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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanxi Installation Group Co., Ltd., you should at once hand this circular and the accompanying form of proxy and reply slip to the purchaser or the transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**2023 ANNUAL REPORT;  
2023 FINANCIAL REPORT;  
2023 WORK REPORT OF THE BOARD OF DIRECTORS;  
2023 WORK REPORT OF THE BOARD OF SUPERVISORS;  
2023 PROFIT DISTRIBUTION PROPOSAL;  
2023 REMUNERATION OF DIRECTORS AND SUPERVISORS;  
THE 2024 GUARANTEES PROPOSAL;  
PROPOSED APPOINTMENT OF SHAREHOLDERS'  
REPRESENTATIVE SUPERVISOR;  
AUDITORS' FEE FOR THE YEAR 2023 AND  
APPOINTMENT OF AUDITOR;  
2024 FINANCIAL BUDGET AND DONATION EXPENDITURE PROPOSAL;  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;  
THE ADOPTION OF CHINA ACCOUNTING STANDARDS FOR BUSINESS  
ENTERPRISES FOR THE PREPARATION OF FINANCIAL STATEMENTS;  
2024 INVESTMENT PROPOSAL  
AND  
NOTICE OF THE 2023 ANNUAL GENERAL MEETING**

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A letter from the Board is set out on pages 3 to 11 of this circular. A notice of the annual general meeting (the "AGM") of the Company to be held at 2:30 p.m. on Wednesday, May 22, 2024 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, together with a form of proxy for use at the AGM were published on the HKEx's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.sxaz.com.cn](http://www.sxaz.com.cn)) on Tuesday, April 30, 2024.

Shareholders who intend to appoint a proxy to attend the AGM shall complete and return the proxy form in accordance with the instructions printed thereon. The proxy form must be signed by you or your attorney duly authorised in writing or, in case of a legal person, must either be executed under its seal or under the hand of its director or other attorney duly authorised to sign the same. If the proxy form is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other document of authorisation, must be notarized.

In the case of joint holders of the H Shares, only the holder whose name stands first in the register of members of the H Shares of the Company shall alone be entitled to vote at the AGM, either in person or by proxy in respect of such H Shares.

For Shareholders, please return the proxy form together with any documents of authority to the H Shares registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible, and in any event not later than 24 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

April 30, 2024

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*Note:* If there are any discrepancies between the Chinese version and the English version of this circular, the Chinese version shall prevail.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms shall have the following meanings:*

“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be convened and held at 2:30 p.m. on May 22, 2024 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
“Articles of Association”	the articles of association of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“Company” or “Shanxi Installation”	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 PRC with limited liability, whose H Shares are listed on the main board of the Hong Kong Stock Exchange (stock code: 2520)
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Shanxi CIG
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the main board of the Hong Kong Stock Exchange
“HKEx”	Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC

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## DEFINITIONS

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“SAFE”	the State Administration for Foreign Exchange of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“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 Company
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising the Domestic Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the H Share(s)
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company



**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)**

*Executive Directors:*

Mr. WANG Limin (*Chairman of the Board*)

Mr. REN Rui

*(Vice President and General Manager)*

Mr. ZHANG Yan (*Vice President*)

