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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)

CONNECTED TRANSACTION
ACQUISITION OF 70% EQUITY INTEREST IN THE TARGET COMPANY

ACQUISITION OF TARGET EQUITY

The Board is pleased to announce that on 14 January 2026, the Company, Shanxi CIG HK and Shanxi CIIC entered into the Equity Transfer Agreement, pursuant to which, the Company shall acquire an aggregate of 70% equity interest in the Target Company from Shanxi CIG HK and Shanxi CIIC at a total consideration of RMB58.55 million. As of the date of this announcement, the Company held 30% equity interest in the Target Company. Upon the completion of the Transaction, the Target Company will become a wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

Shanxi CIG is the controlling shareholder and a connected person of the Company. As Shanxi CIG HK and Shanxi CIIC are subsidiaries of Shanxi CIG, they are associates of Shanxi CIG and connected persons of the Company.

As one or more applicable percentage ratios of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

Parties

(1) the Company (as transferee)

(2) Shanxi CIG HK and Shanxi CIIC (as transferors)

Transaction

As at the signing date of the Equity Transfer Agreement, the registered capital of the Target Company was RMB100 million with RMB97 million fully paid up. In particular, the Company subscribed for RMB30 million, held as to 30% equity interest and had fully paid up RMB30 million; Shanxi CIG HK subscribed for RMB40 million, held as to 40% equity interest and had paid up RMB37 million; and Shanxi CIIC subscribed for RMB30 million, held as to 30% equity interest and had paid up RMB30 million. Shanxi CIG HK and Shanxi CIIC intend to transfer the Target Equity to the Company, and the Company is willing to acquire the aforementioned equity interests and rights attached thereto in accordance with the terms of the Equity Transfer Agreement. Upon completion of the Transaction, the Company will hold a 100% equity interest in the Target Company, and the Target Company will become a wholly-owned subsidiary of the Company.

Consideration of Transfer

The total transfer consideration for the Transaction shall be approximately RMB58.55 million, of which the transfer consideration for the Target Equity held by Shanxi CIG HK shall be approximately RMB32.17 million and the transfer consideration for the Target Equity held by Shanxi CIIC shall be approximately RMB26.38 million. The equity transfer price is determined based on the appraised asset value of the Target Equity as detailed below through arm's length and amicable negotiation among the three parties. Upon signing of the Equity Transfer Agreement, no adjustment will be made to the transfer price for Target Equity due to the operating profits or losses of the Target Company.

Payment

The Company will pay the transfer consideration in three installments according to the terms stipulated in the Equity Transfer Agreement. The first installment, amounting to approximately RMB20.1 million, shall be paid upon the signing and effectiveness of the Equity Transfer Agreement. The second installment, amounting to approximately RMB15.03 million, shall be paid within 90 days after the completion of the industrial and commercial change registration for the transfer of the Target Equity. The third installment, amounting to approximately RMB23.42 million, shall be paid within 90 days after the payment of the second equity transfer installment. The Company will use its own funds to pay the consideration for the Transaction.

INFORMATION ON TARGET COMPANY

The Target Company is a company established under the PRC laws, and primarily engaged in the investment of overseas projects.

For the two years ended 31 December 2023 and 2024, and for the eight months ended 31 August 2025, the key items extracted from the audited financial information of the Target Company, prepared in accordance with the Accounting Standards for Business Enterprises of the PRC, are as follows:

	For the year ended 31 December		For the eight months ended 31 August
	2023	2024	2025
Profit (loss) before tax	627,730.88	(857,960.57)	(5,681,793.53)
Profit (loss) after tax	695,394.48	(921,716.39)	(5,851,835.40)

	As at 31 December		As at 31 August
	2023	2024	2025
Total assets	102,542,776.59	102,378,041.59	93,105,996.93
Net asset	97,009,520.83	90,467,966.88	84,616,131.48

Beijing Zhongtianhua Asset Appraisal Co., Ltd.* (北京中天華資產評估有限責任公司), an independent valuer, conducted the valuation on the Target Equity as at 31 August 2025 (being the benchmark date), using the asset-based approach. According to the valuation report, the carrying amounts of the total assets, the total liabilities and the net assets of the Target Company were RMB93.1060 million, RMB8.4899 million and RMB84.6161 million, respectively. The appraised value of total assets was RMB93.4105 million, representing a value increase of RMB0.3045 million, or an appreciation rate of 0.33%. The appraised value of total liabilities was RMB8.4899 million, with an appreciation rate of 0.00%. The appraised value of the total shareholders' equity was RMB84.9206 million, representing a value increase of RMB0.3045 million, or an appreciation rate of 0.36%. The increase in value was attributable to the appraisal increment of fixed assets and intangible assets. Without considering any potential premium or discount related to control or lack of control, the value of the 40% equity interest held by Shanxi CIG HK in the Target Company was RMB32.17 million, and the value of the 30% equity interest held by Shanxi CIIC in the Target Company was RMB26.38 million.

