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

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

(Stock Code: 2520)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2025**

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		Change
	2025	2024	
	RMB'000	RMB'000	
Operating results			
Operating revenue	10,531,096	12,243,159	-1,712,063
Gross profit	1,201,629	1,520,669	-319,040
Net profit	193,260	209,799	-16,539
Net profit attributable to the shareholders of the parent company	138,432	153,678	-15,246
Profitability			
Gross profit margin	11.4%	12.4%	-1.0%
Net sales margin	1.8%	1.7%	0.1%
Earnings per share (RMB)			
Earnings per share – Basic	0.10	0.11	-0.01
Earnings per share – Diluted	–	–	–

The financial information set out in this announcement is prepared in accordance with the China Accounting Standards for Business Enterprises.

The proposed dividend to be distributed for the year ended December 31, 2025 is RMB27,991,000 (For the year ended December 31, 2024: RMB6,232,000).

The board of directors (the “**Board**”) of Shanxi Installation Group Co., Ltd. (the “**Company**”, and its subsidiaries, the “**Group**”) is pleased to announce the audited consolidated financial results of the Group for the year ended December 31, 2025 (the “**Reporting Period**”), together with the comparative figures for the year ended December 31, 2024 (the “**Corresponding Period**”).

CONSOLIDATED BALANCE SHEET

For the year ended December 31, 2025

Unit: RMB’000

Assets:	<i>Notes</i>	2025 December 31	2024 December 31
Current assets:			
Cash		1,823,399	2,626,858
Bill receivables		230,677	126,061
Trade receivables	3	8,143,568	5,960,673
Receivables financing		8,049	69,252
Prepayments		286,596	517,669
Other receivables		761,737	751,414
Inventories		327,859	298,113
Contract assets	4	7,132,239	6,425,844
Other current assets		237,935	413,565
Total current assets		18,952,059	17,189,449
Non-current assets:			
Long-term equity investments		277,464	210,245
Investments in other equity instruments		154,215	147,832
Investment properties		188,989	187,722
Fixed assets		1,069,331	1,077,794
Construction-in-progress		218,593	203,907
Right-of-use assets		139,308	153,119
Intangible assets		187,695	174,677
Goodwill		11,135	15,000
Long-term deferred expenses		6,874	193
Deferred income tax assets		186,390	179,492
Other non-current assets		4,630,173	4,584,751
Total non-current assets		7,070,167	6,934,732
Total assets		26,022,226	24,124,181

Unit: RMB'000

Liabilities and equity of shareholders	<i>Notes</i>	2025 December 31	2024 December 31
Current liabilities:			
Short-term borrowings		3,130,479	2,400,646
Bill payables		2,034,671	1,888,383
Trade payables	5	9,899,845	9,492,423
Contract liabilities		973,315	1,357,031
Employee remuneration payables	6	78,221	82,075
Tax payables	7	55,920	57,574
Other payables	8	539,746	583,415
Non-current liabilities due within one year		570,503	767,873
Other current liabilities		817,296	872,592
Total current liabilities		18,099,996	17,502,012
Non-current liabilities:			
Long-term borrowings		4,157,530	2,970,909
Lease liabilities		130,761	140,084
Long-term employee remuneration payables		27,660	30,280
Deferred income		26,373	27,000
Deferred income tax liabilities		89,364	110,562
Total non-current liabilities		4,431,688	3,278,835
Total liabilities		22,531,684	20,780,847

Unit: RMB'000

Liabilities and equity of shareholders	<i>Notes</i>	2025 December 31	2024 December 31
Equity of shareholders			
Share capital		1,373,486	1,373,486
Capital reserve		650,999	650,867
Other comprehensive income		90,581	84,495
Special reserve		3,536	2,834
Surplus reserve		18,528	12,369
Undistributed profit		766,186	640,145
Total equity attributable to shareholders of the parent company		2,903,316	2,764,196
Minority interests		587,226	579,138
Total equity of shareholders		3,490,542	3,343,334
Total liabilities and equity of shareholders		26,022,226	24,124,181

Legal representative of the Company: REN Rui

Person in charge of accounting work in the Company: Zhou Saimei

Person in charge of the accounting organization of the Company: Xue Bowen

CONSOLIDATED INCOME STATEMENT

For the period from January 1, 2025 to December 31, 2025

Unit: RMB'000

	Notes	2025	2024
Operating revenue	9	10,531,096	12,243,159
Less: Operating costs	9	9,329,467	10,722,490
Tax and surcharges	10	37,201	30,892
Selling expenses		890	1,309
Management expenses		467,548	470,734
Research and development expenses		220,745	593,406
Finance expenses	11	92,946	102,349
Including: Interest expenses		365,914	344,381
Interest income		279,661	244,654
Add: Other gains		10,851	9,222
Investment gains		3,261	-2,647
Including: Gains on investment in associates and joint ventures		2,861	-2,647
Gains on change of fair value		1,267	917
Credit impairment losses		-134,224	-77,195
Asset impairment losses		-64,706	-27,736
Gains on disposal of assets		2,959	1,388
Operating profit		201,707	225,928
Add: Non-operating revenue		144	301
Less: Non-operating expenses		1,471	1,191
Total profit		200,380	225,038
Less: Income tax expenses	12	7,120	15,239
Net profit		193,260	209,799

Unit: RMB'000

	Notes	2025	2024
Classified by operating continuity:			
Net profit from continuing operations		193,260	209,799
Classified by ownership:			
Net profit attributable to shareholders of the parent company		138,432	153,678
Minority interests		54,828	56,121
Other comprehensive income, net of tax		6,086	2,256
Other comprehensive income attributable to shareholders of the parent company, net of tax		6,086	2,256
Other comprehensive income that cannot be reclassified into profit or loss		5,885	1,279
Change in remeasurement of defined benefit plan		459	-3,230
Changes in fair value of investment in other equity instruments		5,426	4,509
Other comprehensive income that will be reclassified into profit or loss		201	977
Translation differences on financial statements of foreign currencies		201	977
Total comprehensive income		199,346	212,055
Of which:			
Total comprehensive income attributable to shareholders of the parent company		144,518	155,934
Total comprehensive income attributable to minority shareholders		54,828	56,121
Earnings per share (RMB/share)			
Basic earnings per share		0.10	0.11
Diluted earnings per share		-	-

Legal representative of the Company: Ren Rui

Person in charge of accounting work in the Company: Zhou Saimei

Person in charge of the accounting organization of the Company: Xue Bowen

NOTES TO FINANCIAL STATEMENTS

1. COMPANY INFORMATION

Shanxi Installation Group Co., Ltd. (the “**Company**”; together with its subsidiaries, collectively the “**Group**”), whose predecessor was Shanxi Industrial Equipment Installation Group Co., Ltd. (山西省工業設備安裝集團有限公司), and was previously named as Shanxi Industrial Equipment Installation Co., Ltd.* (山西省工業設備安裝有限公司) and Shanxi Industrial Equipment Installation Company* (山西省工業設備安裝公司), was established in November 1989. In August 2021, the Company was restructured on the basis of the original company into a wholly-owned subsidiary of Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司) (“**Shanxi CIG**”) and was approved and registered by the Shanxi Provincial Administration for Market Regulation. Its business license registration number is 140000100001146, and the registered capital and paid-up capital are RMB1,000,000,000.00.

On September 2, 2021, Shanxi CIG transferred 2% of its equity in the Company (20,000,000 shares) to Shanghai Rongda Investment Management Co., Ltd.* (上海榮大投資管理有限公司) at nil consideration. In December 2021, the Company was restructured into a joint stock limited company.

In November 2023, the Company issued 373,486,000 shares of stock (H shares) to overseas investors and listed on the Main Board of the Hong Kong Stock Exchange, with the stock abbreviation “SHANXI INSTALL” and stock code “02520”. After the completion of the aforementioned issuance, the total share capital increased to RMB1,373,486,000.00.

The registered address of the Company is No. 8, Xinhua Road, Tanghuai Industrial Park, Shanxi Transformation Comprehensive Reform Demonstration Zone, with the Unified Social Credit ID of 91140000110011149W.

The industry in which the Company operates: construction industry. The Company is principally engaged in the following businesses: specialized industrial construction contracting, specialized auxiliary construction contracting, other construction contracting, and non-construction businesses.

The direct holding company of the Company is Shanxi CIG, and the ultimate controller of the Company is the State-owned Assets Supervision and Administration Commission of the People’s Government of Shanxi Province (山西省人民政府國有資產監督管理委員會).

The financial statements and notes to the financial statements were approved by the resolution of the 56th meeting of the first session of the Board of the Company on March 30, 2026.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements are prepared in accordance with the China Accounting Standards for Business Enterprises and its application guidelines, interpretations, and other relevant provisions (collectively, the “**Accounting Standards for Business Enterprises**”) issued by the Ministry of Finance of the PRC.

