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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

References are made to the section headed “continuing connected transactions” of the Prospectus and the announcement of the Company dated 13 August 2024. As the Expiring Continuing Connected Transaction Agreements will expire on 31 December 2025, and the Company expects to continue to carry on the relevant transactions upon their expiry, the Company has entered into the 2025 Continuing Connected Transaction Agreements (being the 2025 Property Lease Framework Agreement, the 2025 Design Services Framework Agreement, the 2025 Cooperation Agreement for Energy Services, the 2025 Machinery and Equipment Lease Framework Agreement, the 2025 Labor Procurement Framework Agreement, the 2025 Property Management Framework Agreement, the 2025 Sales Framework Agreement, the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement) on 4 December 2025 with Shanxi CIG.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Shanxi CIG is the Controlling Shareholder and a connected person of the Company, and the transactions under the 2025 Continuing Connected Transaction Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

A. PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

As one or more of the applicable percentage ratios for each of the Partially Exempt Continuing Connected Transactions under the 2025 Property Lease Framework Agreement, the 2025 Design Services Framework Agreement, the 2025 Cooperation Agreement for Energy Services, the 2025 Machinery and Equipment Lease Framework Agreement, the 2025 Labor Procurement Framework Agreement, the 2025 Property Management Framework Agreement, the 2025 Sales Framework Agreement, the 2025 Financial Services Framework Agreement (only including service fees to be paid by the Group for Comprehensive Financial Services) and the 2025 Bilateral Construction Services Framework Agreement (only including Procurement of Construction Services) exceed 0.1% but are all less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempted from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

B. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

As one or more of the applicable percentage ratios for each of the Non-exempt Continuing Connected Transactions contemplated under the 2025 Financial Services Framework Agreement (except for the service fees to be paid by the Group for the Comprehensive Financial Services under the 2025 Financial Services Framework Agreement), the 2025 Bilateral Construction Services Framework Agreement (only including the Provision of Construction Services) and the 2025 Raw Materials Procurement Framework Agreement exceed 5%, the transactions contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will convene an EGM for the purpose of, among other things, obtaining the Independent Shareholders' approval for the Non-exempt Continuing Connected Transactions and the proposed annual caps. Shanxi CIG and its associates will abstain from voting on the resolutions in this regard at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof. First Shanghai has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same matters.

THE EGM

The Company will convene the EGM at 3:00 p.m., on Tuesday, 23 December 2025 to seek approval from the Independent Shareholders for the Non-exempt Continuing Connected Transactions and the proposed annual caps.

In order to determine the qualification to attend and vote at the EGM, the register of members of the H Shares will be closed from Thursday, 18 December 2025 to Tuesday, 23 December 2025 (both days inclusive), during which period no transfer of H Shares will be effected. H Share holders whose names appear on the register of members of the H Shares of the Company on Thursday, 18 December 2025 are entitled to attend the EGM. For unregistered Shareholders who intend to attend the EGM, all share certificates and the relevant transfer documents must be lodged with the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’ Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 17 December 2025.

A circular containing, *inter alia*, further details of (i) the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof; (iii) a letter from First Shanghai to the Independent Board Committee and the Independent Shareholders containing its recommendations in respect of the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof; and (iv) other information as required by the Listing Rules, will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sxaz.com.cn) in due course.

I. BACKGROUND

References are made to the section headed “continuing connected transactions” of the Prospectus and the announcement of the Company dated 13 August 2024 in relation to the revision of annual caps of the 2023 Design Services Framework Agreement and entering into of the 2024 Cooperation Agreement for Energy Services. As the Expiring Continuing Connected Transaction Agreements will expire on 31 December 2025, and the Company expects to continue to carry on the relevant transactions upon their expiry, the Company has entered into the 2025 Continuing Connected Transaction Agreements (being the 2025 Property Lease Framework Agreement, the 2025 Design Services Framework Agreement, the 2025 Cooperation Agreement for Energy Services, the 2025 Machinery and Equipment Lease Framework Agreement, the 2025 Labor Procurement Framework Agreement, the 2025 Property Management Framework Agreement, the 2025 Sales Framework

Agreement, the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement) on 4 December 2025 with Shanxi CIG.

II. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

A. Partially Exempt Continuing Connected Transactions

1. 2025 Property Lease Framework Agreement

In view of the 2023 Property Lease Framework Agreement expiring on 31 December 2025, in order to continue leasing properties to SCIG Group, the Company entered into the 2025 Property Lease Framework Agreement with Shanxi CIG. The principal terms of the 2025 Property Lease Framework Agreement are as follows:

Parties	The Company (for itself and on behalf of its subsidiaries) Shanxi CIG (for itself and on behalf of its subsidiaries)
Date	4 December 2025
Term	From 1 January 2026 to 31 December 2028
Subject Matter	The Group agreed to lease properties to members of SCIG Group as office.
Pricing Policy	The rent for properties leased by the Group to SCIG Group is determined after arm's length negotiations with reference to the market rent rate for similar properties (in terms of property type, size, age and interior structure) in the vicinity at the time of entering into the relevant lease agreement.

Historical amounts

Set out below are the existing annual caps and the historical amounts of rent received or to be received by the Group from SCIG Group for the lease of properties for the two years ended 31 December 2024 and the ten months ended 31 October 2025:

	For the year ended 31 December		For the ten months ended
	2023	2024	31 October
	<i>(RMB million)</i>	<i>(RMB million)</i>	2025
			<i>(RMB million)</i>
Annual caps	11	11	11 ^(Note)
Rent received or to be received by the Group from SCIG Group for the lease of properties	8.7	9.7	8.9

Note: For the full year ending 31 December 2025.

The Company expects that the actual amount of rent received or to be received by the Group from SCIG Group during the year ending 31 December 2025 would not exceed the annual cap for the year.

Annual caps and basis of determination

Set out below are the annual caps of the 2025 Property Lease Framework Agreement for the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Rent to be received by the Group from SCIG Group for the lease of properties	11.0	11.0	11.0

In determining the above annual caps, the Directors have considered (i) the historical rents received; (ii) the trend of the market rate of rent of similar properties in similar locations; (iii) a buffer of approximately RMB1 million in the event of suddenly rise in rent rate; and (iv) the potential needs of SCIG Group for office premises.

Reasons for the transaction

The Directors are of the view that the leasing of properties to members of SCIG Group is conducted in the Group's ordinary and usual course of business and the Group will be able to secure long-term and stable tenants while generating stable income by leasing the Group's properties to SCIG Group.

2. 2025 Design Services Framework Agreement

In view of the 2023 Design Services Framework Agreement expiring on 31 December 2025, in order to continue providing design services to SCIG Group, the Company entered into the 2025 Design Services Framework Agreement with Shanxi CIG. The principal terms of the 2025 Design Services Framework Agreement are as follows:

Parties	The Company (for itself and on behalf of its subsidiaries) Shanxi CIG (for itself and on behalf of its subsidiaries)
Date	4 December 2025
Term	From 1 January 2026 to 31 December 2028
Subject Matter	The Group will provide certain design services to SCIG Group.
Pricing Policy	The fees for design services will be determined at arm's length negotiation with regards to the complexity of project and time constraints, and the Group shall obtain fee quotations from no fewer than two Independent Third Parties to ensure that the fees for design services will be in any event, no less favorable than the design services provided by the Group to Independent Third Parties.

Historical amounts

Set out below are the existing annual caps and the historical amounts of service fees paid by SCIG Group to the Group for design services for the two years ended 31 December 2024 and the ten months ended 31 October 2025:

	For the year ended 31 December		For the ten months ended
	2023	2024	31 October 2025
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Annual caps	2.3	13.15	7.25 ^(Note)
Service fees for design services received or to be received by the Group from SCIG Group	0.02	3.1	2.1

Note: For the full year ending 31 December 2025.

