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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
# FURTHER ANNOUNCEMENT ON THE ACQUISITION OF 70% EQUITY INTEREST IN THE TARGET COMPANY

Reference is made to the announcement of the Company dated 14 January 2026 (the "**Announcement**") in relation to the connected transaction relating to the acquisition of 70% equity interest in Shanxi Construction Investment International Investment Co., Ltd.* (山西建投國際投資有限公司) (the "**Target Company**"). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, pursuant to the Equity Transfer Agreement, the Company has agreed to acquire an aggregate of 70% equity interest in the Target Company from Shanxi CIG HK and Shanxi CIIC at a consideration of RMB58.55 million. The consideration was determined based on the valuation set forth in the Target Equity valuation report (the "**Valuation Report**") prepared by Beijing Zhongtianhua Asset Appraisal Co., Ltd.* (北京中天華資產評估有限責任公司) (the "**Valuer**"), an independent valuer, and filed with the China Appraisal Society.

## REASONS FOR SELECTING THE ASSET-BASED VALUATION APPROACH

In accordance with the Chinese Valuation Standards, three basic valuation approaches, namely the income approach, the market approach and the asset-based approach, may be adopted for the valuation of enterprise value. The Valuer has adopted the asset-based approach for valuation, primarily considering the following:

(i) The Target Company has complete financial information and asset management data available for use, and the data and information sources related to the replacement cost of the assets are wide-ranging; therefore, the asset-based approach can be adopted for this valuation.

(ii) As the equity rights trading market for non-listed companies in China is not yet fully developed, the sources of comparable cases for similar transactions are limited. Among listed companies, there are also few entities whose business direction, asset scale, operating scale, and other factors are sufficiently comparable to the Target Company. When using general cases for adjustment, the magnitude of such adjustments would be too large, causing the reference cases to distort the value indication for this project and making them unsuitable for meeting the conditions required for the market approach. Therefore, the market approach is not applicable to this valuation.

(iii) Having considered factors including the Target Company's asset size, historical operating performance, predictability of future earnings, and the sufficiency of the valuation information obtained, the Target Company has experienced significant revenue fluctuations in recent years and has sustained losses for the past two years. Consequently, future earnings are difficult to predict reliably, and thus the income approach was not adopted.

## KEY ASSUMPTIONS

The valuation was conducted based on a number of general and special assumptions:

General assumptions include:

(i) All assets subject to valuation have been in the process of transaction, and the valuation professionals conduct the assessment by simulating the market based on the transaction terms of the assets being evaluated;

(ii) The assets can be traded freely in a highly competitive market, and their prices are determined by independent buyers and sellers based on their judgment of the asset's value under prevailing market supply conditions; and

(iii) An operating entity can continue to operate, and the operating activities of this entity will not be suspended or terminated in a predictable time in the future.

Special assumptions include:

(i) There have been no significant changes in the relevant laws, regulations and policies in force or the macroeconomy of China, and no significant changes in the political, economic and social environment of the regions where the parties to this transaction are located;

(ii) The operators of the Target Company are responsible, and the management of the Target Company is capable of performing its duties;

(iii) The Target Company is in full compliance with all relevant laws and regulations;

(iv) The accounting policies to be adopted by the Target Company in the future are generally consistent in all material aspects with the accounting policies adopted in the preparation of the Valuation Report;

(v) The operating scope and model of the Target Company remain consistent with the current direction based on its existing management model and standards;

(vi) There is no material change in interest rates, exchange rates, tax bases and tax rates, or policy-based levies; and

(vii) There is no material negative impact on the enterprise due to other force majeure or unpredictable factors.

## APPRAISED VALUES OF THE ASSETS AND LIABILITIES OF THE TARGET COMPANY

As at the valuation benchmark date, (i) the audited carrying value and the appraised value of the total assets of the Target Company were RMB93.1060 million and RMB93.4105 million, respectively; (ii) the audited carrying value and the appraised value of the total liabilities of the Target Company were both RMB8.4899 million; and accordingly (iii) the carrying value and the appraised value of the net assets of the Target Company were RMB84.6161 million and RMB84.9206 million, respectively. The increase in the Target Company's appraised value was due to the appreciation of the valuation on fixed assets and intangible assets. Specifically, (i) the value of fixed assets increased by RMB18,600, comprising a RMB28,800 appreciation in the value of electronic devices, as their economic useful lives exceed those assumed under the accounting depreciation policy, partially offset by a RMB10,200 impairment loss on vehicles due to declining second-hand vehicles market prices; and (ii) the appraised value

of intangible assets (patent rights) increased by RMB285,900 due to adjustments to their expensed cost structure and consideration of their remaining useful life ratios. Details are as follows:

*Unit: RMB'000*

| Item | Carrying value | Appraised value | Change | Appreciation rate % |
|---|---|---|---|---|
| Current assets | 8,763.73 | 8,763.73 | | |
| Non-current assets | 84,342.30 | 84,646.81 | 304.51 | 0.36 |
| Among which: Long-term equity investments | 84,127.00 | 84,127.00 | | |
| Fixed assets | 188.80 | 207.41 | 18.61 | 9.86 |
| Intangible assets | 16.40 | 302.30 | 285.90 | 1,748.93 |
| Deferred income tax assets | 10.10 | 10.10 | | |
| Total assets | 93,106.03 | 93,410.54 | 304.51 | 0.33 |
| Current liabilities | 8,489.90 | 8,489.90 | | |
| Non-current liabilities | – | – | | |
| Total liabilities | 8,489.90 | 8,489.90 | | |
| Net assets (owner's equity) | 84,616.13 | 84,920.64 | 304.51 | 0.36 |

Save for the information stated above, all other information set out in the Announcement remains unchanged.

On behalf 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, 20 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*