THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Beijing Energy International Holding Co., Ltd.**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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京能集团

北京能源國際控股有限公司

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

(1) MAJOR TRANSACTIONS IN RELATION TO THE PROPOSED ISSUANCE OF THE ABS AND THE EQUITY TRANSFER AGREEMENTS; (2) CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO 2026-2028 FINANCIAL SERVICES FRAMEWORK AGREEMENT; (3) CONTINUING CONNECTED TRANSACTION, VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL IN RELATION TO 2025-2028 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT; AND (4) NOTICE OF SPECIAL GENERAL MEETING

八方金融有限公司 OCTAL Capital Limited

A letter from the Board is set out from pages 8 to 45 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 46 to 47 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 48 to 65 of this circular.

A notice convening a SGM to be held at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, the PRC) on Friday, 28 November 2025 at 11:00 a.m. is set out on pages 289 to 291 of this circular. For the avoidance of doubt, holders of Treasury Shares, if any, shall abstain from voting at the SGM.

A form of proxy for the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

13 November 2025

CONTENTS

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

"2022-2025 Finance Lease Business Framework Agreement"	the finance lease business framework agreement entered into on 17 November 2022 between the Company and Beijing Jingneng Leasing (as amended and supplemented by the Supplemental Agreement)
"2023-2025 Financial Services Framework Agreement"	the financial services framework agreement entered into on 17 November 2022 between the Company and BEH Finance
"2025-2028 Finance Lease Business Framework Agreement"	the finance lease business framework agreement entered into on 31 October 2025 between the Company and Beijing Jingneng Leasing
"2026-2028 Financial Services Framework Agreement"	the financial services framework agreement entered into on 31 October 2025 between the Company and BEH Finance
"ABS"	one class of securities to be issued by the Asset-backed Special Program based on the Underlying Assets in the expected total principal amount of RMB1 billion
"Asset-backed Special Program"	a special program set up by the Project Manager in relation to the issuance of ABS based on the Underlying Assets
"Asset-backed Special Program Standard Terms Agreement"	the agreement to be entered into by the Project Manager as the project manager of the Asset-backed Special Program, which sets out the rights and obligations between the project manager and the holders of the ABS, including the arrangement of distributions under the Asset-backed Special Program
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"BEH"	Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司), a company established in the PRC with limited liability and a controlling Shareholder holding 717,694,349 shares of the Company, representing approximately 32.14% of the issued share capital of the Company as at the Latest Practicable Date
"BEIED"	BEI Energy Development (Beijing) Co., Ltd.* (京能國際能源發展(北京)有限公司), a company established in the PRC with limited liability and a subsidiary of the Company

"BEH Finance"	BEH Finance Co., Ltd* (京能集團財務有限公司), a company established in the PRC with limited liability, which is a subsidiary of BEH and hence a connected person of the Company
"Beijing Jingneng Leasing"	Beijing Jingneng Financial Leasing Co., Ltd.* (北京京能融資租賃有限公司), a company established in the PRC with limited liability, which is a subsidiary of BEH and hence a connected person of the Company
"BEJN"	BEJN International Holding Co., Ltd.* (北京京能國際控股有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
"Board"	the board of Directors
"Company"	Beijing Energy International Holding Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 686)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"EPC"	engineering, procurement and construction
"Equity Exchange"	China Beijing Equity Exchange
"Equity Transfer Agreement A"	the agreement (to be further amended and supplemented by the Supplemental Equity Transfer Agreement) to be entered into between BEIED, the Project Manager (acting on behalf of the Asset-backed Special Program) as the purchaser as may be amended and supplemented, pursuant to which BEIED conditionally agreed to transfer the entire equity interests in Xinyou to the Asset-backed Special Program for the purpose of the proposed issuance of the ABS
"Equity Transfer Agreement B"	the agreement (to be further amended and supplemented by the Supplemental Equity Transfer Agreement) to be entered into between BEIED, the Project Manager (acting on behalf of the Asset-backed Special Program) as the purchaser as may be amended and supplemented, pursuant to which BEIED conditionally agreed to transfer the entire equity interests in Youyu to the Asset-backed Special Program for the purpose of the proposed issuance of the ABS

"Equity Transfer Agreement C"	the agreement (to be further amended and supplemented by the Supplemental Equity Transfer Agreement) to be entered into between BEIED, the Project Manager (acting on behalf of the Asset-backed Special Program) as the purchaser as may be amended and supplemented, pursuant to which BEIED conditionally agreed to transfer the entire equity interests in Luan to the Asset-backed Special Program for the purpose of the proposed issuance of the ABS
"Equity Transfer Agreements"	the Equity Transfer Agreement A, the Equity Transfer Agreement B and the Equity Transfer Agreement C (each to be further amended and supplemented by the Supplemental Equity Transfer Agreement)
"Finance Department"	the financial management department of the Company
"FISP"	Integrated Electronic Platform of Fixed Income Securities, which is a platform of the SSE for trading of debt securities
"Grant Thornton"	Grant Thornton Hong Kong Limited, the reporting accountants of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standards
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huoqiu"	Huoqiu County Huaqin New Energy Co., Ltd.* (霍邱縣華欽新能源有限公司), a company established in the PRC and a subsidiary of Luan as at the Latest Practicable Date
"Independent Board Committee"	an independent committee of the Board, comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the deposit services under the 2026-2028 Financial Services Framework Agreement and the transactions contemplated under the 2025-2028 Finance Lease Business Framework Agreement

