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

PROPOSED FURTHER CHANGE IN USE OF PROCEEDS

References are made to the prospectus of Shanxi Installation Group Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") dated 10 November 2023 (the "**Prospectus**"), in relation to the global offering and the listing of the Company's H Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Global Offering**"), the circular dated 8 September 2025, and the announcements dated 27 August 2025 and 24 September 2025, in relation to, among other things, the Company's change in use of proceeds from the Global Offering (the "**Previous Change**"). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus.

PROPOSED FURTHER CHANGE IN USE OF PROCEEDS

The net proceeds raised from the Global Offering by the Company (the "**Proceeds**") in total amounted to approximately HK$738.5 million (after deducting underwriting commissions and other expenses payable by the Company in respect of the Global Offering); as of the date of this announcement, approximately HK$411.6 million of the Proceeds has been utilized, while approximately HK$326.9 million remains unutilized.

The Board of the Company hereby announces that, having considered the Company's business development as well as market and policy trends, the Board proposes to adjust the amounts allocated to various uses (the "**Proposed Change in Use of Proceeds**"):

Unit: millions Currency: HK$

Use of Proceeds	Amount of Proceeds allocated following the Previous Change	Proceeds utilized as of the date of this announcement	Proceeds unutilized as of the date of this announcement	Uses of unutilized Proceeds allocated following proposed further revisions	Adjustment amount	Reason(s) for the adjustment
For financing our future centralized photovoltaic projects	16.1	5.6	10.5	1.2	-9.3	Temporary suspension of project due to policy adjustments
For our future investment in wind power projects in the PRC or abroad	288.7	76.8	211.9	141.9	-70.0	Temporary suspension of project due to policy adjustments
For financing the future equity investment in and/or construction of other types of new energy projects	75.8	75.8	–	24.8	+24.8	Increased capital injection needs for the project
For financing our existing and future clean heating projects	70.6	17.7	52.9	1.5	-51.4	Resource reallocation
For financing our future distributed energy projects	21.8	7.9	13.9	13.9	+/-0	–
For financing our existing water treatment projects	36.7	36.1	0.6	51.5	+50.9	Increase in project demand
For financing our future solid waste disposal projects	102.5	83.2	19.3	83.5	+64.2	Enhanced policy support and progress on existing projects
For making payment of the construction fee for equipment required for the existing service concession project	36.4	36.4	–	–	+/-0	–

Use of Proceeds	Amount of Proceeds allocated following the Previous Change	Proceeds utilized as of the date of this announcement	Proceeds unutilized as of the date of this announcement	Uses of unutilized Proceeds allocated following proposed further revisions	Adjustment amount	Reason(s) for the adjustment
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	30.8	13.0	17.8	8.6	-9.2	Resources reallocation
For working capital and other general corporate purposes	59.1	59.1	–	–	–	
Total	**738.5**	**411.6**	**326.9**	**326.9**	**+/-0**	**–**

Save for the aforesaid changes, there are no other changes or adjustments in the use of the Proceeds.

The Company currently expects to fully utilize all Proceeds by the end of the year 2027. The expected timeframe is based on the Group's estimation of future market conditions. It may be subject to change depending on the development of current and future market conditions.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The intended use of the Proceeds was determined based on the Group's best estimation at the time of its Listing and at the time of the Previous Change, taking into account the then and future market conditions. During the course of conducting business, the Board evaluates the development trends of the industry from time to time to determine the most effective use of the Proceeds.

In the new energy sector, the advancement of several photovoltaic and wind power projects for which the Company has already secured has been temporarily suspended due to policy adjustments and other reasons. To improve the utilization efficiency of idle Proceeds, the Board believes that reallocating a larger portion of the unutilized Proceeds to other projects will enable the Company to deploy the Group's financial resources more effectively, while better seizing on market opportunities.

In the clean heating sector, due to adjustments in the Company's investment strategy and deployment, projects in this sector will be primarily invested in by the Company's subsidiary, Shanxi Shan'an Bluesky Energy Conservation Technology Co., Ltd. (山西山安藍天節能科技股份有限公司). The Board believes that reallocating a larger portion of the unutilized Proceeds to other projects will enable the Company to deploy the Group's financial resources more effectively, while better seizing on market opportunities.

In terms of future equity investments in and/or the construction of other types of new energy projects, after taking into account the capital injection needs for the registered capital of Zero-Carbon Project company of Taiyuan Wusu Airport, the Board believes that increasing the allocation of this portion of unutilized Proceeds would be in line with the Company's business development needs and deployment of financial resources.

In the water treatment sector, having considered the progress of the pumped storage projects and the registered capital contribution requirements, the Board believes that increasing the allocation of this portion of unutilized Proceeds would be in line with the Company's business development needs and deployment of financial resources.

In the solid waste sector, China is vigorously advancing the comprehensive management of solid waste and the standardisation of franchise operations. The 2026 Action Plan for Comprehensive Solid Waste Management (2026年《固體廢物綜合治理行動計劃》) ("**Ten Measures for Solid Waste**") explicitly proposes the establishment of a full-chain closed-loop governance system for solid waste, with a focus on supporting areas such as solid waste resource utilization, hazardous waste control, and the remediation of historically stockpiled solid waste. Meanwhile, a number of supporting policies have been introduced, including land use guarantees, fiscal and tax incentives, and green finance, which continue to drive the release of industry demand and present broad market prospects. At the same time, several solid waste projects on hand of the Group are progressing steadily. The Board believes that increasing the allocation of this portion of unutilized Proceeds will enable the Company to better seize policy opportunities, enhance the efficiency of fund utilization, and meet the Company's business development needs and overall interests.

In light of the above, the Board considers that the Proposed Change in Use of Proceeds is in line with the Group's operational strategy, is fair and reasonable, will not have any material adverse effect on the business operation of the Group, and is in the best interests of the Company and its Shareholders as a whole. The Board confirms that there has been no material change in the nature of the Company's business as set out in the Prospectus as of the date of this announcement.

OTHER MATTERS

According to the Articles of Association, the Proposed Change in Use of Proceeds is subject to the approval of the Shareholders by way of an ordinary resolution at the Shareholders' meeting of the Company. A circular containing, among others, details of the Proposed Change in Use of Proceeds and the notice convening the Shareholders' meeting will be published on the websites of the Company and the Stock Exchange as and when appropriate.

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, 4 June 2026

As of 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.