*Headquarters and Registered office:*

No. 8 Xinhua Road

Tanghuai Industrial Park

Shanxi Transformation and Comprehensive

Reform Demonstration Zone

Shanxi

PRC

*Non-executive Directors:*

Mr. XU Guanshi

Mr. ZHANG Hongjie

Mr. MU Jianwei

Mr. FENG Cheng

*Principal place of business*

*in Hong Kong:*

5/F, Manulife Place

348 Kwun Tong Road

Kowloon

Hong Kong

*Independent non-executive Directors:*

Mr. WANG Jingming

Professor WU Qiusheng

Ms. SHIN Chuck Yin

Mr. GUO He

April 30, 2024

*To the Shareholders*

Dear Sir or Madam,

**2023 ANNUAL REPORT;**  
**2023 FINANCIAL REPORT;**  
**2023 WORK REPORT OF THE BOARD OF DIRECTORS;**  
**2023 WORK REPORT OF THE BOARD OF SUPERVISORS;**  
**2023 PROFIT DISTRIBUTION PROPOSAL;**  
**2023 REMUNERATION OF DIRECTORS AND SUPERVISORS;**  
**THE 2024 GUARANTEES PROPOSAL;**  
**PROPOSED APPOINTMENT OF SHAREHOLDERS'**  
**REPRESENTATIVE SUPERVISOR;**  
**AUDITORS' FEE FOR THE YEAR 2023 AND**  
**APPOINTMENT OF AUDITOR;**  
**2024 FINANCIAL BUDGET AND DONATION EXPENDITURE PROPOSAL;**  
**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**  
**THE ADOPTION OF CHINA ACCOUNTING STANDARDS FOR BUSINESS**  
**ENTERPRISES FOR THE PREPARATION OF FINANCIAL STATEMENTS;**  
**2024 INVESTMENT PROPOSAL**  
**AND**  
**NOTICE OF THE 2023 ANNUAL GENERAL MEETING**

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

The purpose of this circular is to provide you (among other things) with the information to enable you to make informed decision on whether to vote for or against the resolutions to be proposed at the AGM:

At the AGM, ordinary resolutions will be proposed to approve:

- (1) 2023 Annual Report
- (2) 2023 Financial Report
- (3) 2023 Work Report of the Board of Directors
- (4) 2023 Work Report of the Board of Supervisors
- (5) 2023 Profit Distribution Proposal
- (6) 2023 Remuneration of Directors and Supervisors
- (7) 2024 Guarantees Proposal
- (8) Proposed Appointment of Shareholders' Representative Supervisor
- (9) Auditors' Fees for the year 2023 and Appointment of Auditor
- (10) 2024 Financial Budget and Donation Expenditure Proposal
- (11) The Adoption of China Accounting Standards for Business Enterprises for the Preparation of Financial Statements
- (12) 2024 Investment Proposal

At the AGM, a special resolution will be proposed to approve:

- (13) Proposed Amendments to the Articles of Association

### 2. MATTERS TO BE CONSIDERED AT THE ANNUAL GENERAL MEETING

#### i. 2023 Annual Report

Please refer to the 2023 Annual Report of the Company published on the websites of the Company and HKEx.

This resolution was considered and approved at the meeting of the Board of Directors held on 27 March 2024 and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

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## LETTER FROM THE BOARD

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### **ii. 2023 Financial Report**

A brief summary of the Company's financial report for the year 2023 prepared in accordance with International Financial Reporting Standards ("IFRS") is set out below:

#### *1. Revenue and profit*

In 2023, the total revenue of the Company was RMB11,150.18 million; total operating costs was RMB9,571.88 million; total profit was RMB225.12 million and net profit attributable to Shareholders of the listed company was RMB154.94 million.

#### *2. Cash flow situation*

In 2023, the net cash flows from operating activities of the Company's consolidated financial statements amounted to RMB511.56 million, the net cash flows from investing activities amounted to RMB750.76 million and the net cash flows from financing activities amounted to RMB948.48 million. As at 31 December 2023, the balance of cash and cash equivalents of the Company was RMB2,090.16 million.

#### *3. Assets and liabilities position*

As at 31 December 2023, the total assets as reported in the Company's consolidated financial statements amounted to RMB23,522.43 million, of which current assets amounted to RMB17,060.38 million and non-current assets amounted to RMB6,462.05 million. Total liabilities was RMB20,396.63 million. As at 31 December 2023, the total Shareholders' equity of the Company was RMB3,125.80 million.

### **iii. 2023 Work Report of the Board of Directors**

Please refer to the relevant part in the 2023 Annual Report of the Company published on the websites of the Company and HKEx for the main content of the 2023 Work Report of the Board of Directors.

This resolution has been considered and approved at the meeting of the Board held on March 27, 2024 and is hereby proposed to the AGM as an ordinary resolution for consideration and approval.

### **iv. 2023 Work Report of the Board of Supervisors**

Please refer to the relevant part in the 2023 Annual Report of the Company published on the websites of the Company and HKEx for the main content of the 2023 Work Report of the Board of Supervisors.

