding quotations strictly comply with the standards stipulated in the Company's "Project Evaluation and Decision Management Measures" which sets out specific guidance for general contracting projects, construction contracting projects, and other projects, universally applicable to both independent third parties and connected parties comply with these standards. The bidding documents (with pricing policies mainly based on pricing guidelines or regulations issued by local governments as required by the tender documents, calculating bid prices to cover necessary costs and a reasonable profit, and strictly prohibiting projects with estimated revenue below cost) are

submitted to the market development department of the Company for approval before bidding. During the contract review stage, all construction contracts undergo online review through the internal reporting system of the Company. The market management department of each group company leads the initial review, organizing responsible persons from engineering, technical, safety, finance, and legal departments. The deputy general manager and general manager of such group company must review and assess more than 50 risk points across 12 major categories, including contract parties, price, funds, and construction period, in accordance with Group policies. After group company level reviews are completed, the Company's market development department organizes the Company's engineering management department, the financial asset department, the legal and compliance department, and responsible leaders for final review and stamping (all reviewers are department heads). For payment collection, the Group requires relevant units to confirm quantities with the owner according to the payment milestones specified in the contract and urge the owner to make payments. In principle, over-commitment of advance funds is prohibited. If any project's progress payments exceed the specified amount and are not paid according to the contractual milestones, the Company will order the suspension of the project;

- for raw material procurement of the Group, the Company's engineering management department coordinates the raw material procurement work. At the procurement stage, depending on the purchase amount, the Group decides whether to adopt tendering or non-tendering methods such as inquiries or competitive selection, in accordance with the "Tendering and Bidding Law of the PRC" and other relevant laws and regulations. For tendering, when setting the tender control price, the Group will consider quotations from three or more independent third parties, national industry pricing standards and the estimated raw material costs in our project budget. The tender documents will explicitly state that the bid price must not exceed the control price. A third-party agency is typically engaged to publish tender announcements or invitations in accordance with national laws and regulations. The process requires a minimum of three bidders and the establishment of an evaluation committee comprising at least five members (or another odd number), with a majority being external, independent experts. This ensures fair and reasonable pricing aligned with the Company's pricing policy. The tender announcements or invitations will be publicly published on national or provincial bidding platforms, and all enterprises that meet the bidding requirements may participate. For inquiries or competitive selection, no fewer than three suppliers (including no fewer than two independent third party suppliers) are required to ensure fair and reasonable pricing. In determining price benchmarks, the Group follows the Company's "Material Procurement Management Measures," requiring comparison of procurement prices against settlement prices and control prices to ensure that procurement prices do not exceed these benchmarks. During the contract review stage, the draft contract undergoes initial review by relevant group company, followed by checks by the engineering management department (to verify consistency between contract price and tender results and ensure procurement prices do not exceed control prices),

the financial management department (to verify payment terms and amounts), and the legal and compliance department (to review overall legality), with final approval by responsible leaders (all reviewers are department heads) before signing. For payment, the relevant unit or department initiates a payment request based on contractual milestones, and the finance and fund departments verify payment terms and amounts before processing payment;

- before entering into any individual transaction agreements under the framework agreements, the corresponding lead departments responsible for Comprehensive Financial Services, bilateral construction services, and raw material procurement shall review the pricing terms to ensure compliance with the pricing policies established in the relevant framework agreements and the cumulative transaction amount will not exceed the corresponding annual cap;

- when considering the actual transaction prices and other charges and service fees for the services to be provided to the Group by the connected persons, the Company will constantly research into prevailing market conditions and practices and make reference to the pricing and terms between the Group and Independent Third Parties for similar transactions, to make sure that the pricing and terms offered by the above connected persons from mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties; and

- when considering any renewal or revisions to the framework agreements, the interested Directors and Shareholders will abstain from voting on the resolution(s) to approve such continuing connected transactions at the relevant board meetings or shareholders' meetings (as the case may be), and the terms of the proposed renewal or revisions of the framework agreements will be considered by the independent non-executive Directors and Independent Shareholders have the right to consider if the terms of the non-exempt continuing connected transactions (including the proposed annual caps) are fair and reasonable, and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As of the Latest Practicable Date, Shanxi CIG is the Controlling Shareholder, directly and indirectly (through Shanghai RD Investment) holding an aggregate of approximately 72.81% of the total issued Shares, and is therefore a connected person of the Company. The entering into of the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for annual caps with respect of service fees for Comprehensive Financial Services under the 2025 Financial Services Framework Agreement exceed 0.1% but are all less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempted from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the Non-exempt Continuing Connected Transactions exceed 5%, the transactions contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of Mr. Xu Guanshi, Mr. Zhang Hongjie, Mr. Mu Jianwei and Mr. Feng Cheng has abstained from voting on the relevant Board resolutions as they hold positions at Shanxi CIG. Save as disclosed above, none of the Directors attending the aforementioned Board meeting have any material interest in entering into of the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all the independent non-executive Directors (namely, Mr. Wang Jingming, Professor Wu Qiusheng, Ms. Shin Chuck Yin and Mr. Guo He) has been formed to advise and make recommendations to the Independent Shareholders, and First Shanghai has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions.

EGM AND CLOSURE OF REGISTER OF MEMBERS OF H SHARES

A notice of the EGM is set out on pages 53 to 56 of this circular. A proxy form to be used at the EGM or any adjournment thereof is also enclosed herein and published on the website of HKEx. Shareholders who intend to appoint a proxy to attend the EGM shall complete, sign and return the proxy form in accordance with the instructions printed thereon.

Shanxi CIG and Shanghai RD Investment, a wholly-owned subsidiary of Shanxi CIG, directly holding 980,000,000 Shares and 20,000,000 Shares, representing approximately 71.35% and 1.46% of the issued share capital of the Company as of the Latest Practicable Date, respectively, shall abstain from voting on the resolution(s) approving the Non-exempt Continuing Connected Transactions at the EGM. Save as aforementioned, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no other Shareholder has any material interest in the Non-exempt Continuing Connected Transactions and would be required to abstain from voting at the EGM.

For Shareholders, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarized copy of that power of attorney or other authority, must be delivered to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time for holding the EGM or any adjournment thereof in order for such documents to be valid.

In order to determine the qualification to attend and vote at the EGM, the register of members of the H Shares will be closed from Thursday, 18 December 2025 to Tuesday, 23 December 2025 (both days inclusive), during which period no transfer of H Shares will be effected. H Share holders whose names appear on the register of members of the H Shares of the Company on Thursday, 18 December 2025 are entitled to attend the EGM. For unregistered Shareholders who intend to attend the EGM, all share certificates and the relevant transfer documents must be lodged with the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 17 December 2025.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the EGM must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the resolution(s) proposed at the EGM will be voted by poll.

RECOMMENDATION

The Directors (including the members of the Independent Board Committee having considered the advice from the Independent Financial Adviser) consider that the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement were negotiated on an arm's length basis and entered into in the ordinary and usual course of business of the Group, the terms of which were fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (including the members of the Independent Board Committee having considered the advice from the Independent Financial Adviser) recommend the Independent Shareholders to vote in favor of the ordinary resolution(s) proposed at the EGM in relation to the Non-exempt Continuing Connected Transactions, their respective proposed annual caps and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 25 to 26 of this circular, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 27 to 44 of this circular and the additional information set out in the appendix to this circular.