The Company expects that the actual amount of service fees for design services received or to be received by the Group from SCIG Group during the year ending 31 December 2025 would not exceed the annual cap for the year.

Annual caps and basis of determination

Set out below are the annual caps of the 2025 Design Services Framework Agreement for the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Service fees for design services received or to be received by the Group from SCIG Group	5.0	5.4	5.6

In determining the above annual caps, the Directors have considered the following factors:

- (i) the historical transaction amounts for design Services;

- (ii) the expected contract value signed for the years 2026, 2027 and 2028 based on the annual growth rate of the contract value for years 2023 to 2025; and
- (iii) the potential growth of business of the Group.

Reasons for the transaction

The design institute of the Company is a comprehensive engineering design institute that integrates municipal, chemical, petrochemical, pharmaceutical, architectural and power fields. It consists of four specialized divisions, namely municipal, chemical, new energy and architecture. With strong technical capabilities and a complete professional setup, the design institute holds multiple qualifications. Being one of its core competitive advantages, the design capability of the design institute also forms an important component of the “five-in-one” industrial chain layout of “design consultation, investment construction, building construction, component manufacturing, and operation and maintenance”. As a vital component for the Company’s “design consultation” business segment, the development of the design institute is positioned for service and expansion. The Company actively explores new business models for engineering general contracting, and provides technical services and support throughout the entire project process. With comprehensive design qualifications and excellent design capabilities, which have consistently generated business opportunities, the design institute positions the Group in a favorable position to fully seize the growing demand for related design Services.

3. 2025 Cooperation Agreement For Energy Services

In view of the 2024 Cooperation Framework Agreement for Energy Services expiring on 31 December 2025, in order to continue providing energy and related services to SCIG Group, the Company entered into the 2025 Cooperation Framework Agreement for Energy Services with Shanxi CIG. The principal terms of the 2025 Cooperation Agreement For Energy Services are as follows:

Parties	The Company (for itself and on behalf of its subsidiaries)
	Shanxi CIG (for itself and on behalf of its subsidiaries)
Date	4 December 2025
Term	From 1 January 2026 to 31 December 2028

Subject Matter	The Group provides certain energy services to industrial parks of SCIG Group, including (i) solar power; (ii) hot water generated from air source heat pump system; and (iii) comprehensive energy system management services.
Pricing Policy	<p>Under the “grid connection without grid access” cooperation model, the Group charges SCIG Group at 95% of electricity sales price in the local utility grid’s corresponding time-of-use (peak, busy and off-peak) for the electricity generated from solar power. The electricity consumption is calculated from the date of project power generation. The discounted electricity fee represents the rental fee payable by the Group for, <i>inter alia</i>, leasing buildings/factory rooftops and installation sites for project electrical equipment from SCIG Group.</p> <p>Under the “self-generation and self-consumption with surplus electricity fed into the grid” cooperation model, the electricity fee charged by the Group for solar power generated is determined with reference to the monthly announcement of the electricity purchase price by the local power company in the project’s location. Specifically, it refers to the commercial electricity price table for industrial and commercial users of the power company under the jurisdiction of State Grid, using the time-of-use electricity price for 1–10 (20) kV for industrial and commercial users under a uniform system, and then applies a discount ranging from 5% to 20% to such price, which is in line with market practice.</p> <p>The electricity fees charged by the Group are fair and reasonable, and are in line with normal commercial terms. The Directors believe that the electricity fees and terms set forth in the 2025 Cooperation Agreement for Energy Services are comparable to those offered to other Independent Third Party customers. This ensures that the prices and terms are conducted under normal commercial terms and do not harm the interests of the Company and its Shareholders as a whole.</p>

The fees charged by the Group for the provision of comprehensive energy management system services are determined by the electricity fees difference saved by SCIG Group upon the optimization of electricity fees.

Historical amounts

Set out below are the existing annual caps and the historical amounts of service fees paid by the Group to SCIG Group for energy services for the two years ended 31 December 2024 and the ten months ended 31 October 2025:

	For the year ended 31 December		For the ten months ended
	2023	2024	31 October 2025
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Annual caps	N/A	4.111	10.145 ^(Note)
Service fees for energy services received or to be received by the Group from SCIG Group	2.6	3.6	4.0

Note: For the full year ending 31 December 2025.

The Company expects that the actual amount of service fees for energy services received or to be received by the Group from SCIG Group during the year ending 31 December 2025 would not exceed the annual cap for the year.

Annual caps and basis of determination

Set out below are the annual caps of the 2025 Cooperation Agreement for Energy Services for the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Service fees for energy services received or to be received by the Group from SCIG Group	10.0	10.0	10.0

In determining the above annual caps, the Directors have considered the following factors:

- (i) the historical transaction amounts for energy services;
- (ii) 3 project which commenced prior to 2025, 3 projects which commenced operation in 2025, and 1 project which is expected to commence operation in 2026;
- (iii) the electricity consumption proportion of existing projects;
- (iv) the increase in proportion of electricity consumption arising from the improvement of production capacity of industrial parks of SCIG Group; and
- (v) the potential growth of business of the Group.

Reasons for the transaction

The Group has been providing energy services to industrial parks managed by members of SCIG Group. Due to the gradual production and operation of the industrial parks owned by SCIG Group, the number of industrial parks for which the Group provides energy services has increased. With the continuous operation commencement of new projects in 2026 and the stable operation of projects in operation in prior years and considering the increase in the electricity consumption arising from production capacity improvement of the industrial parks of SCIG Group, the projected transaction amounts of energy services are expected to gradually increase over the next few years.

4. 2025 Machinery and Equipment Lease Framework Agreement

In view of the 2023 Machinery and Equipment Lease Framework Agreement expiring on 31 December 2025, in order to continue providing machinery and equipment leasing services to SCIG Group, the Company entered into the 2025 Machinery and Equipment Lease Framework Agreement with Shanxi CIG. The principal terms of the 2025 Machinery and Equipment Lease Framework Agreement are as follows:

Parties	The Company (for itself and on behalf of its subsidiaries)
	Shanxi CIG (for itself and on behalf of its subsidiaries)
Date	4 December 2025

Term	From 1 January 2026 to 31 December 2028
Subject Matter	SCIG Group will lease the relevant construction machineries and equipment to the Group.
Pricing Policy	The fees for the lease of machinery and equipment will be determined through bidding process in which relevant members of SCIG Group and other Independent Third Party service providers would be invited to submit their price and terms, to ensure that the fees for the lease of machinery and equipment under equivalent terms are no less favourable than those payable to Independent Third Party service providers under equivalent terms.

Historical amounts

Set out below are the existing annual caps and the historical amounts of service fees paid by the Group to SCIG Group for the lease of machinery and equipment for the two years ended 31 December 2024 and the ten months ended 31 October 2025:

	For the year ended 31 December		For the ten months ended
	2023	2024	31 October 2025
	(RMB million)	(RMB million)	(RMB million)
Annual caps	10	11	12 ^(Note)
Fees for the lease of machinery and equipment paid or payable by the Group to SCIG Group	7.4	1.8	0.9

Note: For the full year ending 31 December 2025.

The Company expects that the actual amount of fees paid or payable by the Group to SCIG Group for lease of machinery and equipment during the year ending 31 December 2025 would not exceed the annual cap for the year.

Annual caps and basis of determination

Set out below are the annual caps of the 2025 Machinery and Equipment Lease Framework Agreement for the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Fees for the lease of machinery and equipment paid or payable by the Group to SCIG Group	25.0	27.0	30.0

In determining the above annual caps, the Directors have considered (i) the historical transaction amounts; (ii) the expected demand for the relevant services from the Group's backlog projects; (iii) the transaction amount of RMB16.2 million paid by the Group for the lease of machinery and equipment for the year ended 31 December 2024 from Independent Third Parties, such amount of which is expected to be procured from SCIG Group beginning from 2026; and (iv) the potential growth of business of the Group.