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## LETTER FROM THE BOARD

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This resolution has been considered and approved at the meeting of the Board of Supervisors held on March 27, 2024 and is hereby proposed to the AGM as an ordinary resolution for consideration and approval.

**v. 2023 Profit Distribution Proposal**

The Board has proposed a distribution of RMB0.02682 (tax inclusive) per 10 ordinary shares as final dividend for the year ended December 31, 2023 (the “**Final Dividend**”).

This resolution has been considered and approved at the meeting of the Board held on March 27, 2024 and is hereby proposed to the AGM as an ordinary resolution for consideration and approval.

Subject to the approval of the 2023 Profit Distribution Proposal by the Shareholders at the AGM, the Final Dividend is expected to be distributed no later than June 25, 2024 to H Shares Shareholders whose names appear on the register of H Shares Shareholders on June 3, 2024. The Final Dividend is denominated and declared in Renminbi. The Final Dividend payable to the H Shares Shareholders shall be paid in Hong Kong dollars. The amount of Hong Kong dollars payable will be calculated on the basis of the average closing exchange rates for Hong Kong dollars as announced by the Foreign Exchange Trading Centre of the PRC one calendar week prior to the approval of the Final Dividend at the AGM.

**vi. 2023 Remuneration of Directors and Supervisors**

For details of the remuneration of Directors and Supervisors of the Company for the year 2023, please refer to the relevant sections of the 2023 Annual Report of the Company published on the websites of the Company and HKEx.

The resolution was considered and approved at the meeting of the Board held on March 27, 2024 and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

**vii. The 2024 Guarantees Proposal**

In accordance with the “Interim Measures for Debt Management of Provincial Enterprises in Shanxi Province”, “Work Requirements for Regulating the Operation and Management of Provincial Enterprises” and other documents, as well as the document requirements of the “Notice on the Submission of Financing and Guarantee Proposal of Shanxi Construction Investment Group Co., Ltd. for the year 2024”, with consideration of the Company’s actual condition, the Company sets out its 2024 Guarantees Proposal as follows:

In 2024, the additional amount of guarantees of the Company to be provided is estimated to be RMB3,708 million, and the total amount of guarantees at the end of the year is estimated to be RMB4,150 million.

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## LETTER FROM THE BOARD

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In 2024, the total amount of guarantees of the Company is estimated to be RMB4,150 million, which did not exceed 30% of the total assets of the previous year.

This resolution was considered and approved at the meeting of the Board held on March 27, 2024 and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

### **viii. Proposed Appointment of Shareholders' Representative Supervisor**

Reference is made to the announcement of the Company dated April 26, 2024 in relation to the change of Supervisor.

The Board of Supervisors proposes to appoint Mr. Yan Lei (“**Mr. Yan**”) as the Shareholders' representative Supervisor of the Company and his appointment shall take effect from the date of approval of his appointment at the AGM.

The biographical details of Mr. Yan are set out as follows:

Mr. Yan Lei, aged 33, joined the Group in July 2014 and served as a project accountant of the Company. He served as the general ledger accountant from October 2016 to June 2018; the finance director of Guangdong Shan'an Construction Engineering Company Limited\* 廣東山安建設工程有限公司 (“**Guangdong Shan'an**”), a subsidiary of the Company, from July 2018 to January 2019; and the deputy manager of Guangdong Shan'an from February 2019 to March 2023. Since 2023, he has been the head of the finance and assets department of the Company.

Mr. Yan obtained a bachelor's degree in accounting from the Huashang College of Shanxi University of Finance and Economics (山西財經大學) in July 2014. Mr. Yan also obtained the qualification of intermediate auditor (中級審計師) from the Department of Human Resources and Social Security of Shanxi Province (山西省人力資源和社會保障廳) in September 2019.

Save as disclosed above, as of the date of this circular, Mr. Yan confirmed that (i) he did not hold any position in the Company or its subsidiaries nor any other directorship or supervisory position in other listed companies in the past three years; (ii) he does not have any relationship with any other directors, supervisors, senior management, substantial or controlling Shareholders of the Group; and (iii) he does not have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed herein, there are no other matters relating to the appointment of Mr. Yan which are required to be disclosed pursuant to Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters that need to be brought to the attention of the Shareholders.