Pursuant to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong issued by the Hong Kong Stock Exchange in December 2010, the corresponding amendments to the Listing Rules of the Hong Kong Stock Exchange, as well as the relevant regulatory provisions issued by the Ministry of Finance (MOF) and the China Securities Regulatory Commission (CSRC), and upon approval by the Company’s general meeting of shareholders, the Company will no longer provide financial reports prepared in accordance with International Financial Reporting Standards (IFRS) to H Shareholders with effect from the 2024 annual financial report and interim results. Instead, the Company will provide financial reports

prepared in accordance with Chinese Accounting Standards (CAS) to all shareholders, and in preparing such financial reports, the Company has had regard to the relevant disclosure requirements under the Hong Kong Companies Ordinance and the Listing Rules of the Hong Kong Stock Exchange.

The financial statements are presented on a going concern basis.

The accounting of the Company is based on the accrual basis. Except for certain financial instruments and investment properties, these financial statements are measured on a historical cost basis. If assets suffer impairment, corresponding impairment provisions shall be made in accordance with relevant regulations.

3. TRADE RECEIVABLES

Trade receivables are mainly recorded based on the date of transaction. The ageing of trade receivables presented by their recording date is basically consistent with that presented by the date of invoice.

The ageing analysis of the trade receivables is as follows:

Unit: RMB'000

Type	Balance		Closing balance		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	410,795	4.72	160,574	39.09	250,221
Bad debt provision on a group basis	8,300,562	95.28	407,215	4.91	7,893,347
Including: Age group	8,300,562	95.28	407,215	4.91	7,893,347
Total	8,711,357	100.00	567,789	6.52	8,143,568

Unit: RMB'000

Type	Balance		2024 Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Expected credit loss rate (%)	
Bad debt provision on an individual basis	123,218	1.92	123,218	100.00	–
Bad debt provision on a group basis	6,281,127	98.08	320,454	5.10	5,960,673
Including: Age group	6,281,127	98.08	320,454	5.10	5,960,673
Total	6,404,345	100.0	443,672	6.93	5,960,673

Bad debt provision on a group basis:

Provision by age group

Unit: RMB'000

	Closing balance			Balance at the end of last year		
	Balance	Bad debt provision	Expected credit loss rate (%)	Balance	Bad debt provision	Expected credit loss rate (%)
Within 1 year	4,664,480	64,294	1.38	3,120,750	41,115	1.32
1 to 2 years	1,740,100	63,624	3.66	1,907,613	66,969	3.51
2 to 3 years	1,161,047	78,927	6.80	794,522	58,019	7.30
3 to 4 years	475,865	57,358	12.05	202,505	27,396	13.53
4 to 5 years	143,784	27,726	19.28	165,535	36,753	22.20
Over 5 years	115,286	115,286	100.00	90,202	90,202	100.00
Total	8,300,562	407,215	4.91	6,281,127	320,454	5.10

4. CONTRACT ASSETS

Unit: RMB'000

Item	Closing balance			Balance at the end of last year		
	Balance	Impairment provision	Carrying amount	Balance	Impairment provision	Carrying amount
– Contract assets onservice concession projects	4,114,308	47,938	4,066,370	3,912,780	51,550	3,861,230
– Contract assets on EPC projects	7,682,899	156,961	7,525,938	7,240,641	95,323	7,145,318
Sub-total	11,797,207	204,899	11,592,308	11,153,421	146,873	11,006,548
Less: Contract assets shown in other non-current assets	4,541,149	81,080	4,460,069	4,641,788	61,084	4,580,704
Total	7,256,058	123,819	7,132,239	6,511,633	85,789	6,425,844

5. TRADE PAYABLES

The aging analysis of the trade payables based on their recognition dates is as follows:

Unit: RMB'000

Item	2025	2024
Within 1 year	5,750,159	6,451,451
1–2 years	2,410,173	1,716,576
2–3 years	801,517	675,729
Over 3 years	937,996	648,667
Total	9,899,845	9,492,423

6. EMPLOYEE REMUNERATION PAYABLES

Unit: RMB'000

Item	Balance as at the end of the previous year	Increase for the period	Decrease for the period	Closing balance
Short-term remuneration	78,536	572,535	575,880	75,191
Post-employment benefits – defined contribution plan	319	90,280	90,419	180
Termination benefits	3,220	195	565	2,850
Post-employment benefits due within one year – liabilities in defined benefit plan	3,020	–	350	2,670
Termination benefits due within one year – liabilities in defined benefit plan	200	195	215	180
Total	82,075	663,010	666,864	78,221

The defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate fund and will have no further payment obligations thereafter.

During the Reporting Period, the defined contribution plan of the Company is the basic pension insurance and unemployment insurance paid for the employees.

Regarding the basic social pension insurance and unemployment insurance organized and implemented by local labor and social security departments that employees of the Company participate in, if employees withdraw from the aforementioned defined contribution plan before the relevant contributions are vested, the Company cannot use the contributions already paid on behalf of the employees to offset the existing level of contributions required by the defined contribution plan.

7. TAXES PAYABLES

Unit: RMB'000

Tax	2025	2024
Corporate income tax	22,947	26,497
Value added tax	11,254	11,551
Individual income tax	16,524	12,491
Urban maintenance and construction tax	2,295	2,293
Education surcharge	1,218	1,193
Price regulating funds payable	319	363
Local educational surcharge	60	97
Others	1,303	3,089
Total	55,920	57,574

8. OTHER PAYABLES

Unit: RMB'000

Item	2025	2024
Dividend payables	31,678	71,678
Other payables	508,068	511,737
Total	539,746	583,415

(1) Dividend payables

Unit: RMB'000

Item	2025	2024
Shanxi Construction Investment Group Co., Ltd. (山西建設投資集團有限公司)	30,244	70,244
Shanghai Rongda Investment Management Co., Ltd. (上海榮大投資管理有限公司)	1,434	1,434
Total	31,678	71,678

(2) Other payables

Unit: RMB'000

Item	2025	2024
Deposits received	33,238	31,095
Amounts due to related parties	159,635	169,346
Amounts due to employees	104,584	106,697
Withholding and payment of social security and tax on behalf of individuals	3,171	4,018
Other payables	207,440	200,581
Total	508,068	511,737

9. OPERATING REVENUE AND OPERATING COSTS

(1) Operating revenue and operating costs

Unit: RMB'000

Item	2025		2024	
	Revenue	Costs	Revenue	Costs
Principal businesses	10,456,969	9,291,636	12,199,170	10,706,329
Other businesses	74,127	37,831	43,989	16,161
Total	10,531,096	9,329,467	12,243,159	10,722,490

(2) Operating revenue and operating costs by type*Unit: RMB'000*

Major type	2025		2024	
	Revenue	Costs	Revenue	Costs
Principal businesses:				
1. Specialized industrial construction	7,573,193	6,920,320	9,091,213	8,039,484
– Construction income of service concession projects	42,439	35,437	1,141	3,234
– Construction income of EPC projects	7,530,754	6,884,883	9,090,072	8,036,250
2. Specialized auxiliary construction	1,141,421	1,014,010	904,377	821,868
– Construction income of service concession projects	116,937	83,269	46,335	26,648
– Construction income of EPC projects	1,024,484	930,741	858,042	795,220
3. Other Construction	815,302	679,129	1,264,455	1,181,988
– Construction income of service concession projects	5,529	5,373	5,733	5,348
– Construction income of EPC projects	809,773	673,756	1,258,722	1,176,640
4. Non-construction business	927,053	678,177	939,125	662,989
– Operating fee income of service concession projects	119,634	99,453	143,215	84,088
– Urban heating technical services income	435,535	297,998	378,144	255,461
– Sales of LNG	200,097	189,660	220,230	208,296
– Sales of concrete	4,008	4,926	24,608	14,713
– Trading	32,955	20,470	58,889	47,196
– Design fee	39,747	11,674	39,775	12,620
– Sales of electricity	62,411	24,506	52,558	22,178
– Labor services fee	32,666	29,490	21,706	18,437
Other businesses:	74,127	37,831	43,989	16,161
– Lease	25,442	5,923	17,168	2,797
– Others	48,685	31,908	26,821	13,364
Total	10,531,096	9,329,467	12,243,159	10,722,490

(3) Operating revenue and operating costs by geographical location

Unit: RMB'000

Major operating areas	2025		2024	
	Operating revenue	Operating costs	Operating revenue	Operating costs
China	10,160,343	9,014,642	11,961,598	10,454,450
Overseas	370,753	314,825	281,561	268,040
Total	10,531,096	9,329,467	12,243,159	10,722,490

(4) Breakdown of operating revenue

Unit: RMB'000

	2025	2024
Timing of revenue recognition		
Including: Recognized at a point in time	975,737	965,946
Recognized over time	9,529,917	11,260,045
Total	10,505,654	12,225,991

The above excludes rental income, which are recognized in accordance with Accounting Standards for Business Enterprises No. 21, respectively.

