Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Shanxi Installation Group Co., Ltd.
山西省安装集團股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2520)

DISCLOSEABLE TRANSACTION
PROVISION OF GUARANTEES TO SAINE

On 16 April 2026, the Shanxi Provincial Department of Finance, Aviation Industry Group, Geological Group, the Company, and SAINE entered into the Sub-on-lending Agreement and the Counter-guarantee Agreement, pursuant to which the Shanxi Provincial Department of Finance will on-lend the Loan with a total principal amount of RMB1.448 billion from NDB to SAINE for the construction of the Zero-Carbon Project. Aviation Industry Group, Geological Group, and the Company, as shareholders of SAINE, shall provide guarantee liabilities for the Loan in proportion to their equity interest in SAINE during the construction period of the Zero-Carbon Project. Upon completion of the construction period, SAINE will promptly coordinate the mortgage of relevant assets to the Shanxi Provincial Department of Finance and the pledge of the right to collect fees for cooling and heating services to the Shanxi Provincial Department of Finance. Following these actions, it is expected that the guarantee liabilities of the three shareholders of SAINE, namely, the Company, Aviation Industry Group and Geological Group will be released.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the maximum guarantee amount involved in the Transaction is expected to be more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

BACKGROUND

In April 2024, the Company, Aviation Industry Group and Geological Group jointly established SAINE of which its equity interest is held as to 15%, 51%, and 34% by the Company, Aviation Industry Group, and Geological Group respectively. SAINE will provide zero-carbon cooling, heating, power sources, energy storage, and various terminal carbon reduction solutions for the Phase III Expansion Construction of Taiyuan Wusu Airport in the PRC. The objective is to achieve zero-carbon operation for buildings and related equipment and facilities within the land area of Taiyuan Wusu Airport.

On 24 November 2025, the PRC government and NDB formally signed the Loan Agreement for the Zero-Carbon Project of which the borrower is the PRC government (as the sovereign borrower) with the Loan amount being RMB1.448 billion. On the same day, Aviation Industry Group, SAINE, NDB, and the People's Government of Shanxi Province signed a project agreement. According to the Measures for Administration of Loans and Grants from International Financial Organizations and Foreign Governments (Cai Zheng Bu Ling No. 85) (《國際金融組織和外國政府貸款贈款管理辦法》(財政部令第85號)) (the "**No. 85**"), any loan or on-lend loan made by the PRC government must be guaranteed in order to mitigate any risks which may incur as a result of such borrowings. Accordingly, the Loan which was on-lent by the PRC government to the People's Government of Shanxi Province and the Shanxi Provincial Department of Finance was further on-lent to SAINE. On 5 January 2026, the MOF signed an on-lending agreement with the People's Government of Shanxi Province and the Shanxi Provincial Department of Finance, completing the compliance transition of Loan funds across different tiers. On 27 January 2026, the Shanxi Provincial Department of Finance issued a letter to SAINE and its three shareholders, requiring them to provide counter guarantee in accordance with the No. 85.

Considering the aforementioned Loan and regulatory requirements, and given that SAINE is both the primary user and ultimate repayment entity of the Loan for the Zero-Carbon Project, SAINE, the Company, Aviation Industry Group, and Geological Group are required to sign the Sub-on-lending Agreement and the Counter-guarantee Agreement with the Shanxi Provincial Department of Finance.

On 16 April 2026, the Shanxi Provincial Department of Finance, Aviation Industry Group, Geological Group, the Company, and SAINE entered into the Sub-on-lending Agreement and the Counter-guarantee Agreement, pursuant to which the Shanxi Provincial Department of Finance will on-lend the Loan with a total principal amount of RMB1.448 billion from NDB to SAINE for the construction of the Zero-Carbon Project. As the shareholders of SAINE, Aviation Industry Group, Geological Group, and the Company shall provide guarantee liabilities for the Loan in proportion to their equity interest in SAINE during the construction period of the Zero-Carbon Project. Upon completion of the Zero-Carbon Project, SAINE will promptly coordinate the mortgage of relevant assets to the Shanxi Provincial Department of Finance and the pledge of the right to collect fees for cooling and heating services to the Shanxi Provincial Department of Finance. Following these actions, it is expected that the guarantee liabilities of the three shareholders of SAINE, namely, the Company, Aviation Industry Group and Geological Group will be released.