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## LETTER FROM THE BOARD

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Mr. Yan will not receive the supervisor's remuneration and/or allowance during his term of office as a Shareholders' representative Supervisor. Mr. Yan will enter into a service contract with the Company and his term of office will commence from the date of approval at the AGM and will end upon the date of expiry of the term of the first session of the Board of Supervisors.

This resolution has been considered and approved at the meeting of the Board of Supervisors held on April 26, 2024 and is hereby proposed to the AGM as an ordinary resolution for consideration and approval.

### **ix. Auditors' Fees for the year 2023 and Appointment of Auditor**

Grant Thornton Hong Kong Limited is the auditor of the Company for the year 2023. Since taking up the Company's auditing business, it has exercised professional due diligence in safeguarding the legitimate interests of Shareholders in the course of performing business. Based on the professional services provided to the Company for the year 2023, and after negotiation between the Company and Grant Thornton Hong Kong Limited, the Board of Directors proposes a total payment of fees of RMB2.5 million for the auditing of the financial statements and related audit services for the year 2023.

Reference is made to the announcement of the Company dated April 30, 2024 in relation to, among others, the proposed appointment of the Company's auditor by the Board.

Grant Thornton (Special General Partnership) is a firm of certified public accountants recognized by the Ministry of Finance of the People's Republic of China and the China Securities Regulatory Commission as qualified to provide audit services using the PRC Certified Public Accountants Auditing Standards for Mainland China incorporated issuers listed in Hong Kong.

In view of the fact that the basis for the preparation of the Company's financial statements will be changed from IFRS to China Accounting Standards for Business Enterprises ("CASBE"), subject to the approval of the Shareholders at the AGM, the Board proposes to appoint Grant Thornton (Special General Partnership) as the Company's auditors for the year 2024. Upon the approval of the Shareholders at the AGM, Grant Thornton (Special General Partnership) will audit the financial statements of the Company in accordance with CASBE and at the same time undertake the duties required of an overseas financial reporting auditor under the Listing Rules.

This resolution was considered and approved at the meeting of the Board held on March 27, 2024 and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

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## LETTER FROM THE BOARD

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### **x. 2024 Financial Budget and Donation Expenditure Proposal**

In accordance with the requirements of the “Notice on Proper Financial Budgeting for the Year 2024” (Jin Jian Tou Cai Han [2023] No. 440) and the Company’s strategic planning for the year 2024, the Company has prepared the financial budget and donation expenditure proposal for the year 2024. The estimated contract (investment) amount of the Company for 2024 is RMB45 billion, and the estimated donation expenditure is RMB100,000.

This resolution was considered and approved at the meeting of the Board held on March 27, 2024 and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

### **xi. Proposed Amendments to the Articles of Association**

Reference is made to the announcement of the Company dated December 15, 2023 in relation to the partial exercise of the over-allotment option involving a total of 40,152,000 H Shares.

Upon completion of the partial exercise of the over-allotment option, the registered capital and the total number of Shares of the Company were changed to RMB1,373,486,000 and 1,373,486,000 Shares respectively. In order to reflect the relevant changes in the registered capital and share capital structure of the Company, the Board has at its meeting held on April 30, 2024 considered and approved the corresponding amendments to the Articles of Association. This is hereby proposed as a special resolution for consideration and approval at the AGM.

### **xii. Resolution on the Adoption of China Accounting Standards for Business Enterprises for the Preparation of Financial Statements**

The Company has been preparing its financial statements in accordance with IFRS since the date of listing of the Company’s H Shares on the Stock Exchange.

According to the “Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong” issued by the Stock Exchange in December 2010, Mainland China incorporated issuers listed in Hong Kong are allowed to adopt CASBE for the purpose of preparing their financial statements, and accounting firms in Mainland China recognized by the Ministry of Finance of the PRC and China Securities Regulatory Commission are permitted to provide services using the PRC Certified Public Accountants Auditing Standards for those issuers. Accordingly, the Company proposes to adopt CASBE for the preparation of its financial statements.