"Independent Shareholders"	Shareholders other than BEH, BEH Finance, Beijing Jingneng Leasing and their respective associates who are required under the Listing Rules to abstain from voting at the SGM for the resolutions approving the 2026-2028 Financial Services Framework Agreement, the 2025-2028 Finance Lease Business Framework Agreement and the transactions contemplated thereunder
"Independent Third Party(ies)"	third party(ies) independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)
"Latest Practicable Date"	11 November 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"LPR"	the loan prime rate announced by the National Interbank Funding Center of the PRC from time to time
"Luan"	Luan Huaqin New Energy Co., Ltd.* (六安華欽新能源有限公司), a company established in the PRC and a subsidiary of the Company as at the Latest Practicable Date
"MW"	megawatt(s), which equals 1,000,000 watts
"Octal Capital" or "Independent Financial Adviser"	Octal Capital Limited (八方金融有限公司), a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the deposit services under the 2026-2028 Financial Services Framework Agreement and the transactions contemplated under the 2025-2028 Finance Lease Business Framework Agreement
"percentage ratios"	has the meaning ascribed thereto under Rule 14.04(9) of the Listing Rules

"Performance Guarantee Agreement"	the agreement to be entered into between the Company and the Project Manager, pursuant to which the Company shall provide performance guarantee with respect to each of the Project Companies during the subsistence of the Asset-backed Special Program
"PRC"	the People's Republic of China which, for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Professional Investor(s)"	the professional investors who fulfill the relevant professional requirements and criteria and who will subscribe the ABS under the Asset-backed Special Program
"Project Company(ies)"	Xinyou, Youyu and Huoqiu
"Project Manager"	the project manager of the Asset-backed Special Program, which shall be a qualified financial institution established in the PRC and an Independent Third Party
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGM" or the "Special General Meeting"	the special general meeting of the Company to be convened at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F, Building B, Youtang International Centre, No. 7 Sanfeng North Lane, Chaoyang District, Beijing, the PRC) on Friday, 28 November 2025 at 11:00 a.m. or any adjournment thereof, and the notice of which is set out in this circular
"Share(s)"	ordinary share(s) of HK$1.0 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Shares
"SSE"	The Shanghai Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules

"substantial shareholder(s)"	has the meanings ascribed thereto under the Listing Rules
"Supplemental Agreement"	supplemental agreement to the 2022-2025 Finance Lease Business Framework Agreement dated 3 November 2023 entered into between the Company and Beijing Jingneng Leasing
"Supplemental Equity Transfer Agreement"	the supplemental agreement to the Equity Transfer Agreements to be entered into between BEIED, the Project Manager (acting on behalf of the Asset-backed Special Program) and the Target Companies to further amend and supplement the terms of the disposals of the Target Companies under the Equity Transfer Agreements
"Target Company(ies)"	Xinyou, Youyu and Luan
"Treasury Share(s)"	has the meanings ascribed thereto under the Listing Rules
"Underlying Assets"	the entire equity interests in the Target Companies
"Valuation Benchmark Date"	31 December 2024
"Valuation Report A"	the valuation report dated 20 August 2025 prepared by the Valuer commissioned by the Company in relation to the entire equity interests of Xinyou
"Valuation Report B"	the valuation report dated 20 August 2025 prepared by the Valuer commissioned by the Company in relation to the entire equity interests of Youyu
"Valuation Report C"	the valuation report dated 20 August 2025 prepared by the Valuer commissioned by the Company in relation to the entire equity interests of Luan
"Valuation Reports"	the Valuation Report A, the Valuation Report B and the Valuation Report C
"Valuer"	North Asia Assets Assessment Co., Ltd.* (北方亞事資產評估有限責任公司), an independent valuer appointed by the Company in respect of the Target Companies
"Xinyou"	Xinjiang Xinyou New Energy Power Generation Co., Ltd.* (新疆信友新能源發電有限公司), a company established in the PRC and a subsidiary of the Company as at the Latest Practicable Date

"Youyu"	Youyu County Sineng Wind Power Co., Ltd.* (右玉縣斯能風電有限公司), a company established in the PRC and a subsidiary of the Company as at the Latest Practicable Date
"%"	per cent

* *In this circular, the English names of the PRC entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

北京能源國際控股有限公司
Beijing Energy International Holding Co., Ltd.
(Incorporated in Bermuda with limited liability)
(Stock code: 686)

Executive Directors:
Mr. Zhang Ping *(Chairman)*
Mr. Lu Zhenwei

Non-executive Directors:
Mr. Liu Guoxi
Mr. Su Yongjian
Mr. Li Hao
Mr. Huang Jiao
Mr. Wang Cheng
Ms. Xie Yi

Independent Non-executive Directors:
Ms. Jin Xinbin
Mr. Zhu Jianbiao
Mr. Zeng Ming
Mr. Liu Jingwei

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business in Hong Kong:
Unit 1012, 10/F.
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

13 November 2025

To the Shareholders

Dear Sir or Madam,

(1) MAJOR TRANSACTIONS IN RELATION TO THE PROPOSED ISSUANCE OF THE ABS AND THE EQUITY TRANSFER AGREEMENTS;
(2) CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO 2026-2028 FINANCIAL SERVICES FRAMEWORK AGREEMENT;
(3) CONTINUING CONNECTED TRANSACTION, VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL IN RELATION TO 2025-2028 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT; AND
(4) NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide you with, among other things, (i) details of the proposed issuance of the ABS and the Equity Transfer Agreements; (ii) details of the 2026-2028 Financial Services Framework Agreement; (iii) details of the 2025-2028 Finance Lease Business Framework Agreement; (iv) a letter of advice from the Independent Board Committee to the Independent Shareholders in connection with the deposit services under the 2026-2028 Financial Services Framework Agreement and the transactions contemplated under the 2025-2028 Finance Lease Business Framework Agreement; (v) a letter of advice from the Independent Financial Adviser setting out its recommendation to the Independent Board Committee and the Independent Shareholders in connection with the deposit services under the 2026-2028 Financial Services Framework Agreement and the transactions contemplated under the 2025-2028 Finance Lease Business Framework Agreement; and (vi) the notice of the SGM, to enable you to make an informed decision on whether to vote for or against those resolutions to be proposed at the SGM.