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

山西安装
SHANXI CIG

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)

5 December 2025

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 5 December 2025 (the "**Circular**"), of which this letter forms part. Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the Circular.

The Independent Board Committee has been formed to consider and advise you in respect of the Non-exempt Continuing Connected Transactions, details of which are set out in the "Letter from the Board" contained in the Circular. First Shanghai has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The text of the letter of advice from the Independent Financial Adviser containing its recommendations and the principal factors and reasons in which the Independent Financial Adviser has taken into consideration in arriving at its recommendations is set out on pages 27 to 44 of the Circular.

Having taking into account the advice from the Independent Financial Adviser, we consider the terms of the Non-exempt Continuing Connected Transactions and their respective proposed annual caps are entered into in the ordinary and usual course of business of the Group, fair and reasonable, on normal commercial terms so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolution(s) proposed at the EGM to approve the Non-exempt Continuing Connected Transactions, their respective proposed annual caps and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Wang Jingming	**Professor Wu Qiusheng**	**Ms. Shin Chuck Yin**	**Mr. Guo He**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser setting out its opinion and recommendation regarding the Non-exempt Continuing Connected Transactions (including the respective annual caps relating thereto for each of the years ending 31 December 2026, 2027 and 2028), for the purpose of inclusion in this circular.



First Shanghai Capital Limited
19th Floor
Wing On House
71 Des Voeux Road Central
Hong Kong

5 December 2025

To the Independent Board Committee and the Independent Shareholders

Shanxi Installation Group Co., Ltd.
Room 1919, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Dear Sirs,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Non-exempt Continuing Connected Transactions (including the respective annual caps relating thereto), details of which are set out in the circular to the Shareholders dated 5 December 2025 (the "**Circular**"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

Reference are made to the prospectus of the Company dated 10 November 2023 (the "**Prospectus**") and the announcement of the Company dated 4 December 2025, in relation to, among other things, the expiring continuing connected transaction agreements, including but not limited to financial services framework agreement, bilateral construction services framework agreement and raw materials procurement framework agreement (the "**Expiring Continuing Connected Transaction Agreements**") will expire on 31 December 2025. On 4 December 2025, the Company has entered into the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework

Agreement and the 2025 Raw Materials Procurement Framework Agreement with Shanxi Construction Investment Group Co., Ltd. (the "**Shanxi CIG**") for a term of three years from 1 January 2026 to 31 December 2028, subject to approval by the Independent Shareholders at the EGM.

As at the date of this Circular, Shanxi CIG is the Controlling Shareholders of the Company and a connected person of the chapter 14A of the Listing Rules.

According to the Letter from the Board in the Circular, among the transactions contemplated under the 2025 Financial Services Framework Agreement (except for the service fees to be paid by the Group for the Comprehensive Financial Services), the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement, the Non-exempt Continuing Connected Transactions are subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE INDEPENDENT BOARD COMMITTEE

An independent board committee comprising Mr. Wang Jingming, Professor Wu Qiusheng, Ms. Shin Chuck Yin and Mr. Guo He, being all the independent non-executive Directors, has been established to advise the Independent Shareholders on, among other things, the terms of the Non-exempt Continuing Connected Transactions, being (i) the 2025 Financial Services Framework Agreement (except for the service fees to be paid by the Group for the Comprehensive Financial Services), (ii) the provision of Construction Service under the 2025 Bilateral Construction Services Framework Agreement and (iii) the 2025 Raw Materials Procurement Framework Agreement (including the annual caps relating thereto). We, First Shanghai Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

Apart from normal professional fees paid or payable to us in connection with the current engagement and the transactions contemplated thereunder (including the proposed annual caps), we did not have any other relationships or interests with the Company within the past two years from the Latest Practicable Date and we consider ourselves independent pursuant to Rule 13.84 of the Listing Rules, to provide our advice and form our opinion in respect of the Non-exempt Continuing Connected Transactions (including the annual caps relating thereto).

BASIS OF OUR ADVICE

In putting forth our opinion and recommendation, we have relied on the accuracy of the information and representations included in the Circular and provided to us by the management of the Company (the "**Management**"), and have assumed that all such information and representations made or referred to in the Circular and provided to us by the Management were true at the time they were made and continued to be true up to the Latest Practicable Date. During the course of our due diligence, we have reviewed, among

other documents, the Prospectus, the annual report of the Company for the year ended 31 December 2023 (the "**2023 Annual Report**"), the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**"), the interim report of the Company for the six months ended 30 June 2025 (the "**2025 Interim Report**"), the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement, the 2025 Raw Materials Procurement Framework Agreement, sample transactions documents in relation to the Non-exempt Continuing Connected Transactions as further elaborated in our letter.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular, including this letter, misleading. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Management nor have we conducted any form of investigation into the business, affairs or future prospects of the Company, Shanxi CIG and SCIG Group. We consider that we have taken sufficient and necessary steps to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation regarding each of the Non-exempt Continuing Connected Transactions (including the respective annual caps relating thereto), we have taken into consideration the following principal factors and reasons:

1. Background information on the Company and the Group

The Company and the Group 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 ("**Shanxi SASAC**").

Financial performance of the Group

The following is a summary of the key financial information of the Group for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2024 and 2025, as extracted from the 2023 Annual Report, 2024 Annual Report and the 2025 Interim Report, respectively:

	For the year ended 31 December		For the six months ended 30 June	
	2023	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	10,971,109	12,242,889	6,012,233	5,614,375
Gross profit	1,399,225	1,520,400	601,753	598,678
Net profit for the year/ period attributable to equity holders of the Company	154,942	153,412	89,474	63,283

Financial performance for the six months ended 30 June 2025 and 2024

As set out in 2025 Interim Report, the Group recorded revenue of approximately RMB5,614.4 million for the six months ended 30 June 2025, representing a decrease of approximately 6.6% from approximately RMB6,012.2 million for the six months ended 30 June 2024, mainly due to decrease in operating revenue derived from specialized auxiliary construction and other construction.

During the six months ended 30 June 2025, the Group recorded net profit attributable to equity holders of the Company of approximately RMB63.3 million, representing a decrease of approximately 29.3% as compared to that of approximately RMB89.5 million for the six months ended 30 June 2024, which was mainly attributable to the net effects of (i) a decrease in gross profit by approximately RMB3.1 million; (ii) an increase in management expenses by approximately RMB5.4 million; (iii) an increase in research and development expenses by approximately RMB37.4 million; (iv) an increase of income tax expenses by approximately RMB15.5 million; and offset by (v) a reduction in finance expenses of approximately RMB23.7 million; and (vi) a reduction of credit impairment loss of approximately RMB10.8 million.