SUB-ON-LENDING AGREEMENT

The principal terms of the Sub-on-lending Agreement are set out below:

Date of signing:	16 April 2026
Parties:	(1) Shanxi Provincial Department of Finance (authorised by the People's Government of Shanxi Province, acting as creditor for the on-lending Loan) (as guaranteed creditor) (2) Aviation Industry Group, Geological Group, and the Company (as guarantors) (3) SAINE (as debtor)
Amount and use of the Loan:	The total amount of the Loan is RMB1.448 billion, exclusively allocated for the construction of the Zero-Carbon Project.
Closing Date:	The closing date of the Loan is 23 November 2030 (the "**Closing Day**"). Should SAINE require an extension, a written application must be submitted to the Shanxi Provincial Department of Finance six months prior to the Closing Date.
Term and fees:	The on-lending period shall not exceed 27 years, commencing from the effective date of the Sub-on-lending Agreement and ending on 15 June 2052, including a 5-year grace period until 14 June 2031 (during which no principal repayment is required).

SAINE shall pay Shanxi Provincial Department of Finance a one-time front-end fee equivalent to 0.25% of the total amount of the Loan in accordance with the provisions of the Loan Agreement. The Shanxi Provincial Department of Finance shall deduct and charge such fee directly from the Loan one business day prior to the first drawdown of the Loan; along with an annual commitment fee of 0.25% on the outstanding amount of principal of the Loan every year (the "**Commitment Charge**").

Principal repayment and interest payment arrangement:

From 15 June 2031 to 15 June 2052, principal repayments shall be made in two installments semi-annually on 15 June and 15 December every year, with full payment remitted to the account designated by the Shanxi Provincial Department of Finance as required by the payment notice of the creditor. The principal repayment for each installment shall be 2.33% of the total outstanding principal amount of the Loan on the repayment date.

From the date of first drawdown, SAINE shall pay interests on the outstanding amount of the principal of the Loan at an agreed interest rate in four installments annually, namely on 15 March, 15 June, 15 September, and 15 December. The interest rate of the Loan shall be a floating rate (i.e. the Shanghai Interbank Offered Rate (SHIBOR) published at 11:00 a.m., Shanghai time on the Thomson Reuters Screen on the business day preceding each interest payment date), plus reasonable fees incurred by NDB in connection with the Loan (including but not limited to the Commitment Charge etc.).

SAINE shall make early repayment of the Loan upon written consent from the Shanxi Provincial Department of Finance and NDB, after bearing the fees incurred due to the early repayment.

Liability for breach:

Failure to repay principal, interest, and fees in full when due shall incur liquidated damages at a daily rate of 0.1% on the outstanding amount due, which shall continue to accrue until all the principal, interest, and fees are fully settled. The Shanxi Provincial Department of Finance may pursue recovery through fiscal deductions or other means.

Effectiveness and termination:

The Sub-on-lending Agreement shall become effective upon the date of being signed and sealed by all the parties, with effectiveness contingent upon the validity of the Loan Agreement, and shall terminate upon the full repayment of all principal, interest, and fees.

Should the MOF and NDB make adjustments to the Loan Agreement (including but not limited to canceling part or all of the Loan), the Sub-on-lending Agreement shall also be adjusted accordingly.

COUNTER-GUARANTEE AGREEMENT

The principal terms of the Counter-guarnatee Agreement are set out below:

Date of signing: 16 April 2026

Parties:

(1) Shanxi Provincial Department of Finance (as the guaranteed creditor)

(2) Aviation Industry Group, Geological Group, and the Company (as guarantors)

(3) SAINE (as debtor)

Commitment guarantee:

During the construction period of the Zero-Carbon Project, each of the Aviation Industry Group, Geological Group, and the Company shall bear guarantee liabilities for the Loan in proportion to their equity interest in SAINE. Taking into consideration the principal amount of the Loan, the interests calculated at the SHIBOR rate as at the date of this announcement and the Commitment Charge which may incur, the Company expects the maximum guarantee amount will not exceed RMB300 million.

Mortgage/pledge:

Following the construction period of the Zero-Carbon Project, SAINE will promptly coordinate the mortgage of project assets and future income rights (i.e., the right to collect fees for cooling and heating services) to the Shanxi Provincial Department of Finance.

The net value of mortgaged/pledged property at the end of the period shall not be less than the outstanding principal and interest balance of the Loan. In the event of a shortfall, additional mortgaged/pledged property shall be provided. The liquidity of the property shall be assessed by a third party and approved by the Shanxi Provincial Department of Finance.