10. TAXES AND SURCHARGES

Unit: RMB'000

Item	2025	2024
Property tax	4,587	7,106
Stamp duty	16,547	7,107
Urban maintenance and construction tax	7,502	8,012
Education surcharge	6,392	6,718
Land use tax	1,228	921
Others	945	1,028
Total	37,201	30,892

11. INCOME TAX EXPENSES

Unit: RMB'000

Item	2025	2024
Interest expenses	367,524	352,304
Less: Capitalized interest	1,610	7,923
Interest income from bank deposits	17,716	23,329
Interest income from PPP projects	261,945	221,325
Exchange gains or losses	1,124	-1,150
Handling fee and others	5,569	3,772
Total	92,946	102,349

12. INCOME TAX EXPENSE

(1) Breakdown of income tax expenses

Unit: RMB'000

Item	2025	2024
Current income tax calculated based on tax laws and relevant regulations	32,838	31,013
Deferred income tax expenses	-25,718	-15,774
Total	7,120	15,239

(2) Reconciliation between income tax expenses and total profit is set out below:

Unit: RMB'000

Item	In 2025	In 2024
Total profit	200,380	225,038
Income tax expenses at statutory (or applicable) tax rate	30,057	33,732
Effect of different tax rates applied by certain subsidiaries	26,977	12,389
Profit or loss from joint ventures and associates accounted for under the equity method	429	397
Non-deductible costs, expenses and losses	8,271	58,055
Effect of tax rate change on opening balance of deferred income tax	533	-
Tax effect of utilization of unrecognized deductible losses and deductible temporary differences in previous years (expressed in “-”)	-3	-
Tax effects of unrecognized deductible losses and deductible temporary differences	3,027	185
Tax effect of deduction for research and development expenses (expressed in “-”)	-62,171	-89,519
Income tax expenses	7,120	15,239

Tax Concessions and Approvals

Apply for tax incentives for high-tech enterprises

- ① The Company has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Taxation Administration in November 1, 2024, which is eligible to pay enterprise income tax (EIT) at a preferential rate of 15% from November 1, 2024 to October 31, 2027.
- ② Shan'an Bluesky, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Taxation Administration in November 1, 2024, which is eligible to pay EIT at a preferential rate of 15% for a term of three years from November 1, 2024 to October 31, 2027.
- ③ Xinshi Yangtian, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Taxation Administration in December 6, 2024, which is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 6, 2024 to December 5, 2027.
- ④ Shan'an Biquan, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Taxation Administration in December 8, 2025, which is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 8, 2025 to December 7, 2028.
- ⑤ Shan'an Maode, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Administration of Taxation in December 12, 2022, which are eligible to pay EIT at a preferential rate of 15% for a term of three years from December 12, 2022 to December 11, 2025.
- ⑥ Shan'an Lide, a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by Science and Technology Department of Shanxi Province, Shanxi Provincial Department of Finance and Shanxi Provincial Taxation Bureau, State Taxation Administration in December 8, 2023, which is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 8, 2023 to December 7, 2026.
- ⑦ Shanghai Shan'an a subsidiary of the Company, has obtained the Certificates of High and New-Technology Enterprise jointly issued by the Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Bureau of Finance and Shanghai Municipal Taxation Bureau, State Taxation Administration in December 12, 2023, which is eligible to pay EIT at a preferential rate of 15% for a term of three years from December 12, 2023 to December 11, 2026.

Additional research and development deduction tax treatment

The Company's operations in the PRC enjoy an additional research and development deduction tax treatment in accordance to EIT.

According to the announcement issued by the Ministry of Finance, the State Taxation Administration, and the Ministry of Science and Technology, with effect from October 1, 2022, the additional deduction ratio of research and development expenses was 100% and additional deduction ratio of amortization of the intangible assets was 200%.

Taxation concession applicable for small and micro-profit corporate tax

- ① Pursuant to the requirements of the Notice of the Ministry of Finance and the State Administration of Taxation on Tax Charge Policies on Further Supporting the Development of Small and Micro Enterprises (Cai Shui [2023] No. 13), taxable income is calculated at 25% and corporate income tax is charged at 20% per year for small and micro-profit enterprises.
- ② The requirements of the aforesaid documents are applicable to subsidiaries of the Company, such as Chongqing Shan'an Construction Engineering Co., Ltd., Hubei Shan'an Construction Engineering Co., Ltd., Shan'an Runxing New Energy (Lvliang) Co., Ltd., Liaoning Yingkou Shan'an New Energy Co., Ltd., Shaanxi Shan'an Construction Engineering Co., Ltd., Hong'an Shan'an Construction Engineering Co., Ltd., Xiaoyi Shan'an Construction Engineering Co., Ltd., Shanxi Shan'an Maode Electricity Supply Co., Ltd. and Yuanping Shan'an Biquan Waterwork Development Limited, and concessionary tax rate was used to calculate the taxable income for 2025.

13. DIVIDEND

The proposed dividend to be distributed as of December 31, 2025 is RMB27,991,000 (as of December 31, 2024: RMB6,232,000).

	2025	2024
Approval		
Final dividend – RMB0.04537 per 10 ordinary shares (2024: RMB0.02682 per 10 ordinary shares)	6,232	3,683
Declaration		
Dividend declared – RMB0.20380 per 10 ordinary shares (2024: RMB0.04537 per 10 ordinary shares)	<u>27,991</u>	<u>6,232</u>

14. EARNINGS PER SHARE

Earnings per share are calculated by dividing the consolidated net profit attributable to the ordinary shareholders of the parent company by the weighted average number of outstanding ordinary shares of the parent company:

Item	2025	2024
Consolidated net profit attributable to holders of ordinary shares of the parent company (<i>Unit: RMB'000</i>)	138,432	153,678
Weighted average number of ordinary shares issued by the parent company (<i>Unit: thousand shares</i>)	<u>1,373,486</u>	<u>1,373,486</u>
Basic earnings per share	<u>0.10</u>	<u>0.11</u>

15. SEGMENT INFORMATION

According to the internal organizational structure, management requirements, and internal reporting system of the Company, the operations of the Company are divided into two reporting segments: the construction contracting segment and the non-construction segment. These reporting segments are determined based on the financial information required for the daily internal management of the Company. The management of the Group regularly evaluates the operating results of these reporting segments to determine resources allocated to them and to assess their performance.

Reporting information of segments is disclosed based on the accounting policies and measurement standards adopted by each segment when reporting to management, these accounting policies and measurement bases are consistent with those used in the preparation of financial statements.

Segment profits or losses, assets and liabilities

Unit: RMB'000

Current period or at the end of current period	Construction contracting segment	Non-construction segment	Offset	Total
Operating revenue	9,836,760	1,294,537	600,201	10,531,096
Including: Revenue from external transactions	9,665,416	865,680	–	10,531,096
Revenue from inter-segment transactions	171,344	428,857	600,201	–
Including: Revenue from principal businesses	9,798,233	1,225,062	566,326	10,456,969
Operating costs	8,837,386	1,065,077	572,996	9,329,467
Selling expenses	–	899	9	890
Management expenses	440,984	63,099	36,535	467,548
Research and development expenses	194,671	26,074	–	220,745
Finance expenses	204,020	-111,093	-19	92,946
Operating profits/(losses)	41,784	245,100	85,177	201,707
Total assets	21,506,926	8,240,535	3,725,235	26,022,226
Total liabilities	19,250,154	5,513,815	2,232,285	22,531,684
Supplementary information:	–	–	–	–
Capital expenditures	10,142	91,034	8,306	92,870
Depreciation and amortization expenses	25,214	104,607	–	129,821
Asset impairment losses (losses are expressed in “–”)	-63,359	-1,347	0	-64,706
Credit impairment losses (losses are expressed in “–”)	-126,108	-8,116	–	-134,224

Continued:

Previous period or at the end of previous period	Construction contracting segment	Non- construction segment	Offset	Total
Operating revenue	11,458,172	1,262,747	477,760	12,243,159
Including: Revenue from external transactions	11,353,275	889,884	–	12,243,159
Revenue from inter-segment transactions	104,897	372,863	477,760	–
Including: Revenue from principal businesses	11,426,736	1,249,730	477,295	12,199,171
Operating costs	10,180,557	990,069	448,136	10,722,490
Selling expenses	–	1,318	9	1,309
Management expenses	432,333	64,521	26,120	470,734
Finance expenses	173,410	-71,061	-0	102,349
Operating profits/(losses)	12,746	237,748	24,566	225,928
Total assets	19,672,939	8,095,088	3,643,846	24,124,181
Total liabilities	17,490,998	5,571,099	2,281,250	20,780,847
Supplementary information:	–	–	–	–
Capital expenditures	10,160	99,109	8,435	100,834
Depreciation and amortization expenses	35,021	79,713	–	114,734
Asset impairment losses (losses are expressed in “–”)	-23,266	-3,400	1,070	-27,736
Credit impairment losses (losses are expressed in “–”)	-72,207	-4,988	–	-77,195
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Reliance on major customers

The Company has a large number of customers and no single customer accounted for more than 10% of the Company’s total revenue as at December 31, 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

1. THE MANAGEMENT'S DISCUSSION AND ANALYSIS ON OPERATIONS OF THE GROUP FOR THE REPORTING PERIOD

Summary of Overall Results

As the final year of the “14th Five-Year Plan” period and the foundational year for the Group’s strategy of “business segmenting and organizational clustering,” 2025 saw Shanxi Installation strive forward amidst complex and severe internal and external conditions. The Company steadily enhanced its comprehensive strength while deepening reform and restructuring, delivering effective market expansion strategies and continuously improving internal controls. These efforts enabled the Company to advance high-quality development in an all-round way and achieve sound operating results. In 2025, the Company recorded operating revenue of RMB10,531,096,000 and a total profit of RMB200,380,000.