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## LETTER FROM THE BOARD

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This resolution was considered and approved at the meeting of the Board held on April, 30, 2024 and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

Subject to Shareholders' approval, it is expected that the Company will adopt CASBE for the preparation of financial statements and disclosure of relevant financial information on a uniform basis starting from the financial statements and interim results for the six months ending June 30, 2024. The Board considers that the adoption of CASBE will enhance efficiency and reduce disclosure costs and is in the interests of the Company and the Shareholders as a whole.

### **xiii. 2024 Investment Proposal**

Please refer to Appendix I to this circular for the key elements of the 2024 investment proposal.

This resolution was considered and approved at the meeting of the Board held on January 9, 2024 and is hereby proposed as an ordinary resolution for consideration and approval at the AGM.

### **3. ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS OF H SHARES**

A notice of the AGM is set out on pages 15 to 17 of this circular. A proxy form to be used at the AGM or any adjournment thereof is also enclosed herein and published on the website of HKEx. Shareholders who intend to appoint a proxy to attend the AGM shall complete, sign and return the proxy form in accordance with the instructions printed thereon.

For Shareholders, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarized copy of that power of attorney or other authority, must be delivered to the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time for holding the AGM or any adjournment thereof in order for such documents to be valid.

The register of members of the H Shares will be closed from May 17, 2024 to May 22, 2024 (both days inclusive), during which period no transfer of H Shares will be effected. For unregistered Shareholders who intend to attend the AGM, all share certificates and the relevant transfer documents must be lodged with the H Shares registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on May 16, 2024. Shareholders whose names appear on the register of members of the H Shares on May 22, 2024 will be entitled to attend and vote at the AGM.

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## LETTER FROM THE BOARD

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The register of members of the Company's H Shares will be closed from May 28, 2024 to June 3, 2024, both days inclusive, during which period no transfer of H Shares will be registered, in order to determine the Shareholders' entitlement to receive the Final Dividend. The Shareholders who wish to receive the Final Dividend should lodge the transfer documents and relevant share certificates with the Company's H Shares registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before 4:30 p.m. on May 27, 2024. Shareholders whose names appear on the register of members of the H Shares on June 3, 2024 will be entitled to receive the Final Dividend, which is subject to the approval of 2023 Profit Distribution Proposal by the Shareholders at the AGM.

#### 4. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the AGM must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the resolutions proposed at the AGM will be voted by poll.

#### 5. RECOMMENDATION

The Directors consider that all resolutions proposed at the AGM are in the interests of the Company and its Shareholders as a whole. As such, the Directors recommend the Shareholders to vote in favour of all resolutions to be proposed at the AGM.

#### 6. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By order of the Board  
**Shanxi Installation Group Co., Ltd.**  
山西省安裝集團股份有限公司  
**Mr. Wang Limin**  
*Chairman and Executive Director*

April 30, 2024

\* *For identification purpose only*

The year 2024 is a critical year for the 14th Five-Year Plan of China. The Political Bureau of the Central Committee pointed out that in the year 2024, we must balance progress with stability, harness growth to promote, and establish new growth drivers before abolishing the old ones. Shanxi Installation Group Co., Ltd. (hereinafter referred to as “**Shanxi Installation**”) will closely follow the direction of the national policy, focus on the development strategy of “One Core and Two Wings” and insist on the investment ideas of “industrial investment” and “small investment in huge market”. Efforts will be made to promote high quality development with scientific planning for the investment direction in 2024. The investment proposal for 2024 is reported as follows:

### 2024 Investment Proposal

#### 1. Overall Investment Target for the Year

In 2024, Shanxi Installation will firmly adhere to the vision of becoming “the most competitive modern construction service provider in China”, and focus on the “one core, two wings” strategy. As we are standing at a new starting point with our Listing on Hong Kong Stock Exchange, we will closely follow the direction of the national policies, explore innovative ways in investment and financing, and keep abreast of the latest developments in industries and business operations, so as to seize development opportunities in the industry, and comprehensively promote the Group’s transformation to a new stage of high-quality development.

In 2024, the new energy and low-carbon environmental protection sectors account for a relatively large proportion of the estimated new contract amount and investments planned for completion. New energy and low-carbon environmental protection are emerging sectors in the industry with huge development potential. Increased investment in new energy and low-carbon environmental protection will help the members of the Group establish their brand image as a low-carbon and environmentally-friendly company. Keeping pace with the demand of the market and improving economic efficiency will promote the successful implementation of our sustainable development strategy and help realize our long-term development objectives.