2. PROPOSED ISSUANCE OF ABS AND EQUITY TRANSFER AGREEMENTS

Reference is made to the announcement of the Company dated 22 August 2025 in relation to the proposed issuance of the ABS and the Equity Transfer Agreements. The Company proposes to launch an Asset-backed Special Program, which expects to issue the ABS on the FISP of the SSE in November 2025 or a later date to be determined for the purpose of investing in and securitizing the Underlying Assets held by BEIED, a subsidiary of the Company, and raising funds for the operation and development of the business of the Group. In order to issue the ABS, the Company will appoint the Project Manager as the project manager of the Asset-backed Special Program.

BEIED as the vendor and the original interest owner, the Project Manager as the project manager and acting on behalf of the Asset-backed Special Program as the purchaser and the relevant Target Company (i.e. Xinyou, Youyu or Luan, where applicable), propose to enter into the Equity Transfer Agreement A, the Equity Transfer Agreement B and the Equity Transfer Agreement C (each to be further amended and supplemented by the Supplemental Equity Transfer Agreement), pursuant to which BEIED will conditionally agree to transfer the entire equity interests in Xinyou, Youyu and Luan respectively to the Asset-backed Special Program to be managed by the Project Manager at a cash consideration expected to be not less than RMB137.49 million, RMB344.09 million and RMB162.83 million respectively via the Equity Exchange.

2.1. PROPOSED ISSUANCE OF ABS

The Company proposes to appoint the Project Manager as the project manager of the Asset-backed Special Program, pursuant to which the ABS will be issued on the FISP of the SSE. The ABS is expected to be issued to the Professional Investors in November 2025 or a later date to be determined. For the purpose of the Asset-backed Special Program, BEIED will enter into the Equity Transfer Agreements with the Project Manager, acting on behalf of the Asset-backed Special Program as the purchaser.

The ABS will only comprise one class. The ABS shall be valid until 31 December 2047. The distribution of the Asset-backed Special Program is categorised into ordinary distribution, disposal distribution and liquidation distribution. Among the ABS to be issued, 85% of the ABS is expected to be subscribed by third party investors, and no more than 15% of the ABS will be subscribed by the original interest owner, i.e., BEIED, or its designated entities. No fixed expected rate of return will be set under the ABS. The distribution to the holders of ABS under the Asset-backed Special Program will be primarily financed by the various income of the Asset-backed Special Program, which would in turn be funded by the repayment of the principals and interests by the Project Companies (for the arrangement between Luan and Huoqiu, please refer to the paragraph headed "2.3. Underlying assets of the Asset-backed Special Program" in this circular) pursuant to the Loan Agreements, the dividends declared and distributed by the Project Companies and, where applicable, the arrangement under the Performance Guarantee Agreement. Subject to the specific provisions in the Asset-backed Special Program, the holders of ABS are entitled to the same rights and order of distribution under the Asset-backed Special Program. The holders of ABS (other than the portion to be subscribed by the original interest owner) will be determined by the Project Manager and the Company through bookbuilding or agreement, which has not yet been completed. The ABS is expected a credit rating of "AAA" from China Lianhe Credit Rating Co., Ltd., an independent rating agency in the PRC.

The principal sum of the ABS to be issued is approximately RMB1 billion, which is largely estimated based on (i) the appraised value of the equity interests of the Target Companies pursuant to the Valuation Reports, which amounted to approximately RMB644.2 million; and (ii) the outstanding liabilities of the Target Companies amounting to approximately RMB446.0 million, which are intended to be repaid by shareholder's loans to be granted by the Project Manager (for and on behalf of the Asset-backed Special Program) to the Target Companies, which are in turn to be funded by the proceeds from the issuance of the ABS.

The term of the Asset-backed Special Program shall be consistent with the longest remaining operation period of the Target Companies, i.e. up to 31 December 2047. Details of the Asset-backed Special Program are subject to the approval by the SSE.

2.2. EQUITY TRANSFER AGREEMENTS

For the purpose of the proposed issuance of the ABS, BEIED as the vendor and the original interest owner, the Project Manager as the project manager and acting on behalf of the Asset-backed Special Program as the purchaser and the relevant Target Company (i.e. Xinyou, Youyu or Luan, where applicable), propose to enter into the Equity Transfer Agreement A, the Equity Transfer Agreement B and the Equity Transfer Agreement C (each to be further amended and supplemented by the Supplemental Equity Transfer Agreement), pursuant to which BEIED will conditionally agree to transfer the entire equity interests in Xinyou, Youyu and Luan respectively to the Asset-backed Special Program to be managed by the Project Manager at a cash consideration expected to be not less than RMB137.49 million, RMB344.09 million and RMB162.63 million respectively via the Equity Exchange.

Equity Transfer Agreement A

BEIED will enter into the Equity Transfer Agreement A (to be further amended and supplemented by the Supplemental Equity Transfer Agreement) with the Project Manager, as the project manager of the Asset-backed Special Program and Xinyou, after the Project Manager successfully bid for the entire equity interests in Xinyou on the Equity Exchange pursuant to the applicable PRC laws and regulations.

Principal terms of Equity Transfer Agreement A (to be further amended and supplemented by the Supplemental Equity Transfer Agreement) are summarized as follows.

Parties:

(i) BEIED, as the vendor and original interest owner;

(ii) the Project Manager, as the project manager and acting on behalf of the Asset-backed Special Program as the purchaser; and

(iii) Xinyou, as the Target Company

Subject Matter:

Pursuant to the Equity Transfer Agreement A, BEIED shall transfer the entire equity interests in Xinyou to the Project Manager.

Consideration and Payment Terms:

The consideration for the entire equity interests in Xinyou is expected to be not less than RMB137.49 million (for the basis of the consideration, please refer to the paragraph headed "2.4. Appraised values under the Valuation Reports and profit forecast" in this circular below) and the appraised values filed by the Group. The consideration (deducting pre-paid deposit (if any)) will be payable by the Project Manager within 5 business days after the effective date of the Equity Transfer Agreement A.

Effectiveness:

The Equity Transfer Agreement A shall become effective upon the legal representatives or authorized representatives of all parties to the Equity Transfer Agreement A having signed (or sealed) and affixed their official seal (or contract seal) onto the Equity Transfer Agreement A.