In 2025, the Group continued to optimize its market strategy, playing a significant role in driving growth, with several standout achievements. First, its professional foundation has been continuously consolidated. In the chemical engineering sector, it won the bid for the EPC project of an annual 1.2 million-ton PBAT plant with a contract value of RMB5.5 billion, setting a new record for the value of a single chemical engineering contract. In the heating sector, it secured heating projects in multiple regions including Inner Mongolia, Taiyuan and Qin County with a total contract value of RMB830 million. In the rail transit sector, it won the bid for Shanghai Rail Transit Line No. 21. Second, the “going global” strategy has delivered remarkable results, with the Group winning bids for projects including the procurement, construction and installation engineering for the ammonia synthesis and methanol facilities as part of the old factory relocation and transformation and new materials upgrading project (first phase) of Henan Jinkai Chemical Industry Investment Holding Group Co., Ltd., and the general contracting for the PC engineering of the 1×50,000-kilowatt backpressure unit combined heat and power project in Xiajin, Dezhou. Third, in the overseas market, the Group secured projects such as the Indonesia nickel-cobalt hydroxide project and the Nigeria LNG supporting facilities project, while establishing a strategic partnership with French international investment giant EDF to explore the Central Asian market. Fourth, the new energy business continued to strengthen, winning bids for projects such as the 100MW Wind Power Project in Yangqu County’s Nitun Town and the 400MW/800MWh Grid-Side Electrochemical Energy Storage Project (EPC) in Tai’an City. Fifth, the investment business achieved multiple breakthroughs. In the field of solid waste disposal, the Group actively advanced the “one-network” initiative for construction waste management across the province, covering five key urban projects and launching the province’s first comprehensive utilization project for new energy solid waste. In the wastewater

treatment sector, the Group successfully secured the Shanxi lanhua wastewater zero-discharge BOO project, marking its first coal chemical wastewater treatment project. In areas such as clean heating and distributed energy, various projects progressed steadily, further expanding the low-carbon environmental protection business layout.

Industry in which the Company Operates

In 2025, the overall scale of China’s construction industry remained stable with notable resilience. Policy incentives continued to favor green building, smart construction, urban renewal, and new infrastructure, creating a favorable market environment for the Company. The increasing concentration of leading enterprises further strengthened the competitive advantages of compliant and high-quality companies. The industry’s deep-seated transformation toward digitalization and green development became an established trend. Coupled with the expansion of overseas markets under the “Belt and Road” initiative and the upgrade towards an integrated “investment-construction-operation” model, these factors constitute core development opportunities for the Company. Overall, the optimization of market structure and technological innovation provide a clear growth path for the Company. The industry’s transition from scale expansion to quality enhancement further enables the Company to focus on high-growth sectors and achieve breakthroughs.

Specialized Industrial Construction in China

Specialized industrial construction generally includes construction related to new energy, petrochemicals and fine chemicals and similar sectors. The steady growth of China’s specialized industrial construction market is attributed to the substantial expansion of the new energy industry and the strong energy demand associated with national economic development.

New Energy Industry Projects

In 2025, new energy industry projects in China entered the “deep water zone” of high-quality development. The “wind-solar-storage-hydrogen” sectors advanced synergistically, driven by both policy incentives and technological innovation. Structural optimization was achieved amidst scale expansion, with intense competition catalyzing more breakthrough results. As the inaugural year of the implementation of the Energy Law, the new energy sector also encountered new opportunities for law-based development. The Energy Law’s clear definition of hydrogen’s energy attribute and the legal status of green electricity certificates effectively activated market vitality. Emerging business forms such as new-type energy storage and smart microgrids received precise policy support. Concurrently, national efforts focused on the layout of major works, concentrating on key areas like new energy bases in desert, gobi, and wasteland regions. This promoted the construction of cross-regional

green power transmission channels and established an integrated “source-grid-load-storage” new energy supply and consumption system, providing a solid foundation for project implementation. The development of the entire industry also solidified the energy foundation for achieving the “3060” dual carbon goals. The penetration of green electricity in production and daily life continued to increase, and the green power replenishment network for new energy vehicles accelerated its formation.

In 2025, national investment in renewable energy works continued to intensify, with projects flourishing across key areas. Centralized wind and solar works upgraded towards larger scales and higher parameters. Distributed photovoltaics (PV) maintained high growth in many regions, deeply integrating with urban and rural construction. By the end of 2025, the nation’s cumulative installed power generation capacity reached 3.89 billion kilowatts (kW), a year-on-year increase of 16.1%. Among this, the cumulative grid-connected installed capacity of wind and photovoltaic power exceeded 1.8 billion kW for the first time, reaching 1.84 billion kW (accounting for 47.3% of the total national installed power generation capacity). Wind power installed capacity reached 640 million kW, a year-on-year increase of 22.9%, while solar (PV) power generation installed capacity reached 1.20 billion kW, a year-on-year increase of 35.4%.

The energy storage industry experienced rapid development in 2025. The cumulative installed capacity of domestic electric energy storage reached 213.3 GW, a year-on-year increase of 54%. Among this, the cumulative installed capacity of new-type energy storage reached 144.7 GW, a year-on-year increase of 85%, accounting for over two-thirds of the cumulative installed capacity. In 2025, China newly added 66.43 GW/189.48 GWh of new-type energy storage in operation, with power scale and energy scale increasing by 52% and 73% year-on-year respectively. Globally, the market concentration of residential energy storage installations was significant. The combined installations of the four major markets – Germany, the United States, Australia, and Japan – accounted for 57% of the global total in 2025, reflecting the dominant position of mature markets in global demand.

In terms of policy support, regions across the country, based on their own resource endowments and industrial foundations, introduced targeted measures to implement national new energy development plans and promote industrial quality and efficiency improvement. Regions generally deepened the market-oriented reform of new energy feed-in tariffs, established scientific settlement mechanisms, standardized the development, construction, and grid-connection services for distributed PV, and increased support for new business forms such as new-type energy storage, smart microgrids, and direct green power connection. Simultaneously, they optimized layouts based on regional characteristics: eastern regions focused on promoting the deep integration of distributed PV with urban-rural construction and industrial sectors, improving supporting policies for green power consumption; western regions

concentrated on the construction of large-scale wind and solar bases, strengthening supporting measures for cross-regional green power transmission channels. Multiple measures were taken to activate market vitality and ensure project implementation.

Shanxi Province, closely following national new energy development plans, achieved historic breakthroughs in new energy development. By the end of 2025, the installed capacity of new and clean energy reached 90.48 million kW, accounting for 55% of the province's total electric power installed capacity of 164 million kW, marking a symbolic "reversal" in the power source structure. Electricity market reform led the nation, with the province taking the lead in officially operating the electricity spot market; spot trading volume during the "14th Five-Year Plan" period exceeded 1.65 trillion kWh. Key efforts focused on advancing the construction of large-scale bases, with national and provincial large-scale wind and solar bases being implemented orderly. The "standard land" model was innovatively applied to related works. Pilot projects for 13 provincial-level green power industrial parks were launched to explore new direct green power connection models. New models for distributed PV grid connection were promoted, and multiple integrated development works were planned. A tiered energy storage development pattern was established, promoting the coordinated development of pumped storage and new-type energy storage. In 2025, 17 million kW of new wind and PV power were connected to the grid, providing support for the industry's green transformation.