New energy and low-carbon environmental protection projects involve various segments in the industry chain. The investment will help the members of the Group declare themselves as a major player in the wind power and photovoltaic chain, thereby strengthening the integration of the upstream and downstream segments of the industrial chain, making up for its current shortcomings in the industry chain, and enhancing its resilience and competitiveness in the overall industry chain. And by meeting new market demands, we will be able to expand our market share.

By increasing investment in new energy and low-carbon environmental protection, the Group will help nurture 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), Shanxi Shan’an Biquan Haimian City Technology Company Limited\* (山西山安碧泉海綿城市科技有限公司), Shanxi Shan’an Maode Distributed Energy Technology Company Limited\* (山西山安茂德分布式能源科技有限公司) and Shanxi Shan’an Lide Environmental Technology Company Limited\* (山西山安立德環保科技有限公司), to form new growth areas.

## 2. Scale of Investment, Source of Funds and Level of Assets and Liabilities

In 2024, the investment projected for completion (infrastructure and fixed assets) amount to RMB2,006 million. The funding is mainly from internal sources and debt financing. As Shanxi Installation was successfully listed on the HKEx on 22 November 2023, part of the equity financing will be used for project investment, which can reduce the Company's gearing ratio.

## 3. Investment Directions and Composition

In 2024, the investment directions of the Company include three areas: infrastructure, fixed assets and equity investments.

## 4. Planned Investment Projects

The total investment planned for completion in 2024 amounts to RMB2,240 million (infrastructure, fixed assets and equity investments), involving a total of 33 projects.

According to investment type, there are 12 infrastructure investment projects with investment planned for completion amount to RMB536 million; 16 fixed asset investment projects with investment planned for completion amount to RMB1,470 million; and 5 equity investment projects with investment planned for completion amount to RMB234 million.

According to industry type, there are 13 projects in new energy with investment planned for completion amount to RMB1,365 million; 2 projects in energy conservation and environmental protection with investment planned for completion amount to RMB102 million; 5 projects in construction industry with investment planned for completion amount to RMB207 million; 10 projects in municipal facilities with investment planned for completion amount to RMB429 million; 2 projects in water treatment with investment planned for completion amount to RMB107 million; 1 project in gas pipeline network with investment planned for completion amount to RMB30 million.

According to management type, there are 14 projects under the special supervision category with investment planned for completion amount to RMB1,395 million; 19 projects under the filing category with investment planned for completion amount to RMB845 million.

According to investment areas, there are 19 projects in the main business with investment planned for completion amount to RMB845 million; 11 projects in areas other than the main business with investment planned for completion amount to RMB1,395 million.

According to geographical distribution, there are 23 investment project inside the province with investment planned for completion amount to RMB1,679 million; 5 investment projects outside of the province with investment planned for completion amount to RMB571 million.

According to investment stages, there are 18 new projects with investment planned for completion amount to RMB1,364 million; 15 on-going projects with investment planned for completion amount to RMB876 million.

Though the road ahead is long and difficult, our objectives will be achieved with constant effort. On the journey of transformation and upgrade, Shanxi Installation will strive to fulfill the requirements of high-quality development and face up to the challenge of the complex and changing market environment. We are determined to follow through the strategic deployment of SCIG Group, adapt to the new normal of the market economy and implement the idea of transformation into practice. We adhere to the principle of leveraging “investment financing” and “small investment in a huge market”, and put all our efforts into transformation and upgrade by expanding investments in the industry and cultivate new production capacity, to assist in the high-quality development of SCIG Group.



**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)**

**NOTICE OF THE 2023 ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the 2023 annual general meeting (the “AGM”) of Shanxi Installation Group Co., Ltd. (the “Company”) will be held at 2:30 p.m. on Wednesday, May 22, 2024 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 for the purpose of considering, and if thought fit, passing the following resolutions. Unless otherwise indicated, capitalized terms used herein shall have the same meanings as defined in the circular of the Company dated April 30, 2024.