Reasons for the transaction

The Group leases various machinery and equipment during its ordinary course of business as it is more cost-efficient to do so than to purchase and own such machineries ourselves. Since October 2025, SCIG Group merged its lease business for some types of machinery and equipment, allowing for larger scale of procurement. Such economies of scale enables SCIG Group to provide more competitive prices and favourable terms to its customers as compared to other third parties. Further, as the Group has procured various other services from SCIG Group, procuring from SCIG Group allows the Group to unify and standardize its procurement procedures, thereby further reducing costs. Moreover, the Directors are of the opinion that the safety, condition and performance of the machineries and equipment leased from SCIG Group can be guaranteed. As such, the Company anticipates that the types and quantity of machinery and equipment leased from Shanxi CIG in 2026 will continue to increase compared to 2025. Additionally, taking into account potential business opportunities from large-scale projects that may be secured in the next three years, as well as SCIG Group's gradual integration of other types of machinery and equipment leasing businesses, the annual caps for years 2027 and 2028 are set to increase year by year.

5. Labor Procurement Framework Agreement

In view of the 2023 Labor Procurement Framework Agreement expiring on 31 December 2025, in order to continue purchasing labor services from SCIG Group, the Company entered into the 2025 Labor Procurement Framework Agreement with Shanxi CIG. The principal terms of the 2025 Labor Procurement Framework Agreement are as follows:

Parties	The Company (for itself and on behalf of its subsidiaries) Shanxi CIG (for itself and on behalf of its subsidiaries)
Date	4 December 2025
Term	From 1 January 2026 to 31 December 2028
Subject Matter	SCIG Group will provide labor subcontracting services to the Group to assist daily business operation as and when required.
Pricing Policy	The pricing for the labor subcontracting services to be obtained from members of SCIG Group shall be no less favorable than the price of same type of services and terms provided by Independent Third Parties under normal commercial terms and in the ordinary course of business. The Group will seek and compare the quotations and terms of services from at least two other independent suppliers offering the same or comparable type of services against the quotation and terms of services provided by members of SCIG Group, to ensure that the pricing for the procurement of labor subcontracting services from connected persons is no less favorable than the market price or the price required to be paid for the procurement of labor subcontracting services from an Independent Third Party.

Historical amounts

Set out below are the existing annual caps and the historical amounts of service fees paid by the Group to SCIG Group for labor subcontracting services for the two years ended 31 December 2024 and the ten months ended 31 October 2025:

	For the year ended 31 December		For the ten months ended
	2023	2024	31 October
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Annual caps	6.5	8.5	10 ^(Note)
Fees for the labor subcontracting services paid or payable by the Group to SCIG Group	1.7	2.0	0

Note: For the full year ending 31 December 2025.

The Company expects that the actual amount of fees paid or payable by the Group to SCIG Group for labor subcontracting services during the year ending 31 December 2025 would not exceed the annual cap for the year.

Annual caps and basis of determination

Set out below are the annual caps of the 2025 Labor Procurement Framework Agreement for the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Fees for the labor subcontracting services to be paid by the Group to SCIG Group	20.0	25.0	30.0

In determining the below annual caps, the Directors have considered (i) the historical transaction amounts; (ii) the expected demands for labor subcontracting services of the Group's ongoing projects and future projects; and (iii) the availabilities of Independent Third Party services providers in the labor market.

In 2025, the Company recorded no connected transaction amount related to labor procurement. This is owing to the Company's strengthened development of its in-house labor teams, which has reduced procurement transaction of labor services from connected parties. Coupled with the scale of the projects undertaken, which were not exceptionally large, the capacity of these in-house labor teams are sufficient to meet the project requirement.

The Group has considered the possibility of securing ultra-large EPC projects. Such projects typically require labor on a substantial scale, and the in-house labor teams may lack the necessary capacity for these projects. Therefore, the Group may consider procuring services from connected parties who demonstrate specific capabilities and advantages in this area. Given the possibility of being awarded such projects between 2026 and 2028, the Group has set appropriate amount of annual caps under the 2025 Labor Procurement Framework Agreement. Further, considering the Group's business development trend where opportunities for ultra-large EPC projects are expected to grow, the annual caps are projected to increase in 2027 and 2028.

Reasons for the transaction

The Directors consider that the transactions contemplated under the Labor Procurement Framework Agreement are conducted in the Group's ordinary and usual course of business. The number of workers and labor hours required for the Group's operations varies on a case-by-case basis per project. From time to time, we require laborers with specific skills and expertise to meet particular project demands. SCIG Group possesses a large, skilled, and comprehensively covered labor force that can fulfill the Group's needs when its relevant projects require labor services.

6. 2025 Property Management Framework Agreement

In view of the 2023 Property Management Framework Agreement expiring on 31 December 2025, in order to continue using the property management services provided SCIG Group, the Company entered into the 2025 Property Management Framework Agreement with Shanxi CIG. The principal terms of the 2025 Property Management Framework Agreement are as follows:

Parties	The Company (for itself and on behalf of its subsidiaries)
	Shanxi CIG (for itself and on behalf of its subsidiaries)
Date	4 December 2025

Term	From 1 January 2026 to 31 December 2028
Subject Matter	Company shall procure management services (including property management, facilities and equipment maintenance, food and beverage services, gardening services and cleaning services) from SCIG Group as and when required.
Pricing Policy	The fee for property management services procured from SCIG Group is determined through arms' length negotiations between both parties, with reference to the prevailing market conditions and the guidance prices published by local market regulatory authorities. The fees that SCIG Group charged to our Company for provision of property management services shall not exceed those charged by SCIG Group to any third party for comparable services under equivalent conditions. The Company will obtain price benchmarks for comparable property management services under equivalent terms from at least two Independent Third Parties.

Historical amounts

Set out below are the existing annual caps and the historical amounts of property management service fee paid by the Group to SCIG Group for management services for the two years ended 31 December 2024 and 2025 and the ten months ended 31 October 2025:

	For the year ended 31 December		For the ten months ended
	2023	2024	31 October 2025
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Annual caps	12.0	13.0	14.0 ^(Note)
Fees for property management services paid or payable by the Group to SCIG Group	8.9	1.5	3.6

Note: For the full year ending 31 December 2025.

The Company expects that the actual amount of fees paid or payable by the Group to SCIG Group for property management services during the year ending 31 December 2025 would not exceed the annual cap for the year.

Based on the negotiations between the Group and the relevant service providers, the fee standards for entrusted management services was reduced in 2024, thereby decreasing in the transaction amount.

Annual caps and basis of determination

Set out below are the annual caps of the 2025 Property Management Framework Agreement for the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Fees for property management services to be paid by the Group to SCIG Group	10.0	10.0	10.0

In determining the annual caps for the 2025 Property Management Framework Agreement, the Directors have considered (i) the historical fees paid; (ii) the anticipated local inflation rate; and (iii) considering the

composition of existing business expense, which broadly comprises property management fees, canteen management fees, entrusted management fees, and vacant property management fees, totaling approximately RMB7 million. The entrusted management fees and controlled property management fees are subject to the actual revenue and expenditure of the current year and may potentially increase. Furthermore, given that the related property services may encompass more areas in the future, we may procure additional property management services from the connected persons.

Reasons for the transaction

SCIG Group has been serving the Group for years in providing property management services. As such, the Directors are of the view that it is beneficial to the Group to continue to engage SCIG Group in terms of price, efficiency, quality and reliability in the provision of such services.

7. 2025 Sales Framework Agreement

In view of the 2023 Sales Framework Agreement expiring on 31 December 2025, in order to continue selling related construction materials to SCIG Group, the Company entered into the 2025 Sales Framework Agreement with Shanxi CIG. The principal terms of the 2025 Sales Framework Agreement are as follows:

Parties	The Company (for itself and on behalf of its subsidiaries)
	Shanxi CIG (for itself and on behalf of its subsidiaries)
Date	4 December 2025
Term	From 1 January 2026 to 31 December 2028
Subject Matter	The Group will sell certain construction materials, including but not limiting to, ready mixed concrete and precast concrete parts to SCIG Group.