Financial performance for the year ended 31 December 2024 and 2023

As set out in the 2024 Annual Report, the Group recorded revenue of approximately RMB12,242.9 million for the year ended 31 December 2024, representing an increase of approximately 11.6% from approximately RMB10,971.1 million for the year ended 31 December 2023, while the Group's gross profit amounted to approximately RMB1,520.4 million and approximately RMB1,399.2 million for the year ended 31 December 2024 and 2023, respectively. The increase in revenue was mainly attributable to the increase in revenue derived from specialized industrial

construction segment as the power engineering, petrochemical engineering and electromechanical installation engineering projects of such segment entered the peak construction period during 2024, resulting in an increase in project revenue.

For the year ended 31 December 2024 and 2023, the Group recorded profit attributable to equity holders of the Company of approximately RMB153.1 million and RMB154.9 million, which was relatively stable.

Financial position of the Group

	As at 31 December		As at 30 June
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total assets	23,522,431	24,124,161	25,143,796
Total liabilities	20,396,627	20,780,805	21,740,448
Net assets	3,125,804	3,343,356	3,403,348

The total asset and liabilities for the Group expanded steadily, resulting at the net asset growth from approximately RMB3,125.8 million as at 31 December 2023 to approximately RMB3,403.3 million as at 30 June 2025.

2. Background information on Shanxi CIG

With reference to the Letter from the Board, Shanxi CIG is a company established in the PRC with limited liability and the Controlling Shareholder of the Company. As a comprehensive construction enterprise group, Shanxi CIG and its subsidiaries (collectively, the "**SCIG Group**") leverages on the industry layout of "three pillar segments of construction (including the investment, construction and operation of infrastructure), real estate as well as energy conservation and environmental protection, and six supporting segments of international engineering and services trading, construction industry and logistics, finance, surveying and design consultation, construction labouring and new energy". Its scope of business covers investment and development, industry finance, planning and consultation, construction design, coal industry design, scientific research on construction, construction industry, production of construction materials, manufacturing of machineries, intelligent supply, logistics and transportation, construction works, roads and bridges construction, equipment installation, decoration and repair, property operation and maintenance and other businesses, which have formulated a diversified and complete industry chain. Shanxi CIG is ultimately controlled and supervised by the Shanxi SASAC.

3. Background of and reasons for the Non-exempt Continuing Connected Transactions

As set out in the Letter from the Board, the Non-exempt Continuing Connected Transactions have been conducted in the ordinary and usual course of businesses between the Group and SCIG Group in the past. On 3 November 2023, the Company and Shanxi CIG (for itself and on behalf of its subsidiaries) entered into the Expiring Continuing Connected Transaction Agreements, details of which are set out in the Prospectus. As the

Expiring Continuing Connected Transaction Agreements will expire on 31 December 2025 and the Non-exempt Continuing Connected Transactions are expected to continue in the future, the Company and Shanxi CIG (for itself and on behalf of its subsidiaries) entered into the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement to govern the Non-exempt Continuing Connected Transactions, for a further term of three years from 1 January 2026 to 31 December 2028.

We were advised by the Management that SCIG Group is the largest comprehensive state-owned investment and construction group in Shanxi Province and had demonstrated its capability with good reputation and proven track records in the construction and related services. The SCIG Group was ranked 194th among the "2025 China Top 500 Enterprises" as released by the China Enterprise Confederation and the China Enterprise Directors Association. According to a news published on 26 September 2025, Engineering News-Record of the United States and Construction Times of China jointly released the 2025 lists of "Top 80 Chinese Contractors" and "Top 60 Engineering Design Firms". Shanxi CIG, with its stable operating performance and full-industry chain service capabilities, retained its place on both lists, ranking 7th in the "Top 80 Chinese Contractors" and 48th in the "Top 60 Engineering Design Firms". The Directors consider that the Group has significantly benefited from the synergy with SCIG Group, resulting in cost reductions, improved efficiency, enhanced quality and higher revenue and profitability.

In respect of the Non-exempt Continuing Connected Transactions under the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement:

- Comprehensive Financial Services under the 2025 Financial Services Framework Agreement provides flexibility to the Group for funding needs and credit facilities for daily operations at interest rates no less favourable than those offered by other independent commercial banks and financial institutions in the PRC for a similar product and period;

- Provision of construction services by the Group to SCIG Group under the 2025 Bilateral Construction Services Framework Agreement facilitate the Group to provide construction services to SCIG Group for the ordinary business operation of the Group. Due to the long-term historical relationship between the Group and SCIG Group, they have better understanding of each other's business and can better ensure the standards of quality, delivery and technical support of the services to meet each other's requirements. The Directors consider that such transactions also enable the Group to expand its portfolio of construction of large-scale projects, increase its revenue and increase the capacity utilization level of the Group; and

- Procurement services under the 2025 Raw Materials Procurement Framework Agreement facilitate the Group to procure certain raw materials from SCIG Group for the ordinary business operation of the Group. Based on our discussion

with the Management, we noted that SCIG Group has established centralized procurement platform for its members (including the Group) and given the large range of materials and products offered by SCIG Group, the Group is expected to enjoy a stable supply of raw materials and the benefits of bulk purchase from SCIG Group at prices no higher than the prices offered by other independent suppliers which effectively reduce the construction costs and further enhance the profitability of the Group.

Having considered, in particular, (i) the background and strengths of SCIG Group, being a sizeable PRC state-owned enterprise and the largest construction group in Shanxi Province; (ii) the financial service providers in SCIG Group have better understanding of operations of the Group, enabling them to develop tailored financing solutions that effectively meet the Group's funding requirements and provide credit facilities and loans efficiently; (iii) the entering into 2025 Bilateral Construction Services Framework Agreement for construction services provided by the Group to SCIG Group maintains the Group's long term relationship with SCIG Group and enables the stability in the construction services due to the familiarity of meeting the requirements and expectation of SCIG Group; (iv) the entering into 2025 Raw Materials Procurement Framework Agreement are for construction needs of the Group; (v) the Non-exempt Continuing Connected Transactions are entered into in the ordinary course of business of the Group and the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement has been entered into on normal commercial terms after arm's length negotiation between the parties; and (vi) the terms of the Non-exempt Continuing Connected Transactions and the respective annual caps relating thereto are fair and reasonable as discussed below, we are of the view that the entering into of the Non-exempt Continuing Connected Transactions (including the respective annual caps relating thereto) are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the Non-exempt Continuing Connected Transactions contemplated under the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement

The principal terms of the Non-exempt Continuing Connected Transactions contemplated under the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement which are set out in more details in the Letter from the Board, are summarised in the following table.

2025 Financial Services Framework Agreement	For credit facility services, the credit interest rates and rates for loans to be provided to the Group by SCIG Group shall be no higher than those available to the Group from other independent financial institutions in the PRC for the same period and of similar nature.

2025 Bilateral Construction Services Framework Agreement	Contract sum for construction services provided by the Group to SCIG Group shall be determined with reference to the pricing guidelines and methods as set out in the valuation guidelines published by the local housing and urban-rural construction bureaus and with consideration with other factors such as project schedule, complexity and scale of the construction project, potential revision of the scope of work, geographical location and environmental conditions of the project site.
2025 Raw Materials Procurement Framework Agreement	The price for each type of raw materials shall be determined with reference to (i) the prevailing market price of the products, and (ii) the price of the product supplied by independent third party vendors or suppliers in their ordinary and usual course of business for purchasing products of comparable quality, quantity and specifications and taking into account factors including costs and operational efficiency, and subject to normal commercial terms.