**ORDINARY RESOLUTIONS**

1. To consider and approve the Resolution on the 2023 Annual Report of Shanxi Installation Group Co., Ltd.;
2. To consider and approve the Resolution on the 2023 Financial Report of Shanxi Installation Group Co., Ltd.;
3. To consider and approve the Resolution on the 2023 Work Report of the Board of Directors of Shanxi Installation Group Co., Ltd.;
4. To consider and approve the Resolution on the 2023 Work Report of the Board of Supervisors of Shanxi Installation Group Co., Ltd.;
5. To consider and approve the Resolution on the 2023 Profit Distribution Proposal of Shanxi Installation Group Co., Ltd.;
6. To consider and approve the Resolution on the 2023 Remuneration of Directors and Supervisors of Shanxi Installation Group Co., Ltd.;
7. To consider and approve the Resolution on the 2024 Guarantees Proposal of Shanxi Installation Group Co., Ltd.;

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## NOTICE OF THE 2023 ANNUAL GENERAL MEETING

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8. To consider and approve the Resolution on Election of Shareholders' Representative Supervisor for First Session of the Board of Supervisors of Shanxi Installation Group Co., Ltd.;
9. To consider and approve the Resolution on the Auditors' Fees of Shanxi Installation Group Co., Ltd. for the year 2023 and the Appointment of Auditor;
10. To consider and approve the Resolution on the 2024 Financial Budget and Donation Expenditure Proposal of Shanxi Installation Group Co., Ltd.;
11. To consider and approve the Resolution on the Adoption of China Accounting Standards for Business Enterprises for the Preparation of Financial Statements by Shanxi Installation Group Co., Ltd.;
12. To consider and approve the Resolution on the 2024 Investment Proposal of Shanxi Installation Group Co., Ltd.; and

### SPECIAL RESOLUTION

13. To consider and approve the Resolution on the Proposed Amendments to the Articles of Association of Shanxi Installation Group Co., Ltd..

By order of the Board  
**Shanxi Installation Group Co., Ltd.**  
山西省安裝集團股份有限公司  
**Mr. Wang Limin**  
*Chairman and Executive Director*

Shanxi, the PRC,  
April 30, 2024

*Notes:*

1. The register of members of the Company's H shares will be closed from May 17, 2024 to May 22, 2024 (both days inclusive), during which period no transfer of H shares will be effected. In order for Shareholders to be qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H Shares registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on May 16, 2024 for registration.

The Shareholders whose names appear on the register of members of the Company's H shares on May 22, 2024 are entitled to attend and vote at the AGM.

2. Shareholders who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a Shareholder.

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## NOTICE OF THE 2023 ANNUAL GENERAL MEETING

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3. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same on its behalf.
4. In order to be valid, the proxy form must be deposited, for Shareholders, to the H Shares registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 24 hours before the time for holding the AGM. If the proxy form is signed by a person under a power of attorney or other authority, a notarized copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the AGM or any adjourned meetings should they so wish.
5. Shareholders shall produce their identification documents and supporting documents in respect of the shares of the Company held when attending the AGM. If corporate Shareholders appoint authorised representative to attend the AGM, the authorised representative shall produce his/her identification documents and a notarized copy of the relevant authorisation instrument signed by the board of directors or other authorised parties of the corporate shareholders or other notarized documents allowed by the Company. Proxies shall produce their identification documents and the proxy form signed by the Shareholders or their attorney when attending the AGM.
6. The AGM is expected to take for less than half a day. Shareholders attending the AGM shall be responsible for their own travel and accommodation expenses.
7. All voting at the AGM will be conducted by poll.
8. References to times and dates of this notice are to Hong Kong times and dates.

*This circular (in both English and Chinese versions) is available on the Company's website at [www.sxaz.com.cn](http://www.sxaz.com.cn).*

*Shareholders may request for printed copy of the circular free of charge or change their choice of means of receipt and language of the Company's corporate communications by sending reasonable notice in writing to the Company's H Shares registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or by sending an email to [sxaz.ecom@computershare.com.hk](mailto:sxaz.ecom@computershare.com.hk).*

*Shareholders who have chosen to receive the Company's corporate communications in either English or Chinese version will receive both English and Chinese versions of this circular since both languages are bound together into one booklet.*