Pricing Policy

The price for each type of the construction materials will be determined with reference to: (i) the prevailing market price of such product; and (ii) the price of such product supplied by the Group to Independent Third Parties. The sales price shall cover reasonable costs plus a reasonable profit. In determining a reasonable profit, reference shall be made to the transaction prices from sales to at least two Independent Third Parties. This ensures that the selling price is no less favourable than the price charged to Independent Third Parties under equivalent term.

Historical amounts

Set out below are the existing annual caps and the historical amounts paid or payable by SCIG Group to the Group in relation to sales of construction materials for the two years ended 31 December 2024 and the ten months ended 31 October 2025:

	For the year ended 31 December		For the ten months ended
	2023	2024	31 October 2025
	(RMB million)	(RMB million)	(RMB million)
Annual caps	160.0	200.0	250.0 ^(Note)
Amount paid or payable by SCIG Group to the Group for sales of construction materials	70.5	11.5	3.3

Note: For the full year ending 31 December 2025.

The Company expects that the actual amount paid or payable by SCIG Group to the Group for sales of construction materials during the year ending 31 December 2025 would not exceed the annual cap for the year.

Annual caps and basis of determination

Set out below are the annual caps of the 2025 Sales Framework Agreement for the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Amount to be paid by SCIG Group to the Group for sales of construction materials	33.0	43.0	53.0

In determining the above annual caps, the Directors have considered the following factors: (1) the historical purchase amounts by SCIG Group during the two years ended 31 December 2024 and ten months ended 31 October 2025; (2) the Group's plan to have certain building materials included in SCIG Group supplier list in 2026; (3) the projected sales volume of ready-mix and pre-cast concrete products manufactured by Shan'an Lide for sale.

Reasons for the transaction

Since the production facility of Shan'an Lide commenced full production in February 2023, Shan'an Lide has been selling ready mixed concretes and precast concrete products to SCIG Group, who has a stable demand for concrete products for its construction business. Other than the concrete products produced by Shan'an Lide, the Group has also occasionally supplied moulds, fence panels and other construction materials to SCIG Group in the Group's ordinary course of business. Given that the price of the aforementioned products sold to SCIG Group are on terms no less favorable than such offered by the Group to Independent Third Party customers, the Directors consider that the Group would benefit from the revenue generated from selling concrete related and other products to SCIG Group.

B. Non-exempt Continuing Connected Transactions

1. 2025 Financial Services Framework Agreement

In view of the 2023 Financial Services Framework Agreement expiring on 31 December 2025, in order to continue using the financial services of SCIG Group, the Company entered into the 2025 Financial Services Framework Agreement with Shanxi CIG. The principal terms of the 2025 Financial Services Framework Agreement are as follows:

Parties	<p>The Company (for itself and on behalf of its subsidiaries)</p> <p>Shanxi CIG (for itself and on behalf of its subsidiaries)</p>
Date	4 December 2025
Term	From 1 January 2026 to 31 December 2028, subject to the Independent Shareholders' approval
Subject Matter	<p>SCIG Group will provide Comprehensive Financial Services to the Group including credit facility services, settlement services, financial lease services, as well as other financial services.</p> <p>Depending on the specific services to be provided by SCIG Group, the Group may be required to charge certain assets owned by it, such as its account receivables, as collateral for the Comprehensive Financial Services.</p>
Pricing Policy	<p>For credit facility services, the credit interest rates and rates for loans to be provided to the Group by relevant members of SCIG Group shall be no higher than those available to the Group from other independent financial institutions in the PRC for the same period and of similar nature.</p> <p>For settlement services and finance lease services, the fees charged by relevant members of SCIG Group for the provision of such services to the Group shall be no less favorable than those available to the Group from independent financial institutions in the PRC.</p>

For other financial services, the fees charged shall be in compliance with the fees standard prescribed by the People's Bank of China or the China Banking Regulatory Commission in respect of such services and shall in no event be no less favorable than those charged by independent financial institutions in the PRC for the same period and of similar nature.

Historical amounts

Set out below are the existing annual caps and the historical amounts for Financial Services provided by SCIG Group to the Group:

		For the year ended 31 December		For the ten months ended 31 October
		2023	2024	2025
		RMB	RMB	RMB
		million	million	million
2025 Financial Services Framework Agreement				
— Maximum daily balance of Comprehensive Financial Services	Annual Caps	500.0	500.0	500.0 ^{Note}
	Historical amounts	453.7	332.0	331.7
— Service fees for Comprehensive Financial Services	Annual Caps	7.0	7.0	7.0 ^{Note}
	Historical amounts	2.9	1.5	3.1

Note: For the full year ending 31 December 2025.

The Company expects that the actual maximum daily balance and service fees to be paid for the Comprehensive Financial Services during the year ending 31 December 2025 would not exceed the annual cap for the year.

Annual caps and basis of determination

Set out below are the proposed annual caps of the 2025 Financial Services Framework Agreement for the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Maximum daily balance of Comprehensive Financial Services	500.0	500.0	500.0
Fees for Comprehensive Financial Services	5.0	5.0	5.0

The proposed annual caps for Comprehensive Financial Services was determined by the Group taking into account (i) the maximum daily balance of Comprehensive Financial Services provided by members of SCIG Group to the Group during the two years ended 31 December 2024 and the ten months ended 31 October 2025, in particular, the maximum daily balance of Comprehensive Financial Services for the years ended 31 December 2023 and 2024 of RMB453.7 million and RMB332.0 million, which accounted for approximately 90.7% and 66.4% of the annual caps for Comprehensive Financial Services for each of the years ended 31 December 2023 and 2024, respectively; and (ii) expectation that the demand for Comprehensive Financial Services will increase in line with the Group's business development.

The annual caps for service fees for Comprehensive Financial Services was determined by the Group taking into account (i) the service fees paid by the Group during two years ended 31 December 2024 and the ten months ended 31 October 2025 in respect of each type of the Comprehensive Financial Services; and (ii) the Group's future business demand for Comprehensive Financial Services.

Reasons for the transaction

The Group has been obtaining Comprehensive Financial Services from certain members of SCIG Group in the ordinary and usual course of its business. Having considered that (i) the interest rates on loans and facilities offered by relevant members of SCIG Group to the Group will be no less favorable than those offered by independent commercial banks and financial institutions in the PRC for similar amount and period; (ii) the Comprehensive Financial Services providers in SCIG Group have obtained necessary licenses (if required) in connection with the provision of the Comprehensive Financial Services to the Group; and (iii) members of SCIG Group providing Comprehensive Financial Services have a better understanding of operations of the Group, which allows them to develop practical financing solutions that closely align with the Group's funding needs and provide credit facilities and loans to the Group in an efficient manner, the Directors consider that the Comprehensive Financial Services contemplated under the 2025 Financial Services Framework Agreement will be able to meet the daily operation needs of the Group. As the Directors expect that the Group's main business and core operating indicators will remain stable in the years ending 31 December 2026, 2027 and 2028, the Directors anticipate that the Group's demand for Comprehensive Financial Services will remain stable over the next three years to ensure stable liquidity for funding its daily operating capital needs and established investment projects.