In assessing the fairness and reasonableness of the terms in Non-exempt Continuing Connected Transactions, we have obtained and reviewed the Expiring Continuing Connected Transaction Agreements and the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement. We noted that the major terms in the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement are similar with those in the Expiring Continuing Connected Transaction Agreements which was entered into by the Company on 3 November 2023.

2025 Financial Services Framework Agreement

We were advised by the Management, the relevant internal control measures (details of which are set out in the Letter from the Board) include but not limited to, before the Group conducts financial services with SCIG Group, the Group will constantly research into prevailing market conditions and practices and make reference to the pricing and terms between the Group and independent third parties for similar transactions to make sure that the interest rate and terms offered by SCIG Group are no less favourable than those offered to independent third parties.

We were advised by the Management that there were a total of four Comprehensive Financial Services (i.e. two finance lease services and two other finance services) under financial services framework agreement of Expiring Continuing Connected Transaction Agreements offered by SCIG Group to the Group from the date of listing of the Group dated 22 November 2023 up to the Latest Practicable Date. We have reviewed above transaction documents and compared with contracts/quotation offered by independent third parties and we noted that the

credit interest rates provided to the Group by relevant members of SCIG Group is no higher than those from independent third parties in the PRC providing the same type of finance services in their ordinary and usual course of business in the same or nearby service area.

2025 Bilateral Construction Services Framework Agreement

As discussed with the Management, in preparing and assessing the tender documents in respect of construction services provided by the Group to SCIG Group, the Group will take into account factors including the technical requirements, quantity specifications, expected completion time, the customer's expectations and the possible revision of the scope of work and risk factors associated with a project. The relevant business departments of the Group will determine the bidding price according to the requirements set forth in the tender documents with reference to the pricing guidelines and methods as set out or given by the local government. Based on our interview with the Management and as advised by the Management, the Group's tender submission procedures apply to tenders submitted to both SCIG Group and independent third parties of the Group.

To ascertain the Group's tender submission procedures, we have randomly selected and reviewed nine sample tender documents of the Group for the years ended 31 December 2023 and 2024 and the ten months ended 31 October 2025, of which (i) three tender documents were submitted to SCIG Group with contract values of approximately RMB880.7 million, RMB188.0 million and RMB21.4 million, representing the largest, largest and third-largest construction service contracts entered into with SCIG Group for the years ended 31 December 2023 and 2024 and the ten months ended 31 October 2025, respectively; and (ii) six tender documents were submitted to independent third parties of the Group for the years ended 31 December 2023 and 2024 and the ten months ended 31 October 2025. Given the scale of the contracts and all nine samples were selected on a random basis and distributed over the period spanning the years ended 31 December 2023 and 2024 and the ten months ended 31 October 2025, we consider the samples are adequate and representative.

Based on our review, we noted that (i) the tender submission procedures have been implemented by the Group to review the feasibility and profitability of tender to be submitted and to decide the contents and pricing terms of the tender to be submitted; (ii) the pricing terms of the tenders were determined by the Group with reference to the technical requirements, quantity specifications, expected completion time, the customer's expectations and the possible revision of the scope of work and risk factors associated with a project; and (iii) the abovementioned tender submission procedures maintained by the Group is applicable to tenders submitted to both SCIG Group and independent third parties of the Group.

2025 Raw Materials Procurement Framework Agreement

As advised by the Management, the Group mainly purchased steels from SCIG Group over the period of the two years ended 31 December 2023 and 2024 and the ten months ended 31 October 2025. According to the Group's internal policies, prior to

placing purchase orders with SCIG Group, the Group shall obtain quotations from at least two independent suppliers for materials of similar quality and compare the terms of the quotations with those of SCIG Group to ensure that the prices offered by SCIG Group are no less favourable to the Group than those offered by independent suppliers. We have also, on a random basis, reviewed three samples of the purchases records with SCIG Group, including the procurement contracts and invoices, and six quotations of comparable materials obtained from independent third parties. Given that all nine samples were selected on a random basis and distributed over the period spanning the two years ended 31 December 2023 and 2024 and the ten months ended 31 October 2025, we consider the samples are adequate and representative. We have compared each purchase records against two quotations of comparable materials obtained from independent third parties, and noted that, for each sample, the price offered by SCIG Group was not higher than those offered by independent third parties to the Group. Together with the discussion with the Management, we understood that the purchases of raw materials from Shanxi CIG had followed the pricing policies stipulated under the 2025 Raw Materials Procurement Framework Agreement.

With reference to the 2023 Annual Report and the 2024 Annual Report, the Company's independent non-executive Directors have reviewed the continuing connected transactions and confirmed that these transactions were: (a) carried out in the ordinary course of business of the Group; (b) made on normal or better commercial terms; and (c) carried out according to the terms in the relevant transaction agreements, which are fair and reasonable, and in the interests of the Shareholders as a whole.

Furthermore, the Company had engaged its independent auditors to report on the continuing connected transactions of the Group for the year ended 31 December 2023 and 2024. The auditor had issued their unqualified letter containing their conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules, stating that, during the years ended 31 December 2023 and 2024: (a) nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions have not been approved by the Board; (b) nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group; (c) nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (d) nothing has come to the auditor's attention that causes the auditor to believe that the amount of the continuing connected transactions have exceeded the total annual caps set by the Company.

Having considered, in particular, (i) our review of the principal terms of the Non-exempt Continuing Connected Transactions, where the pricing terms with connected persons shall be no less favourable than those with independent third parties; (ii) the internal control measures of the Group, particularly the review and comparison of the terms with independent third parties; and (iii) our understanding of the positive track record of compliance where the independent auditors of the

Company and the Independent Non-Executive Directors had reviewed and will continue to review the continuing connected transactions, we are of the view that the internal control measures of the Group are sufficient and the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

5. Historical transaction amounts and proposed annual caps for the Non-exempt Continuing Connected Transactions

In assessing the fairness and reasonableness of the proposed annual caps for the years ending 31 December 2026, 2027 and 2028, we have discussed with the Company about the basis and underlying assumptions used in the determination of the proposed annual caps. The proposed annual caps represent the maximum amounts of transactions the Group would enter into with SCIG Group rather than the obligation of the Group to accept or provide products and services from or to SCIG Group at that amount. We have discussed and concur with the Management that the proposed annual caps will provide more flexibility to the Group and the proposed annual caps are at the appropriate level after taken into account the historical transaction amounts and expected future growth and opportunities.