Chemical Industry Works

Chemical industry works are primarily divided into four sectors: coal chemicals, natural gas chemicals, petrochemicals, and fine chemicals. Coal chemicals constitute a significant component of China's energy and chemical industry. Leveraging its abundant coal resources, China has become one of the core regions for global coal chemical industry development. Regions such as Xinjiang, Inner Mongolia, and Shanxi, in particular, provide solid resource guarantees for the development of the coal chemical sector. In 2025, guided by the "New Energy Security Strategy" and the "dual carbon" goals, China's coal chemical industry achieved a critical leap from "scale expansion" to "quality enhancement." This transformation was driven by precise policy empowerment, technological innovation breakthroughs, and synergistic upgrades across the industrial chain, establishing it as a core vehicle for the clean and efficient utilization of coal and an important support for the transformation and development of the national economy. The industry's total annual output value exceeded RMB1.5 trillion, representing a year-on-year increase of 10.2%, with the growth rate accelerating by 1.8% compared to the previous year. Segmented sectors exhibited differentiated growth trends: traditionally advantageous industries such as coal-to-olefins and coal-to-ethylene glycol achieved quality and efficiency improvements, with consumption rates per unit decreasing by 8% year-on-year. Emerging sectors like coal-to-hydrogen and coal-based new materials rose rapidly, with year-on-year production growth rates reaching 25% and 35% respectively, becoming new engines for industry growth.

Natural gas chemicals are undergoing a comprehensive upgrade from resource development towards high-end and green applications, particularly in light hydrocarbon integration and hydrogen utilization. In 2025, with the diversification of global natural gas supply and the acceleration of the green energy transition, the natural gas chemical industry is moving from traditional basic chemicals towards high-end fine chemicals, while playing a key role in low-carbon and sustainable development.

The petrochemical industry is transitioning from a phase of capacity expansion for traditional bulk commodities towards a period of high-end and fine-processed development. In 2025, driven by the advancement of the “dual carbon” goals and changes in market demand, refining-chemical integration and downstream industrial chain extension have become core pathways for the transformation and upgrading of the petrochemical sector.

In the field of fine chemicals, industrial growth is accelerating in areas such as high-performance materials, electronic chemicals, synthetic biology, fluoro-chemistry, and refrigerants. In 2025, driven by demand growth, technological breakthroughs, and international market expansion, these areas are becoming important engines driving the growth of the fine chemical industry.

The Chinese government actively supports the petrochemical industry in accordance with policy directions outlined in proposals such as the Petrochemical Industry Planning and Layout Plan (《石化產業規劃佈局方案》). It is projected that by 2027, the total market size of China’s petrochemical industry engineering will reach RMB2,688.4 billion.

In line with the policies directions outlined by the Chinese Government, and according to the “14th Five-Year Plan for Industrial Development of Shanxi Province” (《山西省「十四五」產業發展規劃》) and the “Implementation Plan for Accelerating the Development of New Materials Industry in Shanxi Province” (《山西省加快推進新材料產業發展實施方案》), the carbon neutral policy is expected to promote the petrochemical industry in Shanxi to develop towards initiatives including low-carbon emission, green, high-end and differentiated proposition. In view of the policies directions of zero-carbon emission, the development of carbon-based materials for emerging industries such as carbon fiber and graphene serve as an important foothold for the transformation and development of the petrochemical industry in the Shanxi Province. Going forward, propelled by the gradual transformation towards high-end petrochemical production, the market size of petrochemical industry engineering in the Shanxi Province is expected to reach RMB103.1 billion by 2027

Specialized Auxiliary Construction in the PRC

Specialized auxiliary construction mainly includes urban roads, power supply, water supply, as well as transportation infrastructure such as expressways, railways, and bridges. Specialized auxiliary construction generally plays a significant role in the development of infrastructure construction. With (i) the rapid progress of urbanization in China over the past few years, and (ii) the continuous increase in the Chinese government's investment in fixed assets for specialized auxiliary construction, the total output value of specialized auxiliary construction in the PRC is expected to continue growing.

Driven by (i) government policies promoting the renovation of old urban areas, particularly the upgrading of public utilities such as gas, electricity, drainage, heating, and other supporting infrastructure; (ii) intensive investment in infrastructure development in Shanxi Province; and (iii) large-scale projects (such as the south-to-north water diversion project, with an estimated investment of approximately RMB500 billion, passing through six provinces including Shanxi), the total output value of specialized auxiliary construction in Shanxi Province has increased significantly. Supported by the government's vigorous promotion of urbanization, the demand for related infrastructure and the output value of municipal utility projects will correspondingly rise.

1. Clean Heat Supply

The demand in the heating market is substantial. With the development of urbanization, the urban heating area is expanding year by year. Decentralized heating causes severe environmental pollution and significant energy waste. Replacing decentralized heating with centralized heating can save approximately 30% of energy. Centralized heating is an inevitable requirement for improving urban environmental quality and establishing a positive city image. Centralized heating systems feature large boiler capacities, relatively complete dust removal equipment, and the use of high-efficiency dust collectors, resulting in higher dust removal rates and effectively reducing urban pollution. Centralized heating offers significant economic and environmental benefits. According to relevant national policies, future development priorities will include reducing the energy consumption of urban heating units, promoting centralized heating using industrial waste heat, accelerating the construction and renovation of heating pipeline networks, and advancing clean energy heating.

2. *Solid Waste Disposal*

According to estimates by the China Association of Urban Environmental Sanitation, the annual generation of construction waste in China's large and medium-sized cities has consistently exceeded 2 billion tons in recent years. Regarding processing capacity, the current volume of construction waste processed is approximately 1.75 billion tons, and it is expected to exceed 2 billion tons by 2026. Estimates indicate that the construction waste resource utilization rate in some developed countries reaches as high as 90%. In contrast, while China's construction industry is in a period of rapid development, its construction waste recycling rate is less than 10%.

With the continuous improvement of relevant laws and standard systems for the construction waste recycling industry, China has achieved breakthroughs in areas such as processing equipment, production technology, standards and specifications, product quality, and demonstration applications for construction waste resource utilization. The platform for construction waste resource utilization is gradually improving, and utilization capabilities are significantly enhanced. The treatment of special waste is entering an era of targeted processing. Increasing the recycling rate will be the primary pathway for construction waste treatment. The resource utilization of construction waste is entering a phase of large-scale, rapid development, thereby creating significant market potential for the application of solid waste treatment equipment in the environmental protection field.

3. *Distributed Photovoltaic*

Vigorously developing renewable energy has become a major strategic direction and concerted action for global energy transition and climate change response. Accelerating the development of renewable energy, implementing renewable energy substitution actions, actively exploring energy transition solutions, and constructing comprehensive energy bases with a high proportion of renewable energy development are key measures for achieving the carbon peak and carbon neutrality goals and building a modern energy system during the "14th Five-Year Plan" period. These are also important pathways and strategic initiatives for adhering to Xi Jinping Thought on Ecological Civilization, deeply implementing the new energy security strategy, and consolidating efforts to build a socialist society with Chinese characteristics in the new era.

During the “14th Five-Year Plan” period, Shanxi Province will focus on promoting the base-oriented and large-scale development of wind and photovoltaic power in the northern and western regions of the province, optimizing the promotion of local and nearby development of wind and photovoltaic power in the southeastern region, steadily advancing the diversified development of biomass energy, and actively promoting the large-scale development of geothermal energy. By focusing on both strengthening and expanding centralized projects and refining and specializing distributed projects, the province will continuously increase the installed capacity and proportion of renewable energy. According to the Notice on the Three-Year Action Plan to Promote the Development of Distributed Renewable Energy in Shanxi Province (2023–2025) issued by Shanxi Provincial People’s Government, by 2025, the total installed capacity of distributed renewable energy power in the province is targeted to reach approximately 10 million kW. The power generation from distributed renewable energy is expected to double compared to 2022, with the utilization rate of distributed renewable energy maintained at a reasonable level. Various application scenarios will flourish. The pilot demonstration projects have been completed and are delivering results.

4. *Water Environment Management*

In accordance with the directives of the Secretary of the Shanxi Provincial Party Committee, the Notice of the General Office of the Shanxi Provincial People’s Government on Issuing the Project Plan for “Diverting Clear Water into the Yellow River” (Jin Zheng Ban Fa [2023] No. 14) (《山西省人民政府辦公廳關於印發「一泓清水入黃河」工程方案的通知》(晉政辦發[2023] 14號)), and the local implementation plans for the “Diverting Clear Water into the Yellow River” project issued by various cities and prefectures, future market project development trends include: ecological restoration and treatment constructions for rivers and lakes; comprehensive ecological environment treatment projects such as those for black and odorous water bodies and river basin comprehensive governance; construction, quality improvement, and efficiency enhancement constructions for sewage treatment facilities; and constructions for the advanced treatment of industrial park wastewater and the utilization of reclaimed water.

5. *Urban Renewal*

In 2025, urban renewal emerged as an important tool for expanding domestic demand, with China accelerating its urban renewal efforts. Shanxi Province focused on implementing the renovation of old residential communities, the construction of complete communities, and urban health examinations, aiming to build livable, resilient, and smart cities. Concurrently, plans are underway to advance 15 practical initiatives related to people's livelihoods, including the construction and renovation of community elderly care service facilities, the establishment of standardized community canteens, the installation of elevators in residential buildings, the construction of new boarding primary and secondary schools, and the maintenance of rural water supply projects, all aimed at further enhancing residents' quality of life.