As confirmed by the Company, the Equity Transfer Agreement A will only be executed by the parties after the approval by the Shareholders in the SGM.

Completion of the Equity Transfer Agreement A:

Completion of the Equity Transfer Agreement A shall take place upon the full settlement of the consideration for the equity transfers contemplated under the agreement ("**Completion Date of Equity Transfer Agreement A**"), and since such date the Project Manager shall obtain Xinyou, enjoy the rights of shareholders of Xinyou and undertake the relevant shareholder's obligations. Within 30 business days after the Completion Date of Equity Transfer Agreement A, Xinyou shall submit all relevant materials required for change of equity interests to the relevant registration authorities and complete the registration procedures for the change of equity interests.

Equity Transfer Agreement B

BEIED will enter into the Equity Transfer Agreement B (to be further amended and supplemented by the Supplemental Equity Transfer Agreement) with the Project Manager, as the project manager of the Asset-backed Special Program, after the Project Manager successfully bid for the entire equity interests in Youyu on the Equity Exchange pursuant to the applicable PRC laws and regulations.

Principal terms of Equity Transfer Agreement B (to be further amended and supplemented by the Supplemental Equity Transfer Agreement) are summarized as follows.

Parties:

(i) BEIED, as the vendor and original interest owner; and

(ii) the Project Manager, as the project manager and acting on behalf of the Asset-backed Special Program as the purchaser; and

(iii) Youyu, as the Target Company

Subject Matter:

Pursuant to the Equity Transfer Agreement B, BEIED shall transfer the entire equity interests in Youyu to the Project Manager.

Consideration and Payment Terms:

The consideration for the entire equity interests in Youyu is expected to be not less than RMB344.09 million (for the basis of the consideration, please refer to the paragraph headed "2.4. Appraised values under the Valuation Reports and profit forecast" in this circular below) and the appraised values filed by the Group. The consideration (deducting pre-paid deposit (if any)) will be payable by the Project Manager within 5 business days after the effective date of the Equity Transfer Agreement B.

Effectiveness:

The Equity Transfer Agreement B shall become effective upon the legal representatives or authorized representatives of all parties to the Equity Transfer Agreement B having signed (or sealed) and affixed their official seal (or contract seal) onto the Equity Transfer Agreement B.

As confirmed by the Company, the Equity Transfer Agreement B will only be executed by the parties after the approval by the Shareholders in the SGM.

Completion of the Equity Transfer Agreement B:

Completion of the Equity Transfer Agreement B shall take place upon the full settlement of the consideration for the equity transfers contemplated under the agreement ("**Completion Date of Equity Transfer Agreement B**"), and since such date the Project Manager shall obtain Youyu, enjoy the rights of shareholders of Youyu and undertake the relevant shareholder's obligations. Within 30 business days after the Completion Date of Equity Transfer Agreement B, Youyu shall submit all relevant materials required for change of equity interests to the relevant registration authorities and complete the registration procedures for the change of equity interests.

Equity Transfer Agreement C

BEIED will enter into the Equity Transfer Agreement C (to be further amended and supplemented by the Supplemental Equity Transfer Agreement) with the Project Manager, as the project manager of the Asset-backed Special Program, after the Project Manager successfully bid for the entire equity interests in Luan on the Equity Exchange pursuant to the applicable PRC laws and regulations.

Principal terms of Equity Transfer Agreement C (to be further amended and supplemented by the Supplemental Equity Transfer Agreement) are summarized as follows.

Parties:

(i) BEIED, as the vendor and original interest owner;

(ii) the Project Manager, as the project manager and acting on behalf of the Asset-backed Special Program as the purchaser; and

(iii) Luan, as the Target Company

Subject Matter:

Pursuant to the Equity Transfer Agreement C, BEIED shall transfer the entire equity interests in Luan to the Project Manager.

Consideration and Payment Terms:

The consideration for the entire equity interests in Luan is expected to be not less than RMB162.63 million (for the basis of the consideration, please refer to the paragraph headed "2.4. Appraised values under the Valuation Reports and profit forecast" in this circular below) and the appraised values filed by the Group. The consideration (deducting pre-paid deposit (if any)) will be payable by the Project Manager within 5 business days after the effective date of the Equity Transfer Agreement C.

Effectiveness:

The Equity Transfer Agreement C shall become effective upon the legal representatives or authorized representatives of all parties to the Equity Transfer Agreement C having signed (or sealed) and affixed their official seal (or contract seal) onto the Equity Transfer Agreement C.

As confirmed by the Company, the Equity Transfer Agreement C will only be executed by the parties after the approval by the Shareholders in the SGM.

Completion of the Equity Transfer Agreement C:

Completion of the Equity Transfer Agreement C shall take place upon the full settlement of the consideration for the equity transfers contemplated under the agreement ("**Completion Date of Equity Transfer Agreement C**"), and since such date the Project Manager shall obtain Luan, enjoy the rights of shareholders of Luan and undertake the relevant shareholder's obligations. Within 30 business days after the Completion Date of Equity Transfer Agreement C, Luan shall submit all relevant materials required for change of equity interests to the relevant registration authorities and complete the registration procedures for the change of equity interests.

2.3. UNDERLYING ASSETS OF THE ASSET-BACKED SPECIAL PROGRAM

It is contemplated that upon the establishment of the Asset-backed Special Program, Luan will be merged and absorbed by Huoqiu, pursuant to which Luan will be deregistered and Huoqiu will assume the assets, liabilities, business, qualifications, employees, contracts and other rights and obligations of Luan.

After the completion of the above, the entire equity interests of Xinyou, Youyu or Luan will form the Underlying Assets of the Asset-backed Special Program.