The following table sets out (i) the historical transaction amounts for the Non-exempt Continuing Connected Transactions for each of the year ended 31 December 2023 and 2024 and the ten months ended 31 October 2025; (ii) the existing annual caps for the year ended/ending 31 December 2023, 2024 and 2025; and (iii) the proposed annual caps for each of the year ending 31 December 2026, 2027 and 2028:

		Existing annual caps for the years ended/ending 31 December			Proposed annual caps for the years ending 31 December		
		2023	**2024**	**2025**	**2026**	**2027**	**2028**
		RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
2025 Financial Services Framework Agreement							
— Maximum daily balance of Comprehensive Financial Services	Annual Caps	500.0	500.0	500.0	500.0	500.0	500.0
	Historical amounts	453.7	332.0	331.7[1]			
	Utilization rate	90.7%	66.4%	66.3%[2]			

		Existing annual caps for the years ended/ending 31 December			Proposed annual caps for the years ending 31 December		
		2023	**2024**	**2025**	**2026**	**2027**	**2028**
		RMB million	*RMB million*	*RMB million*	*RMB million*	*RMB million*	*RMB million*
2025 Bilateral Construction Services Framework Agreement							
— Contract value for construction services provided/to be provided by the Group to SCIG Group	Annual Caps	750.0	800.0	850.0	1,000.0	1,200.0	1,400.0
	Historical amounts	549.0	167.9	348.2[1]			
	Utilization rate	73.2%	21.0%	41.0%[2]			
2025 Raw Materials Procurement Framework Agreement							
— Raw materials procurement	Annual Caps	1,000.0	1,200.0	1,400.0	805.0	905.0	1,004.6
	Historical amounts	999.2	536.4	295.0[1]			
	Utilization rate	99.9%	44.7%	21.1%[2]			

Notes:

1. Historical amount for the ten months ended 31 October 2025

2. The utilisation rates for the year ending 31 December 2025 are computed based on the actual amounts up to 31 October 2025.

(i) Annual caps for the 2025 Financial Services Framework Agreement

In determining the proposed annual caps for the 2025 Financial Services Framework Agreement, the Company has mainly considered:

- the historical transaction amounts for maximum daily balance of Comprehensive Financial Services for the year ended 31 December 2023 and 2024 and the ten month ended 31 October 2025; and

- business development and expectation on demand for Comprehensive Finance Services.

In assessing the fairness and reasonableness of the proposed annual caps, we have reviewed the relevant historical transaction amounts for the year ended 31 December 2023 and 2024 and ten months ended 31 October 2025 and noted that the historical maximum daily balance of Comprehensive Financial Services accounted for approximately 90.7%, 66.4% and 66.3% for the existing annual caps of RMB500.0 million for the year ended 31 December 2023 and 2024 and ten months ended 31 October 2025, respectively.

We have discussed and were advised by the Management that historical transaction amounts of the maximum daily balance of Comprehensive Financial Services consisted of (i) financial services entered before the effective of the Expiring Continuing Connected Transaction Agreements and (ii) Comprehensive Financial Services under Expiring Continuing Connected Transaction Agreements. The decrease of maximum daily balance of Comprehensive Financial Services for the year ended 31 December 2024 was mainly due to repayment of three finance leases and one asset-backed security under financial services entered before the effective of the Expiring Continuing Connected Transaction Agreements, and the decrease of maximum daily balance for ten months ended 31 October 2025 was mainly due to the repayment of one asset-backed security under Expiring Continuing Connected Transaction Agreements.

As the Company's primary business and its core operational indicators remains stable, new Comprehensive Financial Services are expected to be required as replacements. Accordingly, the expected maximum daily balance of Comprehensive Financial Services for the next three years will remain at a level similar to historical figures. We have also been advised by the Management that the total maximum daily balance for all comprehensive financial services (including those from the SCIG Group and independent third parties) reached approximately RMB8,400 million and RMB9,538 million for the year ended 31 December 2023 and 2024, respectively, and approximately RMB10,727 million for the ten months ended 31 October 2025. Thus, the proposed annual caps pertaining exclusively to the SCIG Group constitutes only a minimal component of the total amount.

Taking into account, in particular, (i) the 2025 Financial Services Framework Agreement allows the Group to have a flexible mean, but not an obligation, to procure required financial services from SCIG Group; (ii) the ongoing business development of the Group; and (iii) the proposed annual cap for the maximum daily balance of Comprehensive Financial Services is comparable to the historical transaction amounts, we consider the proposed annual caps to be fair and reasonable so far as the Independent Shareholders are concerned.

(ii) Annual caps for the 2025 Bilateral Construction Services Framework Agreement

In determining the proposed annual caps for contract value for construction services provided by the Group to SCIG Group under the 2025 Bilateral Construction Services Framework Agreement, the Company has mainly considered:

- the historical transaction amounts for construction services provided by the Group to SCIG Group for the year ended 31 December 2023 and 2024 and the ten months ended 31 October 2025;
- the remaining value of the subcontracting contracts entered into by the Group and SCIG Group and their respective completion schedule;
- the business development plan and expected growth trend in Group's principal business;
- the expected costs, including material costs and labor costs; and
- the relevant authorities' pricing guidelines.

In assessing the fairness and reasonableness of the proposed annual caps for the contract value for construction services provided by the Group to SCIG Group, we have reviewed the relevant historical transaction amounts for the year ended 31 December 2023 and 2024 and the ten months ended 31 October 2025, which represent the utilisation rates to the existing annual caps of approximately 73.2%, 21.0% and 41.0%, respectively. As discussed with the Company, the overall relatively low utilisation rates was mainly attributable to, among other things, the facts that (i) demand from construction services was affected by challenging market conditions such as economic slowdowns; (ii) certain projects did not start as schedule or were delayed as requested by the project owners mainly attributable to reassessment of investment returns due to changes of new energy power generation policy; delay in construction status by other subcontractors of the projects and adjustments to project preparations due to changes of originally planned water source location; and (iii) annual caps were set higher so as to offer buffer of around 10% for large projects or contract values that did not materialize. The proposed annual cap for the year ending 31 December 2026 represents an increase of approximately 17.6% to the existing annual cap for the year ending 31 December 2025. The proposed annual caps for the year ending 31 December 2027 and 2028 represent annual growth rates of approximately 20.0% and 16.7% respectively.

We have obtained and reviewed the Group's project list with SCIG Group as at the Latest Practicable Date which consists of (i) four ongoing projects with SCIG Group with remaining contract value of approximately RMB362.3 million, all of which are expected to completed in the year of 2026 as communicated and agreed with the respective counterparties; (ii) one contracted project with SCIG Group with a contract value of approximately RMB120.0 million is expected to be completed in the year of 2026 as communicated and agreed with the counterparty; and (iii) three potential projects to be obtained by the Group with an estimated aggregative contract value of

approximately RMB1,600.0 million, among which contract value of approximately RMB320.0 million is expected to be completed in the year of 2026, with approximately RMB120.0 million has been agreed with the respective counterparty and approximately RMB200.0 million was estimated by the Group based on the discussion with the project owner. We were advised by the Management that the potential project, namely Shanxi Qinshui Pumped Storage Power Station Project (山西沁水抽水蓄能電站項目) (the "**Project**") is a key provincial project in Shanxi Province with total investment of approximately RMB7.8 billion. With reference to the Company's announcement dated 22 October 2025, the Group is in the process of establishing a joint venture company with the SCIG Group and Huaneng Power International, Inc., a joint stock company established under the PRC laws with limited liability, the H shares and A Shares of which are listed on the Stock Exchange (stock code: 902) and the Shanghai Stock Exchange (stock code: 600011), respectively, with the aim of investing in the Project.