2. 2025 Bilateral Construction Services Framework Agreement

In view of the 2023 Bilateral Construction Services Framework Agreement expiring on 31 December 2025, in order to continue providing construction services mutually with SCIG Group, the Company entered into the 2025 Bilateral Construction Services Framework Agreement with Shanxi CIG. The principal terms of the 2025 Bilateral Construction Services Framework Agreement are as follows:

Parties	The Company (for itself and on behalf of its subsidiaries) Shanxi CIG (for itself and on behalf of its subsidiaries)
Date	4 December 2025
Term	From 1 January 2026 to 31 December 2028, subject to the Independent Shareholders' approval

Subject Matter	The Group shall engage members of SCIG Group for Procurement of Construction Services, while SCIG Group may also engage members of the Group for Provision of Construction Services (including industrial equipment installation) as and when required.
Pricing Policy	<p>Contract sum for construction services provided under the 2025 Bilateral Construction Services Framework Agreement shall be determined with reference to the pricing guidelines and methods as set out in the valuation guidelines published by the local housing and urban-rural construction bureaus and with consideration with other factors such as project schedule, complexity and scale of the construction project, potential revision of the scope of work, geographical location and environmental conditions of the project site.</p> <p>The Group shall only subcontract construction works to SCIG Group through open tender procedures, thereby ensuring that the price and terms under the 2025 Bilateral Construction Services Framework Agreement shall be no less favorable to the Group than those offered by Independent Third Parties.</p>

Historical amounts

Set out below are the existing annual caps and the historical amounts of aggregate contract value for construction services provided by the Group to SCIG Group and vice versa for the two years ended 31 December 2024 and the ten months ended 31 October 2025:

		For the year ended 31 December		For the ten months ended 31 October
		2023	2024	2025
		<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
		<i>million</i>	<i>million</i>	<i>million</i>
2025 Bilateral Construction Services Framework Agreement				
— Contract value for Procurement of Construction Services	Annual Caps	40.0	100.0	110.0 ^{Note}
	Historical amounts	40.0	45.3	4.9
— Contract value for Provision of Construction Services	Annual Caps	750.0	800.0	850.0 ^{Note}
	Historical amounts	549.0	167.9	348.2

Note: For the full year ending 31 December 2025.

The Company expects that both of the actual amounts for procurement and provision of Constructions Services during the year ending 31 December 2025 would not exceed the annual cap for the year.

Annual caps and basis of determination

Set out below are the proposed annual caps of the 2025 Bilateral Construction Services Framework Agreement for the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Contract value for Procurement of Construction Services	60.0	60.0	60.0
Contract value for Provision of Construction Services	1,000.0	1,200.0	1,400.0

In determining the proposed annual caps for contract value for Procurement of Construction Services, the Directors have considered the following factors:

- (1) the historical transaction amounts of the construction services received from SCIG Group for the two years ended 31 December, 2024 and the ten months ended 31 October, 2025;
- (2) A significant portion of the Group's procurement of construction services from SCIG Group relates to the Group's "Other Projects" business segment, which covers residential, office, commercial, and educational, cultural, and healthcare construction projects. Such projects require the relevant qualifications for general contracting of construction works. Due to certain registration issues concerning the Group's grading of the qualification for general contracting of construction works, the Company experienced a temporary limitation in its ability to undertake new general contracting projects for housing construction during the first half of 2025, the overall impact on to the Group's business operation and financial performance is insignificant. Since the Group has regained its First Grade Qualifications of General Construction Contracting in June 2025, and the Company expects that related business will continue to develop steadily over the next three years;
- (3) the business development plan and expected growth trend in the principal business of the Group for the years ending 31 December 2026, 2027 and 2028;

- (4) in accordance with the overall planning of SCIG Group, the Group is expected to become the primary coordinator for the overseas business of SCIG Group in 2026. Thereafter, the Group shall require the members of SCIG Group to cooperate with the Group to jointly carry out the construction of major overseas projects, and the expected Contract value for Procurement of Construction Services will increase; and
- (5) the relevant pricing guidelines issued by the competent authorities in the PRC.

In determining the proposed annual caps for the Provision of Construction Services, the Directors have considered the following factors:

- (1) the historical transaction amounts of contract value for Provision of Construction Services for the two years ended 31 December, 2024 and the ten months ended October 31, 2025;
- (2) the remaining contract value for Provision of Construction Services for the year ending 31 December 2026 of RMB802.3 million in relation to 8 projects;
- (3) the highest annual cap for revenue derived from the Provision of Construction Services for the year ending 31 December, 2028 of RMB1,400 million represents less than 11.4% of the Group's revenue for the year ended December 31, 2024;
- (4) the business development plan and expected growth trend in the businesses of SCIG Group for the years ending 31 December 2027 and 2028;
- (5) the expected costs, including material costs and labor costs to be incurred for the years ending 31 December 2026, 2027 and 2028 by the Group in the Provision of Construction Services; and
- (6) the relevant pricing guidelines issued by the competent authorities in the PRC.

Reasons for the transaction

The Group has been providing construction services to SCIG Group in the ordinary and usual course of its business in the past. The services provided by the Group to SCIG Group involved specialized industrial construction works, specialized auxiliary construction works and other construction works. The Directors consider that the provision of construction services to SCIG Group would benefit the Group given that (i) the Group has established a stable business relationship with SCIG Group and has a throughout understanding of its business operations, construction requirements, quality control and other requirements, which enables smooth cooperation and reducing operational costs; (ii) by providing construction services to SCIG Group's engineering projects, the Group has the opportunity to expand its portfolio of construction of large-scale projects; (iii) the Company is the only subsidiary of Shanxi CIG which possesses both Premium Grade Qualifications of General Contracting for Petrochemical Engineering Construction (石油化工工程施工總承包特級資質) and Municipal Public Engineering Construction (市政公用工程施工總承包特級資質). In addition, the Group possesses six First Grade qualifications for general contracting, 19 Second Grade qualifications for general contracting, 16 First Grade qualifications for specialized contracting, and six Second Grade qualifications for specialized contracting. It has necessary qualifications and advantages to provide a wide range of services to SCIG Group; (iv) given the close proximity, the Company is able to provide construction services to SCIG Group when SCIG Group has insufficient capacity to carry out the works; and (v) the price and terms of providing construction services to SCIG Group are no less favorable to the Group than those offered by the Group to Independent Third Parties. As for the SCIG Group, it can leverage on the Group's experience and expertise to increase construction efficiency as the Group may have more experiences and expertise than SCIG Group in certain construction fields.

The Group has also subcontracted construction works to SCIG Group in the ordinary and usual course of its business. Works subcontracted by the Group to SCIG Group include geotechnical survey, design, and testing; foundation construction; construction quality inspection and testing; water conservancy well drilling and construction project supervision, etc. The Directors consider that the subcontracting of construction work to SCIG Group would benefit the Group for the following reasons: (i) there is a long and stable business relationship between SCIG Group and the Group; (ii) SCIG Group is familiar with the Group's specifications, standards and requirements, thereby giving the Group confidence in the quality of the subcontracting services provided by SCIG Group; (iii) SCIG Group has the relevant licenses, qualifications, expertise and experiences for a wide range of works and thus the Group can ensure that the relevant works and

requirements undertaken from its customers can be conducted in a satisfactory manner; (iv) SCIG Group also has sufficient resources so as to enable it to take on the excessive work loads of the Group in the event that the Group does not have sufficient capacity to conduct its own works, thereby optimizing the resources of the Group; and (v) and the price and terms of providing construction services by SCIG Group are no less favorable than those offered to the Group by Independent Third Parties.

3. 2025 Raw Materials Procurement Framework Agreement

In view of the 2023 Raw Materials Procurement Framework Agreement expiring on 31 December 2025, in order to continue purchasing related raw materials from SCIG Group, the Company entered into the 2025 Raw Materials Procurement Framework Agreement with Shanxi CIG. The principal terms of the 2025 Raw Materials Procurement Framework Agreement are as follows:

Parties	The Company (for itself and on behalf of its subsidiaries) Shanxi CIG (for itself and on behalf of its subsidiaries)
Date	4 December 2025
Term	From 1 January 2026 to 31 December 2028, subject to the Independent Shareholders' approval
Subject Matter	The Group shall purchase certain raw materials, including but not limiting to, steel, and precast and prefabricated parts from SCIG Group.
Pricing Policy	The price for each type of raw materials will be determined with reference to: (i) the prevailing market price of such product; and (ii) the price of such product supplied by Independent Third Parties to SCIG Group. For the purpose of ascertaining market prices, the procurement team of the Group will obtain quotation from at least two suppliers which are Independent Third Parties. In any event, the terms for each transaction with SCIG Group will be no less favorable than the terms which can be obtained from Independent Third Party suppliers for purchasing products of comparable quality, quantity and specifications.