When selecting the Underlying Assets to be transferred to the Asset-backed Special Program, the Company has considered (i) the target amount of funds to be raised from the proposed issuance of ABS; (ii) the appraised value of the Target Companies and the Project Companies; and (iii) the status of business operation of the Target Companies and the Project Companies. In this connection, the Company believed the selection of the Target Companies and Project Companies are appropriate, taking into account that (i) as aforementioned, the aggregate sum of the appraised values of the Target Companies pursuant to the Valuation Report and the outstanding liabilities of these companies to be repaid is close to RMB1 billion, the target amount of funds to be raised from the proposed issuance of ABS; (ii) appreciation in the appraised value of the Target Companies and the Project Companies are recorded in the Valuation Report, and the Company is expected to record an one-off gain from the disposal of the Target Companies; and (iii) the power projects held by the Target Companies and Project Companies have already operated for a period of time with stable operation.

2.4. APPRAISED VALUES UNDER THE VALUATION REPORTS AND PROFIT FORECAST

The consideration of the equity transfers of Xinyou, Youyu and Luan under the Equity Transfer Agreement A, the Equity Transfer Agreement B and the Equity Transfer Agreement C respectively were determined with reference to the appraised value of the entire shareholders' equity interests in Xinyou, Youyu and Luan as at the Valuation Benchmark Date by the Valuer (the "**Valuations**"), which amounted to RMB137,490,000, RMB344,090,000 and RMB162,634,800, respectively, as set out in the Valuation Reports.

The Valuer appraised the value of the entire shareholders' equity interests of (i) Xinyou and Youyu respectively by using the asset-based approach and the discounted cash flow method under the income approach; and (ii) Luan by using the asset-based approach (with Luan's long-term equity investment in Huoqiu being valued by using both the asset-based approach and discounted cash flow method under the income approach). Pursuant to the Valuation Reports, having taken into account the applicability of the appraisal methodology and the purpose of such appraisals, the Valuer chose (i) the income approach as the final valuations for each of Xinyou and Youyu; and (ii) the asset-based approach as the final valuation for Luan (with Luan's long term equity investment in Huoqiu being valued by using the discounted cash flow method under the income approach). Since the income approach was adopted for the Valuations, the Valuations constitute profit forecast under Rule 14.61 of the Listing Rules.

Details of the Valuations under the asset-based approach and income approach and the principal assumptions adopted by the Valuer in relation to the Valuations are set out in Appendix I to this circular.

Sensitivity analysis

Sensitivity analysis in the respective appraised value of the entire shareholders' equity interests in Xinyou, Youyu and Huoqiu (the long-term investment held by Luan) was carried out by varying discount rate, the results of sensitivity analysis are summarized as follows:

Xinyou

Discount Rate	**Appraised value** *(RMB'000)*
7.79% (Base + 1.0%)	10,874
7.29% (Base + 0.5%)	12,273
6.79% (Base)	13,749
6.29% (Base – 0.5%)	15,306
5.79% (Base – 1.0%)	16,947

Youyu

Discount Rate	**Appraised value** *(RMB'000)*
7.15% (Base + 1.0%)	30,910
6.65% (Base + 0.5%)	32,623
6.15% (Base)	34,409
5.65% (Base – 0.5%)	36,275
5.15% (Base – 1.0%)	38,223

Huoqiu

Discount Rate	**Appraised value** *(RMB'000)*
7.50% (Base + 1.0%)	13,429
7.00% (Base + 0.5%)	14,800
6.50% (Base)	16,261
6.00% (Base – 0.5%)	17,819
5.50% (Base – 1.0%)	19,482

Grant Thornton, acting as the reporting accountants of the Company, has performed an assurance engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants to obtain reasonable assurance on whether the discounted future estimated cash flows under the income approach on which the Valuations are based, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions on which the discounted future estimated cash flows and the Valuations are prepared.

Grant Thornton reported that the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions on which the discounted future estimated cash flows and the Valuations are prepared.

The Directors confirmed that the Valuations of the entire shareholders' equity interests of Xinyou, Youyu and Luan in the Valuation Reports, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry by the Board.

The letters issued by Grant Thornton and the Board are set out in Appendix IVA and Appendix IVB to this circular, respectively.

As aforementioned, Xinyou and Youyu were valued using income approach, whereas Luan is valued using asset-based approach and its long term investment in Huoqiu was valued using income approach. For assessing the appropriateness of the aforesaid valuation approach adopted for each Target Company, the Company has carefully reviewed the Valuation Reports and discussed with the Valuer, pursuant to which the Company understood that:

(1) the market conditions, purpose of valuation and the nature and condition of the appraised targets (i.e. the Target Companies) have been considered before determining the appropriate valuation approaches;

(2) as Luan is primarily an investment holding platform with no actual operation, and its primary assets is its long-term investment in Huoqiu, asset-based approach rather than income approach is therefore a more appropriate approach for the valuation of Luan;

(3) as each of Xinyou, Youyu and Huoqiu is in operation with available historical information, both income approach and asset-based approach are suitable for their valuation. On the other hand, the Valuer has advised that it is difficult to locate comparable transactions in the domestic open market similar to the current transactions contemplated under the Equity Transfer Agreements, and hence the market approach is not appropriate;

(4) pursuant to the Valuation Reports, the asset-based approach is only capable of appraising individual tangible assets and part of the quantifiable intangible assets, but it is unable to fully reflect the contribution of individual assets combination to the overall enterprise value or fully measure the synergy effect arising from the interaction and organic combination of the assets. Further, due to the significant decline in the prices of wind power station components, the overall costs of wind power stations have correspondingly decreased, leading to depreciation of the valuation of the fixed assets of the Project Companies. As such, asset-based approach may not fully reflect the value of the Project Companies;

(5) In contrast to asset-based approach, income approach considers the future earning capacity of the corporations and reflect the earning capacity of each asset of the corporation. Pursuant to the Valuation Reports, income approach inherently includes the value of intangible assets that are difficult to quantify separately, and is capable of reflecting the overall earning capacity resulting from the combined effect of all external environmental factors and internal conditions; and