We have reviewed the financial performance of the Group, the revenue contributed by the Group's specialized industrial construction, specialized auxiliary construction and other construction increased from approximately RMB9.9 billion for the year ended 31 December 2023 to approximately RMB11.3 billion for the year ended 31 December 2024, representing an increase of approximately 14.1%. The highest annual caps for the year ending 31 December 2028 (being RMB1,400.0 million) represented only approximately 11.4% of the actual revenue of the Group for 2024 and the annual growth rate of new annual cap are around the aforementioned actual achieved growth of the total revenue of the Group.

In respect of the scale of Shanxi CIG, we have reviewed relevant information and noted that Shanxi CIG is a sizeable state-owned corporation in Shanxi Province. We have also reviewed a report of Shanxi CIG dated 28 July 2025 published on the website of Shanghai Stock Exchange, where Shanxi CIG had issued financing securities, and we noted that Shanxi CIG recorded stable revenue of approximately RMB131.5 billion and RMB130.5 billion for the year ended 31 December 2023 and 2024, respectively; and stable cost of sales of approximately RMB11.5 billion and RMB11.4 billion for the year ended 31 December 2023 and 2024.

In addition, in respect of our review of the construction market of the PRC, we have reviewed of "Statistical Analysis of the Development of the Construction Industry in the First Half of 2025", which was published by the China Construction Industry Association in August 2025. According to report, the PRC's gross domestic product in the first half of 2025 was RMB66,054 billion, a year-on-year increase of 5.3% and the construction industry in the first half of 2025 reached RMB3,821 billion, a year-on-year increase of 0.7%. We understand the outlook of the construction industry of the PRC is stable and favourable. Further, as understood from the 2024 Annual Report, 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 Shanxi provincial government actively promotes the development of Shanxi's petrochemical industry in the direction of

low-carbon, green, high-end and differentiation, accelerates the construction of wind and photovoltaic projects and advance the construction of new energy storage, pumped storage and virtual power plants. These efforts have collectively contributed to sustaining strong demand in Shanxi's construction market. As a result, the Company believes that demand for construction services is expected to boom in Shanxi Province and its surrounding areas. Given that SCIG Group is the largest comprehensive state-owned investment and construction group in Shanxi Province and ultimately controlled and supervised by the Shanxi SASAC; and the construction industry in Shanxi Province is expected to grow as mentioned above, the Management anticipated the Group to create further business opportunities with SCIG Group and hence, further increase the Group's revenue.

Having considered (i) the historical transactions amounts for construction services provided by the Group to SCIG Group for the year ended 31 December 2023 and 2024; (ii) the proposed annual caps are determined with reference to the expected contract sums for construction service provided by the Group to SCIG Group and a buffer of approximately 10% to cover a possible unexpected large projects; and (iii) the positive industry outlook as supported by the Shanxi Provincial Government, we consider that the proposed annual caps are set to accommodate the potential contract sums of construction services provided by the Group to SCIG Group and are fair and reasonable.

(iii) Annual caps for the 2025 Raw Materials Procurement Framework Agreement

In determining the proposed annual caps for the raw materials procurement under the 2025 Raw Material Procurement Framework Agreement, the Company has mainly considered:

- the historical transaction amounts for the raw materials purchased from SCIG Group for the year ended 31 December 2023 and 2024 and the ten months ended 31 October 2025;

- the business development plan and expected growth trend in Group's principal business; and

- in 2025, SCIG Group has commenced production and gradually improved the production and supply capacity of certain types of raw materials, further enhancing its full-chain production capability. In 2026, it is expected that SCIG Group will incorporate the construction raw material products manufactured by its ten major parks engaged in the production of construction materials into the centralized procurement platform established for its member companies (including the Group), increasing the categories and volume of raw materials available for centralized procurement. The Group will benefit from bulk production. Therefore, the Group expects that purchasing such raw materials from SCIG Group through the centralized procurement platform will not only enable it to enjoy more favorable prices, but also save transportation expenses, which will be more economically beneficial and in line with supply chain security.

Consequently, the proportion of the total amount of raw materials procured by the Group from SCIG Group's centralized procurement platform in the three years ending 31 December 2028 is expected to increase significantly.

In assessing the fairness and reasonableness of the proposed annual caps for the raw materials procurement from SCIG Group, we have reviewed the relevant historical transaction amounts for the year ended 31 December 2023 and 2024 and the ten months ended 31 October 2025 and noted that the utilisation rates of existing annual caps are approximately 99.9%, 44.7% and 21.1% for the corresponding periods. We have discussed with the Management and were advised that the decreasing utilisation rates was due to the facts that (i) increase in purchase of raw materials from independent suppliers after the establishment of a qualified supplier platform for raw materials, where the Group can access more independent suppliers through the platform; (ii) annual caps were set higher so as to offer buffer of around 10% for large orders that did not materialize; (iii) demand for construction services was affected by challenging market conditions such as economic slowdowns and resulting in project delay or postponement of construction schedule; and (iv) the full-chain production capability of SCIG Group was still in early stage of commencement and under improvement in 2025 resulted in the benefits from bulk production and economies of scale had not yet been fully realized.

The proposed annual cap for the year ending 31 December 2026 represents a reduction of approximately 42.5% to the existing annual cap for the year ending 31 December 2025 and a decrease of approximately 19.4% to the highest historical transaction amount for the year ended 31 December 2023. The procurement of raw materials from SCIG Group continues to be impacted by competition from independent suppliers, while SCIG Group has commenced production and is gradually enhancing its production and supply capacity, we consider it is reasonable to reduce annual caps for the 2025 Raw Materials Procurement Framework Agreement but remain reasonable as compared to historical transaction amounts for the year ended 31 December 2023 and 2024 and ten months ending at 31 October 2025. In addition, we have further discussed with the Management and we are also advised by the Management that the proposed annual caps for the year ending 31 December 2026, 2027 and 2028 represents approximately 16.6%, 18.7% and 20.7%, respectively, of the total purchase amount of raw materials by the Group (including procurement of raw materials from both SCIG Group and independent third parties) for the year ended 31 December 2024. The proposed annual caps for the years ending 31 December 2027 and 2028 represent annual growth rates of approximately 12.4% and 11.0%, respectively and is comparable to the highest historical transaction amounts for the year ended 31 December 2023.

Taking into account, in particular, (i) the 2025 Raw Materials Procurement Framework Agreement provides flexibility for the Group to make procurements from SCIG Group that are necessary for usual operation of the Group, where the proposed annual caps for the year ending 31 December 2026, 2027 and 2028 represents less than one-fourth of the total purchase amounts of raw materials by the Group for the year ended 31 December 2024; (ii) SCIG Group is a sizeable PRC state-owned corporation

as discussed previously; (iii) the proposed annual caps for the year ending 31 December 2026, 2027 and 2028 is comparable to the highest historical transaction amounts for the year ended 31 December 2023; (iv) the scale of the proposed annual caps as compared with the total purchase amount of raw materials by the Group; and (v) the ongoing business development of the Group and SCIG Group as discussed previously, we consider the proposed annual caps for 2025 Raw Materials Procurement Framework Agreement to be fair and reasonable so far as the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the opinion that the Non-exempt Continuing Connected Transactions are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. We are also of the opinion that the terms of the Non-exempt Continuing Connected Transactions are on normal commercial terms and, together with the respective annual caps relating thereto, are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves advise, the Independent Shareholders to vote in favour of the resolutions to approve the Non-exempt Continuing Connected Transactions (including the respective annual caps relating thereto) at the EGM.