INFORMATION ON THE PARTIES

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 tops 100 competitive enterprises in the field of China's construction industry, ranks as one of the top 10 backbone construction enterprises in Shanxi Province, and has extensive practical experience in the field of project investment, construction, and operation. The Company is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People's Government of Shanxi Province.

Shanxi CIG HK is a company established under the laws of Hong Kong, and is mainly engaged in international construction contracting, international trade and international direct investment business. It is a wholly-owned subsidiary of Shanxi CIIC.

Shanxi CIIC is a company established under the PRC laws and is mainly engaged in overseas engineering construction. It is a wholly-owned subsidiary of Shanxi CIG.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company's acquisition of the Target Company will significantly enhance its overall competitiveness and operational effectiveness in overseas markets. On one hand, the Company possesses comprehensive and well-established engineering service capabilities, along with a talent pool rich in overseas project experience and management expertise. On the other hand, the Target Company has relatively mature management competencies in areas such as overseas project investment, market development, risk prevention and control, and key client engagement, but lacks construction qualifications and execution capabilities. Following integration, both parties can achieve complementary advantages, enabling the Company to rapidly establish an overseas project management system covering the entire industry chain in overseas sectors such as new energy, chemicals, and industrial mining. This will not only improve profitability but also effectively drive management upgrades through business integration, improve risk tolerance, and reduce management costs.

Currently, both the Company and the Target Company are indirect subsidiaries of Shanxi CIG. In project collaborations, each entity is required to follow its own decision-making procedures. Upon the Transaction, redundant processes will be significantly reduced, decision-making efficiency will be enhanced, and opportunities in overseas markets can be captured more swiftly.

The Transaction will facilitate the Company in building a more internationalized, diversified, and specialized global business framework and brand appearance. It will further leverage the Company's advantages as a listed Company in financing and resources, thereby driving the positive development of its overseas operations.

The Directors, namely Mr. Xu Guanshi, Mr. Zhang Hongjie, Mr. Mu Jianwei and Mr. Feng Cheng, are deemed to have material interest by reason of their positions at Shanxi CIG Group and thus abstained from voting on the resolution related to the Transaction. Save as disclosed above, no other Directors are deemed to have a material interest in the Transaction, nor are there any other Directors required to abstain from voting on the Board resolutions concerning the Transaction. The Directors (including the independent non-executive Directors) consider that the terms of the Transaction and the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the shareholders as a whole.

LISTING RULES IMPLICATIONS

Shanxi CIG is the controlling shareholder and a connected person of the Company. As Shanxi CIG HK and Shanxi CIIC are subsidiaries of Shanxi CIG, they are associates of Shanxi CIG and connected persons of the Company.

As one or more applicable percentage ratios of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

The following expressions shall have the meanings set out below unless the context requires otherwise:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors of the Company
"Company"	Shanxi Installation Group Co., Ltd. (山西省安裝集團股份有限公司), a joint stock company established under the PRC laws with limited liability whose H shares are listed on the Stock Exchange (stock code: 2520)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Equity Transfer Agreement"	the transfer agreement entered into between the Company, Shanxi CIG HK and Shanxi CIIC on 14 January 2026 in relation to the 70% equity interest in the Target Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Shanxi CIG"	Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司), a state-owned company established under the laws of the PRC and our controlling shareholder

"Shanxi CIG HK"	Shanxi Construction Investment Group (Hong Kong) Limited* (山西建設投資集團(香港)有限公司), a company established under the laws of Hong Kong and a wholly-owned subsidiary of Shanxi CIIC
"Shanxi CIIC"	Shanxi Construction Investment International Construction Group Ltd.* (山西建投國際建設集團有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of Shanxi CIG
"Share(s)"	the shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Shanxi Construction Investment International Investment Co., Ltd.* (山西建投國際投資有限公司), a company established under the laws of the PRC
"Target Equity"	the 70% equity interest in the Target Company held as to 40% and 30% by Shanxi CIG HK and Shanxi CIIC, respectively, and to be transferred to the Company pursuant to the Equity Transfer Agreement
"Transaction"	the transaction involving the acquisition of the Target Equity by the Company from Shanxi CIG HK and Shanxi CIIC

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, 14 January 2026

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

* *For identification purposes only*