Guarantee term:

Aviation Industry Group, Geological Group, and the Company shall cover the construction period of the Zero-Carbon Project until the mortgaged/pledged property guarantees take effect.

Following the construction period of the Zero-Carbon Project, where SAINE makes full and timely repayments for consecutive periods and the outstanding principal of the Loan decreases to 60% and 30% of the amount of the Loan, respectively, SAINE may, with the approval of the Shanxi Provincial Department of Finance, engages a third party to assess and apply to release the amount of the mortgaged assets corresponding to the remaining outstanding principal amount of the Loan. Upon full repayment of the Loan, the Shanxi Provincial Department of Finance shall release all the mortgages/pledges.

Scope of guarantees:

The scope of the guarantees includes the principal, interest, liquidated damages of the Loan, and relevant fees incurred by the Shanxi Provincial Department of Finance in exercising their rights as creditor.

Guarantee period:

The mortgage/pledge period shall be governed by Article 419 of the Civil Code of the People's Republic of China (中華人民共和國民法典).

The guarantee period shall commence from the effective date of the Counter-guarantee Agreement and until two years from the date of the final repayment due date under the Loan Agreement or the date on which the Company's guarantee liabilities are discharged.

Considering that after the construction period of the Zero-Carbon Project, SAINE shall provide mortgage/pledge over the project assets and future income rights, the Company expects the guarantees provided by the Company, Aviation Industry Group and Geological Group to be released by the end of 2031 (but the actual release time will be ultimately determined based on the project progress and the processing status of mortgage/pledge procedures).

Effectiveness: The Counter-guarantee Agreement shall become effective upon being signed and sealed by all parties and upon the Sub-on-lending Agreement takes effect.

INFORMATION ON NDB AND THE PARTIES

NDB is a multilateral development bank established pursuant to the New Development Bank Agreement signed on 15 July 2014 by the Federative Republic of Brazil, the Russian Federation, the Republic of India, the PRC, and the Republic of South Africa. It aims to support infrastructure and sustainable development projects in BRICS countries and other emerging markets and developing countries.

The Company is a construction service provider, and is mainly engaged in specialized industrial construction, specialized auxiliary construction, other construction and non-construction business. As a national high-tech enterprise, the Company tops 100 competitive enterprises in the field of China's construction industry, ranks as one of the top 10 backbone construction enterprises in Shanxi Province, and has extensive practical experience in the field of project investment, construction, and operation. The Company is ultimately controlled by the Shanxi SASAC.

Aviation Industry Group is a provincial state-owned enterprise established in the PRC, primarily engaged in airport construction and operation management, general aviation, aviation support services, and related airport economic businesses. It is owned by Shanxi State-owned Capital Operation Co., Ltd.* (山西省國有資本運營有限公司) (an entity wholly owned by the Shanxi SASAC and authorized to perform the duties of the contributor on its behalf) and the Shanxi Provincial Department of Finance, as to 90% and 10% respectively. The ultimate de facto shareholder is the Shanxi SASAC.

Geological Group is a provincial state-owned enterprise established in the PRC, primarily engaged in geological exploration, energy resource development, ecological conservation and restoration, geological disaster management, surveying and geotechnical engineering and construction, surveying and mapping geographic information, laboratory testing, and overseas geological services. It is wholly owned by the Shanxi Provincial Geological Prospecting Bureau* (山西省地質勘查局).

SAINE is a Chinese enterprise established in April 2024 through joint investment by Aviation Industry Group, Geological Group, and the Company, with shareholdings of 51%, 34%, and 15% respectively. The registered capital of SAINE is RMB450 million, and the Company's equity investment in SAINE is RMB67.5 million. SAINE is primarily engaged in the investment and construction of the Zero-Carbon Project, implementing zero-carbon electricity, zero-carbon cooling and heating sources, diverse energy storage solutions, and various terminal carbon reduction and related control measures within the land area of Taiyuan Wusu Airport in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, while Aviation Industry Group and Geological Group are provincial state-owned enterprises of Shanxi Province, they and their ultimate beneficial owners are considered as third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Zero-Carbon Project is located within the airport land area of Xiaodian District, Taiyuan City, providing heating, cooling, and power supply (photovoltaic green power) services for the Phase III Expansion Construction of Taiyuan Wusu Airport. The total construction investment is approximately RMB1.84 billion, with a construction period of 4 years. It is expected to be completed within 2030.