Yours faithfully,
For and on behalf of
First Shanghai Capital Limited

Edmond Kwan	**Kenneth Yam**
Managing Director	*Executive Director*

Note: Mr. Edmond Kwan and Mr. Kenneth Yam are Responsible Officers of Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Mr. Edmond Kwan and Mr. Kenneth Yam have more than 18 and 13 years of experience in the corporate finance industry, respectively. Both of them have participated in the provision of independent financial advisory services for numerous connected transactions involving listed companies in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information regarding the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors, supervisors and chief executive

As of the Latest Practicable Date, none of the Directors, supervisors or chief executive 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 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 Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Interests of substantial shareholders and other persons

As of the Latest Practicable Date, so far as was known to the Directors, the following persons (other than the Directors, supervisors and the chief executive of the Company) had or were deemed to have an interest or a short positions in the Shares, the underlying Shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of the Group:

Name of shareholders	Nature of interest	Number and class of shares	Approximate percentage of Shares in relevant class of Shares	Approximate percentage of 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)		

Name of shareholders	Nature of interest	Number and class of shares	Approximate percentage of Shares in relevant class of Shares	Approximate percentage of the Company's issued share capital
Shanxi State-owned Capital Operation Co., Ltd.* (山西省國有資本運營有限公司) ("**SSCO**")[1]	Interest in controlled corporation	1,000,000,000 Domestic Shares (L)	100.00%	72.81%
Shanxi SASAC[1]	Interest in controlled corporation	1,000,000,000 Domestic Shares (L)	100.00%	72.81%
Ming Yang Smart Energy Group Limited* (明陽智慧能源集團股份公司)	Beneficial owner	98,792,000 H Shares (L)	26.45%	7.19%
Hong Kong Regent Jian An Investment Co., Limited. (香港勵駿建安投資有限公司)	Beneficial owner	61,238,000 H Shares (L)	16.40%	4.46%
Hainan Tiankun Private Equity Fund Management Co., Ltd.* (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%
JinYi Capital Multi-Strategy Fund SPC Ltd-SMA SP FUND	Beneficial owner	59,546,000 H Shares (L)	15.94%	4.34%
Jinluo (Shenzhen) Private Equity Fund Management Co., Ltd.* (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%
Hainan Tiankun Shenye Private Equity Investment Fund Partnership (Limited Partnership)* (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%

Name of shareholders	Nature of interest	Number and class of shares	Approximate percentage of Shares in relevant class of Shares	Approximate percentage of the Company's issued share capital
Hainan Tiankun Xianning Private Equity Investment Fund Partnership (Limited Partnership)* ((海南天坤仙凝私募股權投資基金合夥企業(有限合夥))[2][6]	Beneficial owner	22,796,000 H Shares (L)	6.10%	1.66%
Jiagsu Wanwei Electric Co., Ltd.* (江蘇萬威電氣有限公司)[6]	Interest in controlled corporation	22,796,000 H Shares (L)	6.10%	1.66%
Hainan Jingtai Precision Equity Private Fund Phase II Partnership (Limited Partnership)* (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%
Sichuan Huazhiyecan Electric Power Design Co., Ltd.* (四川華之燁燦電力設計有限公司)[4]	Interest in controlled corporation	34,778,000 H Shares (L)	9.31%	2.53%
Jingtai Venture Investment Private Fund Management (Hainan) Partnership (Limited Partnership)* (景泰創業投資私募基金管理(海南)合夥企業(有限合夥))[5]	Interest in controlled corporation	34,778,000 H Shares (L)	9.31%	2.53%
GaoTeng Overseas Private Fund Management (Hainan) Ltd.[7]	Beneficial owner	21,252,000 H Shares (L)	5.69%	1.55%

Name of shareholders	Nature of interest	Number and class of shares	Approximate percentage of Shares in relevant class of Shares	Approximate percentage of the Company's issued share capital
Xi'an Shanggong International Construction Engineering Co., Ltd.* (西安山工國際建築工程有限公司)[7]	Interest in controlled corporation	21,252,000 H Shares (L)	5.69%	1.55%
GaoTeng Global Asset Management Limited[7]	Interest in controlled corporation	21,252,000 H Shares (L)	5.69%	1.55%

Notes:

(1) Shanxi CIG directly holds 980,000,000 Domestic Shares and holds 20,000,000 Domestic Shares through Shanghai RD Investment, its wholly-owned subsidiary. Shanxi SASAC directly holds 52.44% and indirectly holds 37.56% through SSCO of the equity interest in Shanxi CIG. By virtue of the SFO, Shanxi SASAC and SSCO are deemed to be interested in the Shares held by Shanxi CIG and Shanghai RD Investment.

(2) Hainan Tiankun Private Equity Fund Management Co., Ltd. is the general partner of Hainan Tiankun Shenye Private Equity Investment Fund Partnership (Limited Partnership) and Hainan Tiankun Xianning Private Equity Investment Fund Partnership (Limited Partnership). By virtue of the SFO, Hainan Tiankun Private Equity Fund Management Co., Ltd. is deemed to be interested in the Shares held by these partnerships.

(3) Jinluo (Shenzhen) Private Equity Fund Management Co., Ltd. holds 76.76% of the shares in Hainan Tiankun Shenye Private Equity Investment Fund Partnership (Limited Partnership). By virtue of the SFO, Jinluo (Shenzhen) Private Equity Fund Management Co., Ltd. is deemed to be interested in the Shares held by this partnership.

(4) Sichuan Huazhiyecan Electric Power Design Co., Ltd. holds 52% of the shares in Hainan Jingtai Precision Equity Private Fund Phase II Partnership (Limited Partnership). By virtue of the SFO, Sichuan Huazhiyecan Electric Power Design Co., Ltd. is deemed to be interested in the Shares held by this partnership.

(5) Jingtai Venture Investment Private Fund Management (Hainan) Partnership (Limited Partnership) is the general partner of Hainan Jingtai Precision Equity Private Fund Phase II Partnership (Limited Partnership). By virtue of the SFO, Jingtai Venture Investment Private Fund Management (Hainan) Partnership (Limited Partnership) is deemed to be interested in the Shares held by this partnership.

(6) Jiangsu Wanwei Electric Co., Ltd. holds 99.98% of the shares in Hainan Tiankun Xianning Private Equity Investment Fund Partnership (Limited Partnership). By virtue of the SFO, Jiangsu Wanwei Electric Co., Ltd. is deemed to be interested in the Shares held by this partnership.

(7) Xi'an Shanggong International Construction Engineering Co., Ltd. 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, as of the Latest Practicable Date, so far as was known to the Directors, no person (other than the Directors, supervisors and the chief executive of the Company) had or were deemed to have an interest or a short positions in the Shares, the underlying Shares and debentures of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under Section 336 of the SFO, or who were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of the Group.