Historical amounts

Set out below are the existing annual caps and the historical amounts in relation to purchases of raw materials for the two years ended 31 December 2024 and the ten months ended 31 October 2025:

		For the year ended 31 December		For the ten months ended 31 October
		2023	2024	2025
		RMB	RMB	RMB
		million	million	million
2025 Raw Materials Procurement Framework Agreement				
— Amount to paid or payable by the Group to SCIG Group for purchase of raw materials	Annual Caps Historical amounts	1,000.0 999.2	1,200.0 536.4	1,400.0 ^{Note} 295.0

Note: For the full year ending 31 December 2025.

The Company expects that the actual amount paid or payable by the Group to SCIG Group for purchase of raw materials during the year ending 31 December 2025 would not exceed the annual cap for the year.

Since 2024, SCIG Group has established a supplier platform for raw materials other than steel, selecting eligible Independent Third Party qualified suppliers to form a procurement database. Subsidiaries of SCIG Group (including the Group) may independently conduct tender-based procurement within the procurement pool. The Group has since accessed more Independent Third Party suppliers through the supplier platform and increased purchases from them. Consequently, the amount of raw materials purchased by the Group from SCIG Group for the year ended 31 December 2024 and the ten months ended 31 October 2025 decreased compared with the procurement amount for the year ended 31 December 2023.

Annual caps and basis of determination

Set out below are the proposed annual caps of the 2025 Raw Materials Procurement Framework Agreement for the three years ending 31 December 2028:

	For the year ending 31 December		
	2026	2027	2028
	<i>(RMB Million)</i>	<i>(RMB Million)</i>	<i>(RMB Million)</i>
Amount to be paid by the Group to SCIG Group for purchase of raw materials	805.0	905.0	1,004.6

In determining the proposed annual caps under the 2025 Raw Materials Procurement Framework Agreement, the Directors have considered the following factors:

- (1) the historical transaction amounts for the raw materials purchased from SCIG Group for the two years ended 31 December 2024 and the ten months ended 31 October 2025;
- (2) the business development plan and expected growth trend in Group's principal business; and
- (3) in 2025, SCIG Group has commenced production and gradually improved the production and supply capacity of certain types of raw materials, further enhancing its full-chain production capability. In 2026, it is expected that SCIG Group will incorporate the construction raw material products manufactured by its ten major parks engaged in the production of construction materials into the centralized procurement platform established for its member companies (including the Group), increasing the categories and volume of raw materials available for centralized procurement. The Group will benefit from bulk production. Therefore, the Group expects that purchasing such raw materials from SCIG Group through the centralized procurement platform will not only enable it to enjoy more favorable prices, but also save transportation expenses, which will be more economically beneficial and in line with supply chain security. Consequently, the proportion of the total amount of raw materials procured by the Group from SCIG Group's centralized procurement platform in the three years ending 31 December 2028 is expected to increase significantly.

Reasons for the transaction

The Group has been purchasing certain raw materials from SCIG Group in the ordinary and usual course of its business. The Directors consider that purchasing from SCIG Group would allow the Group to be benefited from the lower price and more favorable terms offered by the suppliers of relevant raw materials to SCIG Group due to the bulk quantities it purchases. Even though SCIG Group would charge service fees on top of the original prices of relevant raw materials, the overall prices would still be lower than those obtained for from Independent Third Party suppliers in the market for similar quantities and delivery terms.

III. INFORMATION ON THE PARTIES

The Company

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 construction industry, ranks as top 10 backbone construction enterprise 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.

Shanxi CIG

Shanxi CIG is a company established in the PRC with limited liability and the Controlling Shareholder of the Company. As a comprehensive construction enterprise group, Shanxi CIG leverages on the industry layout of “three pillar segments of construction (including the investment, construction and operation of infrastructure), real estate as well as energy conservation and environmental protection, and six supporting segments of international engineering and services trading, construction industry and logistics, finance, surveying and design consultation, construction labouring and new energy”. Its scope of business covers investment and development, industry finance, planning and consultation, construction design, coal industry design, scientific research on construction, construction industry, production of construction materials, manufacturing of machineries, intelligent supply, logistics and transportation, construction works, roads and bridges construction, equipment installation, decoration and repair, property operation and maintenance and other businesses, which have formulated a diversified and complete industry chain. Shanxi CIG is ultimately controlled and supervised by the Shanxi SASAC.

IV. INTERNAL CONTROL MEASURES

In order to ensure that the terms under relevant framework agreements for the continuing connected transactions are fair and reasonable, or no less favorable than terms available to or from Independent Third Parties, and that the contemplated continuing connected transactions are carried out under normal commercial terms, the Group has adopted the following internal control procedures:

- the Group has adopted and implemented a management system on connected transactions. Under such system, the Audit Committee is responsible for reviewing compliance with relevant laws, regulations, internal policies and the Listing Rules in respect of the continuing connected transactions. Further, the Audit Committee, the Board and various internal departments of the Company (including but not limited to the financial assets department and the compliance and legal department) are jointly responsible for evaluating the terms under framework agreements for the continuing connected transactions, in particular, the fairness of the pricing policies and annual caps under each agreement;
- the Audit Committee, the Board and various other internal departments of the Company (including but not limited to the financial assets department and the compliance and legal department) will also regularly monitor the fulfillment status and the transaction updates under the framework agreements. In addition, the Company's management also regularly reviews the pricing policies of the framework agreements;
- the independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmation, in accordance with Rules 14A.55 and 14A.56 of the Listing Rules, to ensure that the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the relevant pricing policies;

- regarding the monitoring and control of the annual caps for continuing connected transactions, the Company has established an annual budget reporting mechanism and a monthly review arrangement. At the beginning of each year, the Company requires relevant departments to comply with the policies governing connected transactions and the monthly review arrangement, and to strictly monitor the amounts of continuing connected transactions. If the projected transaction amount is expected to reach 80% of the annual cap, it must be reported promptly. During the year, relevant business departments submit a monthly report of continuing connected transactions to the Board Office. The Board Office updates the cumulative annual transaction amount dynamically based on the reported data to ensure that the amounts of all connected transactions do not exceed the relevant annual cap. If the annual transaction amount reaches approximately 80% of the annual cap and, after further assessment, the Company considers an adjustment necessary, it will initiate the adjustment process for the annual cap and promptly formulate an adjustment plan for the annual cap. Any adjustment will be carried out after review and approved by the Audit Committee, the Board, and/or the shareholders' meeting in accordance with the Listing Rules, the Company's Articles of Association, and the connected transaction management system;
- for the Comprehensive Financial Services, the Company's fund management department acts as the lead department and determines the type of financial services to be undertaken based on actual business needs. Before engaging in borrowing activities, the Group uses the one-year Loan Prime Rate ("LPR") published by the National Interbank Funding Center under the authorization of the People's Bank of China as a reference, consulting no fewer than three independent financial institutions for the optimal solutions regarding interest rates, terms, amounts, credit enhancement measures, etc., and also consulting relevant service institutions within SCIG Group for comparable lending proposals. This ensures that the interest rate for loans obtained from connected persons under equivalent conditions is not higher than that from independent third parties. For other businesses, before proceeding, the Group selects well-known financial institutions in the industry with good market standing, creditworthiness, and performance, as well as institutions that have had prior business dealings with the Group, to form a supplier list. The fund management department consults no fewer than three independent financial institutions to compare their fees, interest rates, and other conditions with those offered by SCIG Group, ensuring that financial services conducted with connected parties comply with the Company's pricing policy. At the same time, the Company will also consult SCIG Group from time to time on pricing and interest rate standards for similar businesses as a reference. During the contract review stage, after approval by the fund management department, the contract is submitted to the legal and compliance department for review, and the Company's legal counsel issues a legal opinion to confirm the legality of the relevant terms, followed by approval from the Company's Chief Accountant;