(6) the appraised targets are companies which primarily engage in photovoltaic or wind power generation. Enterprises of such nature tend to have an asset-heavy business model, with significant investment costs being incurred at the early stage of operation, but they also generate stable income and are entitled to the subsidies for renewable energy tariff. With respect to the current transactions, the Target Companies commenced operation in 2017 to 2021, being the period when the renewable energy industry experienced rapid growth. However, since then due to overcapacity in the industry, waning of policy dividends and acceleration of industry reshuffling, the construction costs of power stations have decreased significantly, leading to significant discrepancy between the replacement costs and the initial construction costs of the fixed assets of the Target Companies as of the Valuation Benchmark Date, with impairment of value of fixed assets of the Target Company ranging from 15% to 40% being recorded, which in turn resulting in relatively significant valuation depreciation of the Target Companies under the asset-based approach. On such premise, although the Target Companies have obtained the relevant electricity operation license, the asset-based approach has failed to fully reflect the contribution from the future income of the Target Companies.

Taking into account the above factors, and further considering that (i) each of Xinyou, Youyu and Huoqiu operates in the wind power generation industry and holds relevant electricity operation licenses, which indicates relatively stable future earnings; and (ii) the advantages of the income approach over the asset-based approach to provide a more comprehensive valuation of the Target Companies under the circumstances of the current transactions, in particular being able to reflect the overall earning capacities of the Target Companies, the Directors agreed that the current approaches adopted by the Valuer for the valuation of Xinyou, Youyu, Luan and Luan's long-term investment in Huoqiu are appropriate.

2.5. OTHER AGREEMENTS AND LETTERS

Upon completion of the ABS issuance and the Equity Transfer Agreements, the following agreements will be entered into in regard to the Asset-backed Special Program:

(i) Asset-backed Special Program Standard Terms Agreement

The Project Manager as the project manager of the Asset-backed Special Program will enter into the Asset-backed Special Program Standard Terms Agreement, which sets out the rights and obligations between the project manager and the holders of the ABS, including the arrangement of distributions under the Asset-backed Special Program.

(ii) Performance Guarantee Agreement

The Company will enter into a performance guarantee agreement with the Project Manager, pursuant to which the Company shall provide performance guarantee with respect to the Project Companies (for clarity, the Project Companies comprise Xinyou, Youyu and Huoqiu. Luan, being one of the Target Companies, is not subject to the performance guarantee arrangement) for a period of no longer than 14 years during the subsistence of the Asset-backed Special Program. During the period of performance guarantee, in the event the income of the Project Companies in a relevant year is lower than the Performance Guarantee Target*(Note 1)* of the Project Company for that corresponding year, the Company shall pay the lower of (i) the Shortfall from the Profit Guarantee Target*(Note 2)* of the pertinent Project Company; or (ii) 15% of the forecasted income of the pertinent Project Company, to the Project Manager (on behalf of the Asset-based Special Program).

Notes:

1. Performance Guarantee Target: The performance guarantee target for the pertinent Project Companies for a relevant performance guarantee year/period shall be calculated as follows:

The forecasted income of the pertinent Project Company during the relevant performance guarantee year/period	x	The performance guarantee index for the relevant performance guarantee year/period (i.e. 90%)

The forecasted income of the pertinent Project Companies will be set out in the cashflow consultation report to be issued by the cashflow forecasting agent to be engaged by the Company (the "**Cashflow Consultation Report**").

The performance guarantee index is set out in the Asset-backed Special Program Standard Terms Agreement, and is determined with the aim to offering adequate investment protection to the prospective investors of ABS, thus enhancing the competitiveness of the ABS in the market, while ensuring the Target Companies remaining deconsolidated from the Group after the disposals. In this connection, the Company considers the profit guarantee index of 90% is reasonable and appropriate on the premise that (i) it is expected to enable adequate internal rate of return for the investment of prospective investors; (ii) the Target Companies and Project Companies would remain to be deconsolidated from the Group under the relevant accounting standards; and (iii) the level of profit guarantee index of 90% is commonly used in the PRC for similar financial products.

2. The Shortfall from the Profit Guarantee Target shall be calculated as follows:

The Performance Guarantee Target for the Project Companies for a relevant performance guarantee year/period	–	The income of the Project Companies for the relevant performance guarantee year/period

(iii) Operation Management Agreement

BEJN will enter into an operation management agreement with the Project Manager and the Project Companies, pursuant to which, the Project Manager will appoint BEJN as the operational management agent to furnish administrative, operation and management services in relation to the Project Companies, their infrastructure projects and other relevant matters.

(iv) Loan Agreements

Each of the Project Companies will enter into a loan agreement with the Project Manager (the "**Loan Agreements**", and each a "**Loan Agreement**"). Pursuant to the current contemplated arrangement, the Project Manager shall provide loans to the Project Companies with an aggregate sum of RMB617.41 million to repay subsisting bank loans and shareholder's loans due by the Project Companies. The term of the relevant loan under each Loan Agreement shall commence from the date of drawdown of the relevant loan to the maturity date of the relevant loan as agreed by the parties ("**Expected Maturity Date**"). The aggregate amount and term of the loans are subject to further adjustment before finalization of the Loan Agreement and the approval by the SSE. The outstanding principals and interests of the loans under the Loan Agreements shall be repaid fully on the Expected Maturity Date.

(v) Accounts receivable pledge agreements

Each of the Project Companies will enter into an accounts receivable pledge agreement with the Project Manager, pursuant to which, for the purpose of realizing the rights of the Project Manager (as the lender) under the Loan Agreements, each of the Project Companies shall pledge its properties, including but not limited to tariff revenue (in case of Xinyou and Youyu, including subsidy funds for tariff premium of renewable energy) and all other accounts receivable income generated from the operation, management and disposal and other legally operated businesses of the project of each of the Project Companies, as guarantees for the performance of all their obligations under the Loan Agreements.