So far as was known to the Directors, the following Directors are a director or employee of a company which has an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Position(s) held in the Company	Position(s) held in SCIG Group
Mr. Xu Guanshi	Non-executive Director	— Head of the General Office of Shanxi CIG — Director of Shanxi Architectural Decoration Engineering Co., LTD* (山西省建築裝飾工程有限公司)
Mr. Zhang Hongjie	Non-executive Director	— Head of the Finance and Assets — Department of Shanxi CIG — External director of Shanxi Eighth Construction Group Company Limited* — (山西八建集團有限公司) — Director of SCIG Yingbin Road Construction Project Management Company Limited* (山西建投迎賓大道工程項目管理有限公司) — Director of Central Jin Jianyuan National and Provincial Road Surface Improvement Project Management Company Limited* (晉中建遠國省道路面改造項目管理有限公司)

Name of Director	Position(s) held in the Company	Position(s) held in SCIG Group
		— Director of Shanxi CIG Jinshuo Project Management Company Limited* (山西建投晉朔項目管理有限公司)
Mr. Mu Jianwei	Non-executive Director	— Director of the Inspection Office under the Party Committee of Shanxi CIG
		— Director of Shanxi Construction Investment City Operation Group., Ltd.* (山西建投城市運營集團有限公司)
Mr. Feng Cheng	Non-executive Director	— Deputy head of the Audit Department of Shanxi CIG
		— Outside director of SCIG International Construction Group Company Limited* (山西建投國際建設集團有限公司)
		— Director of SCIG South Jin Construction Industry Company Limited* (山西建投晉南建築產業有限公司)

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND OTHER INTERESTS

(a) Director's interests in contracts

As of the Latest Practicable Date, there was no contract or arrangement entered into by any member of the Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Group.

(b) Director's interests in assets

As of the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) Director's interest in competing business

Save as disclosed in this circular, as of the Latest Practicable Date, none of the Directors or their associates is interested in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

5. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice, which is contained or referred to in this circular:

Name	Qualification
First Shanghai Capital Limited	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As of the Latest Practicable Date, the above expert:

(i) had no direct or indirect shareholdings in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(ii) had no interests, direct or indirect, in any assets which had been, since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any of member of the Group, or are proposed to be acquired or disposed of by or leased to any of member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report or opinion (as the case may be) and reference to its name in the form and context in which they respectively appear.

6. MATERIAL ADVERSE CHANGE

The Directors confirmed that there has not been any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Group were made up.

7. GENERAL

This circular has been printed in English and Chinese; in the event of inconsistency, the English version shall prevail.

8. DOCUMENTS ON DISPLAY

The following documents will be available on the HKEx's website (**www.hkexnews.hk**) and the Company's website (**www.sxaz.com.cn**) during the period of 14 days from the date of this circular:

(i) the 2025 Financial Services Framework Agreement;

(ii) the 2025 Bilateral Construction Services Framework Agreement; and

(iii) the 2025 Raw Materials Procurement Framework Agreement.



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)

NOTICE OF THE 2025 THIRD EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2025 third extraordinary general meeting (the "**EGM**") of Shanxi Installation Group Co., Ltd. (the "**Company**") will be held at 3:00 p.m. on Tuesday, 23 December 2025 at the Conference Room, East Side, 2/F, Shanxi Installation Office Building, No. 8 Xinhua Road, Shanxi Transformation and Comprehensive Reform Demonstration Zone, Shanxi Province, PRC, for the purpose of considering, and if thought fit, passing the following resolutions. Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 5 December 2025 (the "**Circular**").

ORDINARY RESOLUTIONS

1. To consider the resolution in relation to the continuing connected transactions under the 2025 Financial Services Agreement (as defined and described in the Circular) that:

   "**THAT**

   (a) the execution of the 2025 Financial Services Agreement and the proposed annual caps (as defined and described in the Circular) be and are hereby confirmed, ratified and approved and the transactions thereunder be and are hereby approved; and

   (b) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and sign and execute all such documents and to take such steps as he/she/they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the 2025 Financial Services Framework Agreement, its proposed annual caps and the transactions contemplated thereby."

2. To consider the resolution in relation to the continuing connected transactions under the 2025 Bilateral Construction Services Framework Agreement (as defined and described in the Circular)

"**THAT**

(a) the execution of the 2025 Bilateral Construction Services Framework Agreement and the proposed annual caps in relation to the Provision of Construction Services therein (as defined and described in the Circular) be and are hereby confirmed, ratified and approved and the transactions thereunder be and are hereby approved; and

(b) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and sign and execute all such documents and to take such steps as he/she/they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the 2025 Bilateral Construction Services Framework Agreement, the proposed annual caps in relation to the Provision of Construction Services therein and the transactions contemplated thereby."

3. To consider the resolution in relation to the continuing connected transactions under the 2025 Raw Materials Procurement Framework Agreement (as defined and described in the Circular)

"**THAT**

(a) the execution of the 2025 Raw Materials Procurement Framework Agreement and its proposed annual caps (as defined and described in the Circular) be and are hereby confirmed, ratified and approved and the transactions thereunder be and are hereby approved; and

(b) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and sign and execute all such documents and to take such steps as he/she/they may consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the 2025 Raw Materials Procurement Framework Agreement, its proposed annual caps and the transactions contemplated thereby."

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
5 December 2025

Notes:

1. In order to determine the qualification to attend and vote at the EGM, the register of members of the H Shares will be closed from Thursday, 18 December 2025 to Tuesday, 23 December 2025 (both days inclusive), during which period no transfer of H Shares will be effected. H Share holders whose names appear on the register of members of the H Shares of the Company on Thursday, 18 December 2025 are entitled to attend the EGM. For unregistered Shareholders who intend to attend the EGM, all share certificates and the relevant transfer documents must be lodged with the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 17 December 2025 for registration.

2. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a Shareholder.

3. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same on its behalf.

4. In order to be valid, the proxy form must be deposited, for Shareholders, to the H Shares registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 24 hours before the time for holding the EGM. If the proxy form is signed by a person under a power of attorney or other authority, a notarized copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the EGM or any adjourned meetings should they so wish.

5. Shareholders shall produce their identification documents and supporting documents in respect of the shares of the Company held when attending the EGM. If corporate Shareholders appoint authorised representative to attend the EGM, the authorised representative shall produce his/her identification documents and a notarized copy of the relevant authorisation instrument signed by the board of directors or other authorised parties of the corporate shareholders or other notarized documents allowed by the Company. Proxies shall produce their identification documents and the proxy form signed by the Shareholders or their attorney when attending the EGM.

6. The EGM is expected to take for less than half a day. Shareholders attending the EGM shall be responsible for their own travel and accommodation expenses.

7. All voting at the EGM will be conducted by poll.

8. References to times and dates of this notice are to Hong Kong times and dates.

The Circular (in both English and Chinese versions) is available on the Company's website at www.sxaz.com.cn.

Shareholders may request for printed copy of the Circular free of charge or change their choice of means of receipt and language of the Company's corporate communications by sending reasonable notice in writing to the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or by sending an email to sxaz.ecom@computershare.com.hk.

Shareholders who have chosen to receive the Company's corporate communications in either English or Chinese version will receive both English and Chinese versions of the Circular since both languages are bound together into one booklet.