- for the bilateral construction services, the Company's market development department is responsible for coordinating the bidding work for engineering projects. At the bidding stage, the group company which initiate the project will assess the risks and fairness of bid prices, projected profit margins, bidding methods, and bid bond amounts based on tender documents, on-site surveys, and similar project information, and complete the "Risk Assessment Report for the Tendering Stage." When assessing the acceptable profits of such bidding project, the Group will ensure that the bidding quotations strictly comply with the standards stipulated in the Company's "Project Evaluation and Decision Management Measures" which sets out specific guidance for general contracting projects, construction contracting projects, and other projects, universally applicable to both independent third parties and connected parties comply with these standards. The bidding documents (with pricing policies mainly based on pricing guidelines or regulations issued by local governments as required by the tender documents, calculating bid prices to cover necessary costs and a reasonable profit, and strictly prohibiting projects with estimated revenue below cost) are submitted to the market development department of the Company for approval before bidding. During the contract review stage, all construction contracts undergo online review through the internal reporting system of the Company. The market development department of each group company leads the initial review, organizing responsible persons from engineering, technical, safety, finance, and legal departments. The deputy general manager and general manager of such group company must review and assess more than 50 risk points across 12 major categories, including contract parties, price, funds, and construction period, in accordance with Group policies. After group company level reviews are completed, the Company's market development department organizes the Company's engineering management department, the financial asset department, the legal and compliance department, and responsible leaders for final review and stamping (all reviewers are department heads). For payment collection, the Group requires relevant units to confirm quantities with the owner according to the payment milestones specified in the contract and urge the owner to make payments. In principle, over-commitment of advance funds is prohibited. If any project's progress payments exceed the specified amount and are not paid according to the contractual milestones, the Company will order the suspension of the project;

- for raw material procurement of the Group, the Company's engineering management department coordinates the raw material procurement work. At the procurement stage, depending on the purchase amount, the Group decides whether to adopt tendering or non-tendering methods such as inquiries or competitive selection, in accordance with the "Tendering and Bidding Law of the PRC" and other relevant laws and regulations. For tendering, when setting the tender control price, the Group will consider quotations from three or more independent third parties, national industry pricing standards and the estimated raw material costs in our project budget. The tender documents will explicitly state that the bid price must not exceed the control price. A third-party agency is typically engaged to publish tender announcements or invitations in accordance with national laws and regulations. The process requires a minimum of three bidders and the establishment of an evaluation committee comprising at least five members (or another odd number), with a majority being external, independent experts. This ensures fair and reasonable pricing aligned with the Company's pricing policy. The tender announcements or invitations will be publicly published on national or provincial bidding platforms, and all enterprises that meet the bidding requirements may participate. For inquiries or competitive selection, no fewer than three suppliers (including no fewer than two independent third party suppliers) are required to ensure fair and reasonable pricing aligned with the Company's pricing policy. In determining price benchmarks, the Group follows the Company's "Material Procurement Management Measures," requiring comparison of procurement prices against settlement prices and control prices to ensure that procurement prices do not exceed these benchmarks. During the contract review stage, the draft contract undergoes initial review by relevant group company, followed by checks by the engineering management department (to verify consistency between contract price and tender results and ensure procurement prices do not exceed control prices) the financial management department (to verify payment terms and amounts), and the legal and compliance department (to review overall legality), with final approval by responsible leaders (all reviewers are department heads) before signing. For payment, the relevant unit or department initiates a payment request based on contractual milestones, and the finance and fund departments verify payment terms and amounts before processing payment;
- before entering into any individual transaction agreements under the framework agreements, the corresponding lead departments responsible for Comprehensive Financial Services, bilateral construction services, and raw material procurement shall review the pricing terms to ensure compliance with the pricing policies established in the relevant framework agreements and the cumulative transaction amount will not exceed the corresponding annual cap;

- when considering the actual transaction prices and other charges and service fees for the services to be provided to the Group by the connected persons, the Company will constantly research into prevailing market conditions and practices and make reference to the pricing and terms between the Group and Independent Third Parties for similar transactions, to make sure that the pricing and terms offered by the above connected persons from mutual commercial negotiations (as the case may be), are fair, reasonable and are no less favorable than those offered to Independent Third Parties; and
- when considering any renewal or revisions to the framework agreements, the interested Directors and Shareholders will abstain from voting on the resolutions to approve such continuing connected transactions at the relevant board meetings or shareholders' meetings (as the case may be), and the terms of the proposed renewal or revisions of the framework agreements will be considered by the independent non-executive Directors and Independent Shareholders have the right to consider if the terms of the non-exempt continuing connected transactions (including the proposed annual caps) are fair and reasonable, and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

V. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Shanxi CIG is the Controlling Shareholder, directly and indirectly (through Shanghai RD Investment) holding an aggregate of approximately 72.81% of the total issued Shares, and is therefore a connected person of the Company.

A. Partially Exempt Continuing Connected Transactions

As one or more of the applicable percentage ratios for each of the Partially Exempt Continuing Connected Transactions under the 2025 Property Lease Framework Agreement, the 2025 Design Services Framework Agreement, the 2025 Cooperation Agreement for Energy Services, the 2025 Machinery and Equipment Lease Framework Agreement, the 2025 Labor Procurement Framework Agreement, the 2025 Property Management Framework Agreement, the 2025 Sales Framework Agreement, the 2025 Financial Services Framework Agreement (only including service fees to be paid by the Group for Comprehensive Financial Services) and the 2025 Bilateral Construction Services Framework Agreement (only including Procurement of Construction Services) exceed 0.1% but are all less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempted from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

B. Non-exempt Continuing Connected Transactions

As one or more of the applicable percentage ratios for each of the Non-exempt Continuing Connected Transactions contemplated under the 2025 Financial Services Framework Agreement (except for the service fees to be paid by the Group for the Comprehensive Financial Services under the 2025 Financial Services Framework Agreement), the 2025 Bilateral Construction Services Framework Agreement (only including the Provision of Construction Services) and the 2025 Raw Materials Procurement Framework Agreement exceed 5%, the transactions contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

VI. OPINION OF THE BOARD

The Directors (including the independent non-executive Directors) are of the view that the all of the 2025 Continuing Connected Transaction Agreements and the transactions contemplated thereunder were negotiated on an arm's length basis, are on normal commercial terms or better and were entered into in the ordinary and usual course of business of the Group, and the relevant terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Each of Mr. Xu Guanshi, Mr. Zhang Hongjie, Mr. Mu Jianwei and Mr. Feng Cheng has abstained from voting on the relevant Board resolutions as they hold positions at Shanxi CIG. Save as disclosed above, none of the Directors attending the aforementioned Board meeting have any material interest in entering into the 2025 Continuing Connected Transaction Agreements.

VII. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all the independent non-executive Directors (namely, Mr. Wang Jingming, Professor Wu Qiusheng, Ms. Shin Chuck Yin and Mr. Guo He) has been formed to advise and make recommendations to the Independent Shareholders, and First Shanghai has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions.

VIII. THE EGM AND BOOK CLOSURE ARRANGEMENTS

The Company will convene the EGM at 3:00 p.m., on Tuesday, 23 December 2025 at the Conference Room, East Side, 2/F, Shanxi Installation Office Building, No. 8 Xinhua Road, Shanxi Transformation and Comprehensive Reform Demonstration Zone, Shanxi Province, PRC to seek approval from the Independent Shareholders

for the Non-exempt Continuing Connected Transactions and the proposed annual caps. Shanxi CIG and its associates will abstain from voting on these resolutions at the EGM.