Furthermore, China will intensify the construction of platforms such as county-level industrial agglomeration areas and innovation and entrepreneurship parks, optimize the allocation of urban and rural public resources, and promote the construction of new-type urbanization with county towns as important carriers. Shanxi Province will also undertake the renovation of "three districts and one village", improve municipal infrastructure, and advance the rerouting of national and provincial highways passing through county towns. With the deepening penetration of industry, consumption, and digital services into county-level areas, the policy direction supporting the county economy and rural revitalization is becoming increasingly clear. The focus of future urbanization will shift towards county towns, opening up broader market opportunities for construction enterprises.

Overseas Construction Market Ushers in New Development Opportunities

Over the past two years, international bilateral cooperation under the "Belt and Road" Initiative has continued to deepen, and Chinese construction engineering enterprises are steadily accelerating their pace of "going global." According to statistics from the Ministry of Commerce, in 2025, the completed turnover of China's overseas contracted projects reached RMB1,277.29 billion, a year-on-year increase of 8.1%; while the value of newly signed contracts amounted to RMB2,065.87 billion, a year-on-year increase of 8.5%. Among them, the value of newly signed engineering contracts of Chinese enterprises in countries along the "Belt and Road" reached RMB1,842.73 billion, a year-on-year increase of 11.2%; while the completed turnover reached RMB1,090.22 billion, a year-on-year increase of 9.6%. Currently, within the global infrastructure landscape, Southeast Asia, the Middle East, and Africa are emerging as core growth poles. Leveraging their advantages in technology, capital, and the entire industrial chain, Chinese engineering enterprises are deeply cultivating key fields such as transportation infrastructure, new energy, and smart cities, constantly innovating cooperation models,

and continuously building a new paradigm for high-quality joint construction of the “Belt and Road”.

Operating revenue

The Group derives its revenue from: (1) specialized industrial construction; (2) specialized auxiliary construction; (3) other construction; and (4) non-construction business. The following table sets out the breakdown of revenue by segment during the indicated periods:

Unit: RMB'000

Major category	Percentage of		Percentage of		Change
	2025	revenue %	2024	revenue %	
Specialized industrial construction	7,573,193	71.92	9,091,213	74.25	-1,518,020
Specialized auxiliary construction	1,141,421	10.84	904,378	7.39	237,043
Other construction	815,302	7.74	1,264,455	10.33	-449,153
Non-construction business	927,053	8.80	939,125	7.67	-12,072
Other business	74,127	0.70	43,988	0.36	30,139
Total	<u>10,531,096</u>	<u>100.00</u>	<u>12,243,159</u>	<u>100.00</u>	<u>-1,712,063</u>

Our operating revenue during the Reporting Period amounted to RMB10,531,096,000, representing a decrease of 13.98% as compared with RMB12,243,159,000 for the year ended December 31, 2024, mainly due to the decrease in operating revenue derived from specialized auxiliary construction and other construction.

Specialized Industrial Construction Business

Our specialized industrial construction business mainly includes projects related to the following fields: power engineering (thermal power generation, new energy wind power generation, new energy photovoltaic power generation, new energy geothermal power generation, hydrogen power generation, power transmission and transformation); petrochemical engineering (oil and gas storage and transportation, petrochemical engineering, chemical engineering, pharmaceutical and chemical engineering); electromechanical installation engineering; metallurgical engineering (glass, coking, cement, non-ferrous metal, ferrous metal smelting, carbon, electrolytic aluminum, electrolytic copper, etc.); water conservancy and hydropower engineering (water conservancy engineering, hydropower engineering, pumped storage); urban rail transit engineering; mining engineering (coal mines, iron ore, aluminum ore, copper ore, etc.). The Group provides services such as investment, design consulting, construction, operation and maintenance for these specialized industrial construction projects.

During the Reporting Period, our revenue derived from specialized industrial construction business amounted to RMB7,573,193,000 (2024: RMB9,091,213,000), representing a year-on-year decrease of 16.70%. Such decrease was mainly due to the decrease in project revenue derived from power engineering and petrochemical engineering projects of such segment in 2025.

Specialized Auxiliary Construction Business

Our specialized auxiliary construction business mainly includes projects related to the following fields: standardized workshops, urban supporting works such as heating, water supply, drainage, gas, communication and lighting engineering, environmental protection engineering (waste heat utilization, waste water treatment, waste treatment, waste gas treatment), road bridge engineering, low-carbon green engineering, agricultural engineering, etc. The Company provides services such as investment, design consulting, construction, operation and maintenance for these specialized auxiliary construction projects.

During the Reporting Period, our revenue derived from specialized auxiliary construction business amounted to RMB1,141,421,000 (2024: RMB904,378,000), representing a year-on-year increase of 26.21%. Such increase was mainly due to the increase in revenue derived from drainage and environmental protection engineering projects of such segment.

Other Construction Business

We also engage in the construction of residential, office and commercial buildings, science, education, culture and health buildings and other types of projects. The Group provides general contracting services for such projects.

During the Reporting Period, our revenue derived from other construction business amounted to RMB815,302,000 (2024: RMB1,264,455,000), representing a year-on-year decrease of 35.52%. Such decrease was mainly due to the science, education, culture and health building construction projects that were under construction in the previous year entering the final stage of construction during the year, and a decrease in revenue from major residential construction projects.

Non-construction Business

We also generate revenue from non-construction business, which mainly includes operating income from PPP projects, sales revenue from liquefied natural gas (“LNG”), income from provision of urban heating technical services, trading income and others.

During the Reporting Period, our revenue derived from non-construction business amounted to RMB927,053,000 (2024: RMB939,125,000), representing a year-on-year decrease of 1.29%. Such decrease was mainly due to the decrease in PPP operations income, LNG sales income and concrete sales income during the year.

Cost of sales

Our cost of sales primarily includes raw material costs, labor force, machinery utilization costs and subcontracting costs, etc.

Our cost of sales for 2025 amounted to RMB9,329,467,000, representing a decrease of 12.99% from RMB10,722,490,000 for the Corresponding Period. It was mainly due to the decrease in costs corresponding to the decrease in revenue.

Gross profit and gross profit margin

Our gross profit for 2025 amounted to RMB1,201,629,000, representing a decrease of 20.98% as compared to RMB1,520,669,000 for the Corresponding Period. It was mainly due to the decrease in gross profit from specialized industrial construction and non-construction segments.

Our gross profit margin for 2025 was 11.41% (2024: 12.42%) and the change in gross profit margin was mainly due to the decrease in gross profit margin of specialized industrial construction and non-construction segments.

Taxes and surcharges

Our taxes and surcharges for 2025 amounted to RMB37,201,000, representing an increase of 20.42% as compared with RMB30,892,000 for the Corresponding Period, which was mainly due to the increase in stamp duty.

Selling expenses

Our selling expenses principally consist of sales and transportation fees of LNG, employee compensation, travel expenses, depreciation expenses, advertising fees and others.

Our selling expenses for 2025 amounted to RMB890,000, representing a decrease of 32.01% as compared with RMB1,309,000 for the Corresponding Period.

Management expenses

Our management expenses principally consist of employee benefits expenses, training and consulting fees, depreciation and amortization and office expenses, agency fees, travel expenses and others.

Our management expenses for 2025 amounted to RMB467,548,000, representing an decrease of 0.68% as compared with RMB470,734,000 for the Corresponding Period, which was mainly due to the decrease in office expenses and others during the Reporting Period.

Research and development expenses

Our research and development expenses for 2025 amounted to RMB220,745,000, representing an decrease of 62.80% from RMB593,406,000 for the Corresponding Period, which was mainly due to the decrease in the Company's research and development projects and research and development budget during the Reporting Period.

Finance expenses

Our finance expenses mainly represent interest on bank borrowings and borrowings from other non-financial institutions, interest on lease liabilities, interest income from PPP projects and deposit interest income.

Our finance expenses for 2025 amounted to RMB92,946,000, representing a decrease of 9.19% as compared with RMB102,349,000 for the Corresponding Period, which was mainly due to the decrease in interest expenses on bank borrowings during the current period.

Other gains

Our other gains mainly represent government grants and individual income tax fee refunds.

Our other gains for 2025 amounted to RMB10,851,000, representing an increase of 17.66% as compared with RMB9,222,000 for the Corresponding Period.

Investment gains (losses are expressed in “-”)

Our investment gains for 2025 amounted to RMB3,261,000, representing an increase of RMB5,908,000 as compared with RMB-2,647,000 for the Corresponding Period. The increase in investment gains was mainly due to the higher share of profit of associates.