The Zero-Carbon Project is a comprehensive initiative that leverages integrated utilisation of renewable energy – including photovoltaic, medium-to-deep geothermal energy, and air-source energy – as its foundation. Supported by diverse energy storage, photovoltaic-energy storage-direct current-flexibility in building, multi-energy complementary utilisation, efficient green power absorption and consumption, and intelligent energy-carbon management, it drives a comprehensive green and low-carbon transformation of energy usage at Taiyuan Wusu Airport.

The Zero-Carbon Project marks Shanxi Province's first initiative to secure sovereign loans from NDB of BRICS countries and represents the largest amount of single foreign loan in the province's history. The Zero-Carbon Project has been honored as the Near-Zero Carbon Emission Demonstration Project of Taiyuan City in 2023 (2023年太原市近零碳排放示範項目), the Near-Zero Carbon Emission Demonstration Project of Shanxi Province in 2023 (2023年山西省近零碳排放示範項目), and the National Green and Low-Carbon Demonstration Project in 2025 (2025年國家綠色低碳示範項目). Additionally, it has been designated as a key provincial project for both 2025 and 2026 in Shanxi Province.

The Company's provision of guarantee for the Loan is made in compliance with regulatory requirements. At the same time, as a shareholder of SAINE, the Company's support for project financing offers multiple benefits. Firstly, it facilitates the prompt availability of project funding, ensuring the project progresses on schedule. Secondly, it will help leverage the Company's strengths in the fields of new energy, heating, etc., accumulate experience in zero-carbon projects, and enhance research and development and application capabilities in related technologies. Thirdly, this project can drive the expansion of the Company in such business sectors as new energy, energy storage, and energy management, while deeply participating in national zero-carbon demonstration projects, enhancing the Company's competitiveness in government and public projects. Fourthly, once the Zero-Carbon Project enters the operation phase, it can generate stable cash flow, providing the Company with consistent shareholder returns.

The Directors consider that the terms of the Sub-on-lending Agreement and the Counter-guarantee Agreement are fair and reasonable and the Transaction is conducted on normal commercial terms, and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the maximum guarantee amount involved in the Transaction is expected to be more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements, but is exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

"associate(s)"	has the meanings ascribed to it under the Listing Rules
"Aviation Industry Group"	Shanxi Aviation Industry Group Co., Ltd.* (山西航空產業集團有限公司), a state-owned company established under the laws of the PRC and an Independent Third Party
"Board"	the board of Directors of the Company
"Company"	Shanxi Installation Group Co., Ltd. (山西省安裝集團股份有限公司), a joint stock company established under the laws of the PRC with limited liability, whose H Shares are listed on the Stock Exchange (stock code: 2520)

"connected person(s)"	has the meanings ascribed to it under the Listing Rules
"Counter-guarantee Agreement"	the Counter-guarantee Agreement dated 16 April 2026 entered into among Shanxi Provincial Department of Finance, Aviation Industry Group, Geological Group, the Company and SAINE
"Director(s)"	the director(s) of the Company
"Geological Group"	Shanxi Geological Group Co., Ltd.* (山西地質集團有限公司), a state-owned company established under the laws of the PRC
"Independent Third Party(ies)"	third party(ies) independent of the Company and its connected person(s) (having the meaning ascribed to it under the Listing Rules)
"Loan Agreement"	the loan agreement dated 24 November 2025 entered into between the PRC government and NDB in respect of the Zero-Carbon Project
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	the loan with a total principal amount of RMB1.448 billion provided by NDB to the PRC government, which was ultimately on-lent to SAINE by the Shanxi Provincial Department of Finance under the Sub-on-lending Agreement, pursuant to a series of documents including the Loan Agreement
"MOF"	the Ministry of Finance of the PRC
"NDB"	the New Development Bank
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SAINE"	Shanxi Aviation Industry New Energy Co., Ltd.* (山西航產新能源有限公司), a state-owned company established under the laws of the PRC and an associate of the Company
"Shanxi SASAC"	the State-owned Assets Supervision and Administration Commission of the People's Government of Shanxi Province

"Share(s)"	share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Sub-on-lending Agreement"	the sub-on-lending agreement dated 16 April 2026 entered into among Shanxi Provincial Department of Finance, Aviation Industry Group, Geological Group, the Company and SAINE
"Transaction"	guarantee liabilities provided by the Company to the Shanxi Provincial Department of Finance for the Loan
"Zero-Carbon Project"	the project of providing zero-carbon cooling, heating and power sources for the Phase III Expansion Construction of Taiyuan Wusu Airport in the PRC

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, 16 April 2026

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

* *For identification purposes only*