In order to determine the qualification to attend and vote at the EGM, the register of members of the H Shares will be closed from Thursday, 18 December 2025 to Tuesday, 23 December 2025 (both days inclusive), during which period no transfer of H Shares will be effected. H Share holders whose names appear on the register of members of the H Shares of the Company on Thursday, 18 December 2025 are entitled to attend the EGM. For unregistered Shareholders who intend to attend the EGM, all share certificates and the relevant transfer documents must be lodged with the H Share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’ Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 17 December 2025.

A circular containing, *inter alia*, further details of (i) the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof; (iii) a letter from First Shanghai to the Independent Board Committee and the Independent Shareholders containing its recommendations in respect of the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof; and (iv) other information as required by the Listing Rules, will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sxaz.com.cn) in due course.

IX. DEFINITIONS

“2023 Bilateral Construction Services Framework Agreement”	the bilateral construction services framework agreement entered into on 3 November 2023
“2023 Design Services Framework Agreement”	the design services framework agreement entered into between the Company and Shanxi CIG on 3 November 2023
“2023 Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company and Shanxi CIG on 3 November 2023
“2023 Labor Procurement Framework Agreement”	the labor procurement framework agreement entered into between the Company and Shanxi CIG on 3 November 2023

“2023 Machinery and Equipment Lease Framework Agreement”	the machinery and equipment lease framework agreement entered into between the Company and Shanxi CIG on 3 November 2023
“2023 Property Lease Framework Agreement”	the property lease framework agreement entered into between the Company and Shanxi CIG on 3 November 2023
“2023 Property Management Framework Agreement”	the property management framework agreement entered into between the Company and Xie’an Property on 3 November 2023
“2023 Raw Materials Procurement Framework Agreement”	the raw materials procurement framework agreement entered into between the Company and Shanxi CIG on 3 November 2023
“2023 Sales Framework Agreement”	the sales framework agreement entered into between the Company and Shanxi CIG on 3 November 2023
“2024 Cooperation Agreement for Energy Services”	the Cooperation Agreement for Energy Services entered into between the Company and Shanxi CIG on 13 August 2024
“2025 Bilateral Construction Services Framework Agreement”	the bilateral construction services framework agreement entered into on 4 December 2025 and subject to Independent Shareholders’ approval
“2025 Continuing Connected Transaction Agreements”	the various framework agreements entered into between the Company and Shanxi CIG on 4 December 2025, namely, the 2025 Property Lease Framework Agreement, the 2025 Design Services Framework Agreement, the 2025 Cooperation Agreement for Energy Services, the 2025 Machinery and Equipment Lease Framework Agreement, the 2025 Labor Procurement Framework Agreement, the 2025 Property Management Framework Agreement, the 2025 Sales Framework Agreement, the 2025 Financial Services Framework Agreement, the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement

“2025 Cooperation Agreement for Energy Services”	the Cooperation Agreement for Energy Services entered into between the Company and Shanxi CIG on 4 December 2025
“2025 Design Services Framework Agreement”	the design services framework agreement entered into between the Company and Shanxi CIG on 4 December 2025
“2025 Financial Services Framework Agreement”	the financial services framework agreement entered into between the Company and Shanxi CIG on 4 December 2025 and subject to Independent Shareholders’ approval
“2025 Labor Procurement Framework Agreement”	the labor procurement framework agreement entered into between the Company and Shanxi CIG on 4 December 2025
“2025 Machinery and Equipment Lease Framework Agreement”	the machinery and equipment lease framework agreement entered into between the Company and Shanxi CIG on 4 December 2025
“2025 Property Lease Framework Agreement”	the property lease framework agreement entered into between the Company and Shanxi CIG on 4 December 2025
“2025 Property Management Framework Agreement”	the property management framework agreement entered into between the Company and Shanxi CIG on 4 December 2025
“2025 Raw Materials Procurement Framework Agreement”	the raw materials procurement framework agreement entered into between the Company and Shanxi CIG on 4 December 2025 and subject to Independent Shareholders’ approval
“2025 Sales Framework Agreement”	the sales framework agreement entered into between the Company and Shanxi CIG on 4 December 2025
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Board
“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, and its Shares are listed on the Stock Exchange (stock code: 2520)
“Comprehensive Financial Services”	the comprehensive financial services including credit facility services, settlement services, financial lease services and other financial services to be provided by SCIG Group to the Group pursuant to the 2025 Financial Services Framework Agreement
“connected person(s)”	has the meanings ascribed to it under the Listing Rules (as modified by the Stock Exchange from time to time)
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on Tuesday, 23 December 2025 to approve the Non-exempt Continuing Connected Transactions
“Expiring Continuing Connected Transaction Agreements”	The various framework agreements entered into by the Company with Shanxi CIG or other members of SCIG Group which are set to expire on 31 December 2025, namely, the 2023 Property Lease Framework Agreement, the 2023 Testing Services Framework Agreement, the 2023 Design Services Framework Agreement, the 2024 Cooperation Agreement for Energy Services, the 2023 Machinery and Equipment Lease Framework Agreement, the 2023 Labor Procurement Framework Agreement, the 2023 Property Management Framework Agreement, the 2023 Sales Framework Agreement, the 2023 Financial Services Framework Agreement, the 2023 Bilateral Construction Services Framework Agreement and the 2023 Raw Materials Procurement Framework Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Board Committee”	an independent board committee comprising the independent non-executive Directors to advise the Independent Shareholders on the Non-exempt Continuing Connected Transactions
“Independent Financial Adviser” or “First Shanghai”	First Shanghai Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions
“Independent Shareholders”	the shareholders of the Company other than Shanxi CIG and its associates
“Independent Third Party(ies)”	person(s) or company(ies) or their respective ultimate beneficial owner(s), who/which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is/are not connected with the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-exempt Continuing Connected Transactions”	being the transactions contemplated under the 2025 Financial Services Framework Agreement (except for the service fees to be paid by the Group for the Comprehensive Financial Services under the 2025 Financial Services Framework Agreement), the Provision of Construction Services under the 2025 Bilateral Construction Services Framework Agreement and the 2025 Raw Materials Procurement Framework Agreement

“Partially Exempt Continuing Connected Transactions”	being the transactions contemplated under the 2025 Property Lease Framework Agreement, the 2025 Design Services Framework Agreement, the 2025 Cooperation Agreement for Energy Services, the 2025 Machinery and Equipment Lease Framework Agreement, the 2025 Labor Procurement Framework Agreement, the 2025 Property Management Framework Agreement, the 2025 Sales Framework Agreement, the 2025 Financial Services Framework Agreement (only including service fees to be paid by the Group for Comprehensive Financial Services) and the 2025 Bilateral Construction Services Framework Agreement (only including Procurement of Construction Services)
“PRC”	the People’s Republic of China
“Procurement of Construction Services”	Certain construction services to be provided by members of SCIG Group to the Group pursuant to the 2025 Bilateral Construction Services Framework Agreement
“Prospectus”	the prospectus issued by the Company dated 10 November 2023
“Provision of Construction Services”	Certain construction services to be provided by the Group to members of SCIG Group pursuant to the 2025 Bilateral Construction Services Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SCIG Group”	Shanxi CIG and its subsidiaries, and for the purpose of this announcement, excluding the members of the Group
“Shan’an Lide”	Shanxi Shan’an Lide Environmental Technology Company Limited* (山西山安立德環保科技有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of the Company
“Shanxi CIG”	Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司), a state-owned company established under the laws of the PRC and the Controlling Shareholder of the Group
“Shanxi SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Shanxi Province

“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Xie’an Property”	Taiyuan Xie’an Property Service Company Limited* (太原諧安物業服務有限公司), a company established under the laws of the PRC with limited liability and a subsidiary of Shanxi CIG

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 December 2025

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

* *For identification purpose only*