Gains on change in fair value

For 2025, we recorded gains on change in fair value of RMB1,267,000, representing an increase of RMB350,000 as compared with RMB917,000 for the Corresponding Period, which was mainly attributable to the appreciation of investment properties valuation.

Credit impairment losses

Our credit impairment losses represent credit impairment losses on our trade receivables, bill receivables and other receivables.

In 2025, we applied an internal expected credit loss model (the “**ECL Model**”) developed by the management of the Group in calculating expected credit losses and recognized provision for expected credit losses. The ECL Model reflects the recoverability and historical settlement results on trade receivables, bill receivables and other receivables at the end of each reporting period without the use of hindsight. Any reduction on or addition to the credit impairment losses on our trade receivables, bill receivables and other receivables at the end of each year is credited or charged to profit or loss.

In 2025, we had credit impairment losses of RMB134,224,000, representing an increase of RMB57,029,000 from RMB77,195,000 for the Corresponding Period.

Impairment losses on assets

Our impairment losses on assets represent the impairment losses of our contract assets, inventories and fixed assets.

In 2025, our impairment losses on assets amounted to RMB64,706,000, representing an increase of RMB36,970,000 from RMB27,736,000 for the Corresponding Period.

Total profit

In 2025, our total profit amounted to RMB200,380,000, representing a decrease of 10.96% from RMB225,038,000 for the Corresponding Period, which was mainly due to the decrease in revenue from construction engineering.

Income tax expense

Our income tax expense for a given period includes corporate income tax.

In 2025, our income tax expense was RMB7,120,000, representing a decrease of RMB8,119,000 from RMB15,239,000 for the Corresponding Period, which was mainly due to the reduction in current income tax expenses during the Reporting Period.

Net profit

In 2025, we recorded a net profit of RMB193,260,000, representing a decrease of 7.88% from RMB209,799,000 for the Corresponding Period.

Total comprehensive income attributable to shareholders of the parent company

In 2025, total comprehensive income attributable to our equity holders was RMB144,518,000, representing a decrease of RMB11,416,000 from total comprehensive income attributable to equity holders of the Company of RMB155,934,000 for the Corresponding Period.

Liquidity and capital resources

In 2025, the Group's net current assets was RMB852,063,000 (as at December 31, 2024: RMB-312,563,000) consisting of current assets of approximately RMB18,952,059,000 (as at December 31, 2024: RMB17,189,449,000) and current liabilities of approximately RMB18,099,996,000 (as at December 31, 2024: RMB17,502,012,000), representing a current ratio of approximately 1.0.

In 2025, the Group had cash and bank balances (including restricted pledged bank deposits) of approximately RMB1,823,399,000 (as at December 31, 2024: RMB2,626,858,000). In 2025, the Group had cash and bank balances (excluding restricted pledged bank deposits) of approximately RMB1,548,345,000 (as at December 31, 2024: RMB2,200,863,000).

In 2025, the Group's borrowings amounted to RMB7,843,747,000 (as at December 31, 2024: RMB6,118,923,000), which were mainly borrowings in RMB. The increase in borrowings of the Group was mainly used for daily operating liquidity.

The Directors are of the view that the Group will be able to have sufficient working capital to fund its future financing needs and working capital based on the below: (a) the Group is expected to be profitable and therefore will continue to generate operating cash flows from future business operations; (b) the Group has maintained long-term business relationship with its principal banks; and (c) the Company has obtained a commitment letter from Shanxi CIG, the controlling shareholder, committing to provide continuous funding support for the Group's operation needs.

Capital expenditures

The Group's capital expenditures relate primarily to construction and equity investment. In 2025, the total amount of capital expenditures contracted by the Group but not yet incurred was RMB2,262,302,000 (as at December 31, 2024: RMB1,261,801,000).

Gearing ratio and quick ratio

Gearing ratio represents net debt divided by total capital. Net debt represents total borrowings (including, among other things, short-term borrowings, long-term borrowings due within one year and long-term borrowings) less cash balance presented in the statement of cash flow. Total capital represents the sum of shareholders' equity and net debt presented in the consolidated balance sheet. Total shareholders' equity includes equity attributable to shareholders of the parent company and minority interests. Our gearing ratio in 2025 was 64.33% (as at December 31, 2024: 53.96%).

Quick ratio represents current assets (excluding inventory) divided by current liabilities at the end of each year/period. Our quick ratio in 2025 was 1.0 (as at December 31, 2024: 1.0).

Contingent liabilities

In 2025, the Group did not have any significant contingent liabilities.

Long-term equity investments

In 2025, the Group's long-term equity investments amounted to RMB277,464,000, representing an increase of 31.97% as compared with the balance of RMB210,245,000 as at December 31, 2024. The increase in the Group's long-term equity investments was mainly due to the increase in investment in associates by the Company.

In 2025, each individual investment held by the Group did not constitute 5% or more of the Group's total assets.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

In 2025, the Group did not conduct any material acquisition and disposal.

2. MANAGEMENT DISCUSSION AND ANALYSIS OF FUTURE DEVELOPMENT OF THE COMPANY

(1) Future Prospects

2026 marks the inaugural and foundational year of the 15th Five-Year Plan, and represents a critical period for the Group in its pursuit of becoming “the most competitive modern engineering service provider in China”. The Group will position itself in a new stage of development, gain a profound understanding of the international environment, domestic policies, industry transformations, the mission of state-owned enterprises, and regional opportunities, and strive to break new ground amid changes while seizing opportunities amidst challenges. The Group will make comprehensive efforts in terms of business direction, core competencies, and market value management:

First, the Group will clarify the business direction and establish a multi-dimensional market structure

In the provincial market, the Group will deepen grid-based development, strengthen the market development system of “responsibility assigned to regions, projects allocated to grids, and tasks designated to individuals”, and promote the upgrade of provincial operations from “construction contracting” to “integrated services”, thereby solidifying our foundational market. In the markets outside the province, the Group will resolutely pursue the “go-global” strategy, reinforce the pivotal role of regional institutions, focus on advantageous sectors such as chemical engineering, new energy, and low-carbon environmental protection, and drive the transition of projects from “scattered contracting” to “large-scale acquisition”. In the overseas market, guided by the international investment company, the Group will adhere to the principle of “investment-driven, platform-coordinated, and breakthrough-focused”, study the establishment of overseas regional subsidiaries, strengthen overseas teams, and promote the shift of projects from “isolated presence” to “regional deep cultivation”, while leveraging the bridging value of the Hong Kong company.

Second, the Group will focus on key areas to build stable growth drivers

In the chemical sector, we will focus on high-end and fine chemical engineering, strengthening the general contracting capability of “design-led + construction integration”, and promoting modularization and skid-mounting of equipment to enhance professional integration. In the new energy sector, we will adhere to the principle of “stabilizing existing operations, expanding incremental opportunities,

and optimizing structure”, consolidating the fundamentals of wind power and solar power, accelerating the expansion of the “new energy +” market space, and actively positioning ourselves in new business formats such as green power parks, source-grid-load-storage systems, and new power systems. In the low-carbon environmental protection sector, leveraging our four platform companies, we will focus on cultivating niche markets such as clean heating, solid waste disposal, distributed energy, and industrial wastewater treatment, strengthening the development model of “investment-led, integrated investment-construction-operation”, and building business segments with stable cash flow.

Third, the Group will forge core capabilities and systematically build hard competitive strength

In terms of cost competitiveness, we will establish a full-chain, systematic cost reduction and efficiency enhancement system. We will strengthen source control by “calculating profitability before taking action” during the business planning phase, promote the reshaping of the centralised procurement system, and derive benefits from refined management, while continuously reducing non-production costs.

In terms of technological competitiveness, we will accelerate the development of new productive forces. We will concentrate efforts on tackling key challenges in our core businesses, strengthen the design-led approach and the orientation of “technology value creation”, establish mechanisms for the commercialization of scientific and technological achievements, and promote the formation of replicable product systems from achievements such as skid-mounted equipment and bulk solid waste conversion. We will accelerate the construction of digital platforms, with the goal of “institutionalizing management, standardizing systems, proceduralizing standards, informationizing processes, and digitizing information”, empowering management through data to enhance operational efficiency.

In terms of market competitiveness, we will build an open, collaborative, and responsive business system. We will promote the transition from “doing projects” to “managing customers”, implement customer feedback mechanisms, deepen collaborations with financial institutions, design firms, equipment manufacturers, and research institutes, and create a symbiotic and win-win ecosystem. We will strengthen contract performance management, accelerate the development of our own teams and skilled workers, strictly implement the incentive and constraint special action plan, and fully implement the “six 100%” requirements, laying a solid foundation for the smooth implementation of projects.