(vi) Right of first refusal grant letter

The Project Manager and the Project Companies will issue a right of first refusal grant letter to BEIED and the Company, pursuant to which, during the designated exercisable period under the Asset-backed Special Program in accordance with the Asset-backed Special Program Standard Terms Agreement, BEIED and the Company's designated entities shall be entitled to acquire the equity interests in the Target Companies and the creditors' rights under the Loan Agreements at their fair value in accordance with the right of first refusal grant letter.

(vii) Letter of support

Subject to the request from the Project Manager, BEH, the Company's controlling shareholder, will be required to issue a letter of support to the Project Manager, pursuant to which, BEH undertakes to, amongst others, strengthen the management of the daily operations of the Company and BEIED, urge the Company and BEIED to fulfill their contractual obligations in accordance with the relevant agreements, avoid material operational risks and default events.

2.6. FINANCIAL EFFECT AND USE OF PROCEEDS FROM THE PROPOSED ISSUANCE OF THE ABS

Upon completion under the Equity Transfer Agreements, the Company will cease to hold any direct or indirect equity interests in the Target Companies, and each of the Target Companies and the Project Companies will cease to be a subsidiary of the Company and the financial results and assets and liabilities of each of the Target Companies and the Project Companies will cease to be consolidated into the accounts of the Group.

The Company is expected to recognize an unaudited estimated gain of approximately RMB137.99 million on a consolidated basis from the proposed issuance of the ABS, which represents the difference between the consideration under the Equity Transfer Agreements of not less than RMB644.21 million and the unaudited carrying value of the Underlying Assets of approximately RMB506.22 million as at the Valuation Benchmark Date as adjusted in accordance with the Company's accounting policy. Shareholders should note that the financial effect shown above is for reference only and the actual amount of gain or loss resulting from the issuance of the ABS will eventually be recognised in the consolidated financial statements of the Group.

The proceeds from the proposed issuance of the ABS will be used for general working capital purposes of the Company and raising funds for the operation and development of the business of the Group. While the Equity Transfer Agreements and the Asset-backed Special Program Standard Terms Agreement do not restrict the use of the proceeds from the proposed issuance of the ABS, it is the current plan of the Company to fully utilize the proceeds for repayment of two external loans, one of which in the amount of approximately RMB300 million will fall due in December 2025 and the other in the amount of approximately RMB800 million will fall due in January 2026.

2.7. INFORMATION OF THE COMPANY, BEIED AND BEJN

The Company is a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 686) and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other clean energy projects.

BEIED is a company established in the PRC with limited liability and a subsidiary of the Company. It is principally engaged in the investment, development and operation of solar energy and other clean energy.

BEJN is a company established in the PRC with limited liability and a subsidiary of the Company. It is principally engaged in the investment, development and operation of solar energy and other clean energy.

2.8. INFORMATION OF THE TARGET COMPANIES AND THE PROJECT COMPANIES

Xinyou

Xinyou is a company established in the PRC and a subsidiary of the Company as at the Latest Practicable Date. Xinyou is principally engaged in wind power generation and supply of electricity. Xinyou holds a wind power generation project at Qitai County in Xinjiang Uyghur Autonomous Region of the PRC, which has an approved installed capacity of 50MW. The wind power generation project achieved first grid connection for power generation and full-capacity grid-connected power generation on 31 December 2020, and has an expected remaining income period of 16 years.

According to the audited financial information of Xinyou for the year ended 31 December 2024 by the auditor of Xinyou, the net asset value of Xinyou as at 31 December 2024 was approximately RMB112 million. A summary of the audited financial information of Xinyou for the financial year ended 31 December 2024 is set out below:

	Year Ended 31 December 2023 *(RMB million) Approximately*	**Year Ended 31 December 2024** *(RMB million) Approximately*
Revenue	58	56
Profit/(Loss) before taxation	15	16
Profit/(Loss) after taxation	15	15

Youyu

Youyu is a company established in the PRC and a subsidiary of the Company as at the Latest Practicable Date. Youyu is principally engaged in, among others, the development, production, operation and construction of wind power and renewable energy projects. Youyu holds a wind power generation project at Youyu County of Shuozhou City of Shanxi Province in the PRC, which has an approved installed capacity of 99.5MW. The wind power generation project achieved first grid connection for power generation on 30 March 2018 and full-capacity grid-connected power generation on 10 August 2018, and has an expected remaining income period of 13.8 years.

According to the audited financial information of Youyu for the year ended 31 December 2024 by the auditor of Youyu, the net asset value of Youyu as at 31 December 2024 was approximately RMB256 million. A summary of the audited financial information of Youyu for the financial year ended 31 December 2024 is set out below:

	Year Ended 31 December 2023 *(RMB million) Approximately*	**Year Ended 31 December 2024** *(RMB million) Approximately*
Revenue	109	84
Profit/(Loss) before taxation	51	22
Profit/(Loss) after taxation	44	17

Luan

Luan is a company established in the PRC and a subsidiary of the Company as at the Latest Practicable Date. Luan is principally engaged in, amongst others, construction and operation of photovoltaic power stations, research and development, manufacturing, and sales of photovoltaic supporting products.

According to the audited financial information of Luan for the year ended 31 December 2024 by the auditor of Luan, the net asset value of Luan as at 31 December 2024 was approximately RMB138 million. A summary of the audited financial information of Luan for the financial year ended 31 December 2024 is set out below:

	Year Ended 31 December 2023 *(RMB million) Approximately*	**Year Ended 31 December 2024** *(RMB million) Approximately*
Revenue	51	50
Profit/(Loss) before taxation	12	20
Profit/(Loss) after taxation	12	20

Huoqiu

Huoqiu is a company established in the PRC and a subsidiary of Luan as at the Latest Practicable Date. Huoqiu is principally engaged in the construction and operation of photovoltaic power stations, and the research and development, manufacturing and sales of photovoltaic supporting products. Huoqiu holds a photovoltaic power generation project at Huoqiu County of Luan City of Anhui Province in the PRC, which has an approved installed capacity of 108MW. The photovoltaic power generation project achieved first grid connection for power generation on 18 October 2021 and full-capacity grid-connected power generation on 15 January 2022, and has an expected remaining income period of 22.1 years.