In terms of capital operation capability, we will leverage the advantages of our listed platform to empower the development of our six business segments. We will strengthen market value management and investor relations management, enhancing the quality of information disclosure and market transparency. Based on the development needs of the six business segments, we will explore differentiated capital support pathways and actively explore diversified capital operation methods such as equity cooperation, industrial funds, and asset securitization, revitalizing existing assets, optimizing the capital structure, and enhancing sustainable growth capabilities.

Fourth, the Group will maintain regular market value management

We will strengthen top-level design to deeply integrate market value management into the corporate development strategy, ensuring the steady enhancement of the Company's investment value. We will continuously improve the quality of information disclosure, enhance corporate governance, consistently maintain a long-term and stable dividend policy, and repay shareholder trust with tangible investment returns and stock dividends.

(2) Potential Risks

Risks that may have material effects on the operation of the Group are as follows:

The Company's business and future growth prospects are dependent on the overall economic situation in China and the extent of the development of specialised industrial construction, specialised auxiliary construction, other construction and infrastructure, and the Company's business operations and financial condition are subject to the following major risks:

Policy and Regulatory Risks

The Company's core business is affected by changes in government policies relating to the construction industry, including laws and regulations affecting infrastructure development, new energy, project financing and taxation, local government budgets and corporate participation in the infrastructure industry. During the Reporting Period, the Company complied with the regulatory requirements of the principal laws, regulations and departmental rules while closely monitoring the legislative developments in the industries in which it

operates. During the Reporting Period and up to the date of this announcement, the Group has complied with the relevant laws and regulations that have impacts on the Group's business and operations. Any changes to applicable laws and regulations will be communicated periodically to the relevant employees and operational units. Changes in Chinese government policies pertaining to the construction industry may affect the Company's business and financial performance; and any alterations in procurement policies or industry standards may have a significant impact on the Company's business.

Market Risks

The Company is exposed to market risks primarily from the Company's major customers and key suppliers. Market uncertainties caused by reforms in major customers and suppliers may have a significant impact on the Company's business. In addition, other market risks, including foreign exchange risk and interest rate risk, may also have impacts on the Company's business and operations.

Environmental Compliance Risks

In the course of conducting the Company's business, we are required to comply with various PRC national and local environmental laws and regulations that set out the standards for the emission and treatment of pollutants generated during operations, including the "Law of the People's Republic of China on Prevention and Control of Noise Pollution" and other environmental protection law and regulations. For example, we are required to take measures to control environmental pollution generated at construction sites and pay for the discharge of waste materials. In the event of serious environmental offences, we may be subject to fines and other administrative penalties and/or may be restricted from obtaining or renewing relevant licenses and permits. Law enforcement officials also have the right to order the closure of our construction facilities if they cause environmental damage or destruction that we are unable to remedy.

USE OF PROCEEDS

The total net proceeds from the issue of new H Shares by the Company in its listing on the Hong Kong Stock Exchange amounted to approximately HK\$738.5 million, after deducting the underwriting commission and other estimated expenses payable by the Company in connection with the global offering of the Company. The Company intends to use the unutilized net proceeds in the same manner and proportions as described in the Prospectus dated November 10, 2023 and proposes to use the unutilized net proceeds in accordance with the expected timetable disclosed in the table below.

Unit: million; Currency: Hong Kong dollars

Item	Net proceeds intended to be distributed according to the prospectus	Net proceeds intended to be distributed after changing the use of proceeds on 24 September 2025	Actual use of cumulative proceeds	Actual use of proceeds during the Reporting Period	Net proceeds unutilized as of the end of Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
For financing our future centralized photovoltaic projects	147.6	16.1	5.6	0	10.5	To be utilized before end of 2027
For financing our investment in existing and future distributed photovoltaic projects	73.9	0	0	0	0	–
For our future investment in wind power projects in the PRC or abroad	73.9	288.7	21.8	21.8	266.9	To be utilized before end of 2027
For financing the future equity investment in and/or construction of other types of new energy projects	73.9	75.8	57.4	40.9	18.4	To be utilized before end of 2027
For financing our existing and future clean heating projects	29.5	70.6	17.7	15.8	52.9	To be utilized before end of 2027
For financing our future distributed energy projects	36.9	21.8	0	0	21.8	To be utilized before end of 2027
For financing our existing water treatment projects	36.9	36.7	20.9	20.9	15.8	To be utilized before end of 2027
For financing our future solid waste disposal projects	29.5	102.5	18.7	18.7	83.8	To be utilized before end of 2027

Item	Net proceeds intended to be distributed according to the prospectus	Net proceeds intended to be distributed after changing the use of proceeds on 24 September 2025	Actual use of cumulative proceeds	Actual use of proceeds during the Reporting Period	Net proceeds unutilized as of the end of Reporting Period	Expected timeframe for utilizing the remaining unutilized net proceeds
For paying up the registered capital of the project company and the payment of construction fee of the existing service concession project	22.2	0	0	0	0	–
For making payment of the construction fee for equipment required for the existing service concession project	36.9	36.4	36.4	0	0	–
For our existing and future service concession projects including the service concession project of Urban Flood Control and Drainage and Comprehensive Treatment of Ecological Environment in Zhangzi County, Changzhi City	44.3	0	0	0	0	–
For financing new energy projects of upstream and downstream manufacturing industries, major expenditures including the payment used in purchase of tower production line equipment and related ancillary facilities, purchase of raw materials	73.9	30.8	13.0	7.6	17.8	To be utilized before end of 2027
For working capital and other general corporate purposes	59.1	59.1	59.1	7.7	0	–
Total	738.5	738.5	250.6	133.4	487.9	

COMPLIANCE WITH THE CG CODE

The Company believes that maintaining high standards of corporate governance is the foundation for effective management and successful business growth. The Company is committed to developing and maintaining robust corporate governance practices to safeguard the interests of the shareholders of the Company (the “**Shareholders**”) and to enhance corporate value, accountability and transparency of the Company.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”) (as in effect from time to time) as the basis of the Company’s corporate governance practices. The Board considers that during the Reporting Period, the Company has complied with all the code provisions set out in Part 2 of the CG Code and has substantially met the requirements of the vast majority of the recommended best practice provisions. The Board will continue to review and monitor the Company’s corporate governance practices so as to maintain a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group’s senior management. After enquiry to all Directors, all Directors have confirmed that they were in compliance with the standards as set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period (including the sale of treasury shares).

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established with terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of three members, namely Professor Wu Qiusheng (Chairman), Mr. Feng Cheng and Mr. Wang Jingming.

The Audit Committee has reviewed the accounting principles and policies adopted by the Group and the audited consolidated annual results of the Group for the Reporting Period together with the management and was of the opinion that the preparation of such annual results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

EVENTS AFTER THE REPORTING PERIOD

Explanation of Significant Non-adjusting Events after the Balance Sheet Date

Item	Content	The number of impacts on financial condition and operating results
Issuance of shares and bonds	26SACF01	Bonds payable increased by RMB500 million

On December 30, 2025, the Company obtained the Approval on the Registration of Public Issuance of Corporate Bonds to Professional Investors by Shanxi Installation Group Co., Ltd. (Zheng Jian Xu Ke [2025] No.3014) from the China Securities Regulatory Commission, with a registered issuance scale not exceeding RMB1.350 billion. On February 9, 2026, the Company publicly issued RMB500 million of corporate bonds to professional investors. The bond abbreviation is 26SACF01, with a term of 2 years and an interest rate of 2.49%.

Save as disclosed above, there were no significant events of the Group which would materially affect the Company's operating and financial performance subsequent to the Reporting Period and up to the date of this announcement.

SCOPE OF WORK OF GRANT THORNTON (SPECIAL GENERAL PARTNERSHIP)

The figures in respect of the results of the Group for the year ended December 31, 2025 as set out in this results announcement have been agreed by the Company's auditor, Grant Thornton (Special General Partnership) ("**Grant Thornton**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended December 31, 2025. The work performed by Grant Thornton in this respect was limited and did not constitute an assurance engagement in accordance with the business accounting standards and consequently no assurance has been expressed by Grant Thornton in this announcement.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board proposed to declare a final dividend of RMB0.20380 (inclusive of tax) per 10 ordinary shares of the Company (“**Shares**”) (representing an aggregate amount of RMB28.0 million (inclusive of tax) based on the total issued Shares as at the date of this announcement) for the year ended December 31, 2025 (the “**Final Dividend**”). The aforesaid proposal is subject to the consideration and approval at the annual general meeting of the Company (“**AGM**”). In accordance with the provisions of the Articles of Association, the Company will complete the dividend distribution within two months after the 2025 profit distribution plan is approved by the general meeting of shareholders, and no later than the end of August 2026. The Company will issue an announcement in due course regarding the record date for the H share dividend distribution, the closure of register of members, and the expected dividend payment date.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.sxaz.com). The 2025 annual report of the Company containing all the information required by the Listing Rules will be made available to the Shareholders in due course and will be published on the websites of the Company and the Hong Kong Stock Exchange.

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, March 30, 2026

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