According to the audited financial information of Huoqiu for the year ended 31 December 2024 by the auditor of Huoqiu, the net asset value of Huoqiu as at 31 December 2024 was approximately RMB138 million. A summary of the audited financial information of Huoqiu for the financial year ended 31 December 2024 is set out below:

	Year Ended 31 December 2023 *(RMB million) Approximately*	**Year Ended 31 December 2024** *(RMB million) Approximately*
Revenue	51	50
Profit/(Loss) before taxation	12	20
Profit/(Loss) after taxation	12	20

2.9. INFORMATION OF THE PROJECT MANAGER

Based on the current arrangement, the Company will ensure to appoint a qualified financial institution in the PRC, which must be an Independent Third Party, to serve as the Project Manager.

2.10. REASONS FOR AND BENEFITS OF THE PROPOSED ISSUANCE OF THE ABS

The Directors believe that the proposed issuance of the ABS will enhance asset utilization, improve the overall turnover of the Company's assets and increase the overall operating capital of the Company. It also helps to lower the finance cost and promote the investment and financing capabilities of the Company. In particular, the Directors expect that, through the proposed issuance of ABS, the Company could achieve the target of lowering the debt-to-asset ratio of the Group as a result of (i) the deconsolidation of the financial results, assets and liabilities of the Target Companies from the accounts of the Group through the disposals; and (ii) repayment of subsisting debts by utilizing the proceeds from the proposed issuance of ABS. For illustration purpose only and subject to final audit, by virtue of the aforesaid, it is expected that the total assets on consolidated basis of the Company would be decreased by approximately RMB1,937 million, total liabilities of the Company would be decreased by approximately RMB2,079 million, owner's equity of the Company would increase by approximately RMB142 million, and the deb-to-asset ratio will decreased by approximately 0.58 percentage points. In addition, during the subsistence of the ABS, it is expected that the Company will receive certain direct gains, including the one-off gain from the disposal of the Target Companies pursuant to the Equity Transfer Agreements (for details, please refer to the paragraph headed "2.6. Financial effect and use of proceeds from the proposed issuance of ABS" in this circular above) and the management fee from providing operation management services pursuant to the operation management agreement to be entered into between BEJN, the Project Manager and the Project Companies. Further, as the Company intends to subscribe for no more than 15% of the ABS, it is expected that the Company will also receive cash distributions each year.

The Directors consider the proposed issuance of ABS a significant measure undertaken by the Company to advance its strategic transition towards an asset-light business model. As discussed, it is expected that the current arrangement of the proposed issuance of ABS would (i) enable the Group to achieve a lower debt-to-assets ratio; (ii) provide necessary fund to facilitate the repayment of certain external debts with an aggregate sum of RMB1,100 million that will soon fall due in December 2025 and January 2026,; (iii) provide investment returns to the Company, which would in turn strengthen the financial performance of the Company and increase the level of profit attributable to equity holders of the Company; and (iv) promote the transition of the Company towards an asset-light business model, which would enhance the competitiveness of the Company, and potentially attract opportunities of investment from prospective strategic investors in the future. Taking into account that alternative fundraising activities (such as debt financing and equity financing) (i) are unable to facilitate the Company's transitioning to an asset-light business model or reduce the debt-to-assets ratio of the Group; (ii) would potentially incur additional financing expenses or interest burden, the Directors therefore consider the proposed issuance of ABS to be the most appropriate fundraising activities to resolve the funding needs of the Group while simultaneously achieving the other goals of the Company.

The Directors are of the view that the terms of the proposed issuance of the ABS, the Equity Transfer Agreements and the transactions contemplated thereunder and are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

2.11. LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the Equity Transfer Agreements shall be aggregated together as these transactions (i.e. the transactions contemplated under the Equity Transfer Agreements) will be entered into by the Group with the Project Manager within a 12-month period. As the highest applicable percentage ratio in respect of the proposed transactions contemplated under the Equity Transfer Agreements on an aggregated basis may exceed 25% but be less than 75%, the proposed transactions contemplated under the Equity Transfer Agreements may constitute major transactions for the Company and shall be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, none of the Shareholders is materially interested in the Equity Transfer Agreements and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting at the SGM to be convened by the Company to approve the Equity Transfer Agreements and the transactions contemplated thereunder.

3. 2026-2028 FINANCIAL SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 31 October 2025 in respect of, among others, the 2026-2028 Financial Services Framework Agreement.

As the 2023-2025 Financial Services Framework Agreement will expire on 31 December 2025, on 31 October 2025 (after trading hours), the Company and BEH Finance entered into the 2026-2028 Financial Services Framework Agreement, pursuant to which BEH Finance has agreed to provide to the Group deposit services, loan services and other financial services for the three years ending 31 December 2028.

The principal terms of the 2026-2028 Financial Services Framework Agreement are summarised as follows:

Date:	31 October 2025 (after trading hours)
Parties:	(i) The Company (ii) BEH Finance
Terms of the agreement:	The 2026-2028 Financial Services Framework Agreement is subject to the approval of the Independent Shareholders at the SGM and shall be effective for three years from 1 January 2026 until 31 December 2028. Subject to compliance with the requirements under relevant laws and the Listing Rules, the 2026-2028 Financial Services Framework Agreement may be extended for no more than three years upon mutual agreement of the parties.
Scope of financial services and pricing policy:	**(1) Deposit services** The Group may from time to time deposit cash at BEH Finance. The terms (including the interest rate and commission charged) to be offered by BEH Finance in respect of the deposit services shall be no less favourable than those usually and fair terms offered by major independent commercial banks (including Industrial and Commercial Bank of China, Agricultural Bank of China and Bank of China) in the PRC for provision of similar services to the Group. **(2) Loan services** The Group may from time to time request BEH Finance to provide unsecured loan services to it. The loan interest rate to be charged by BEH Finance shall be determined with reference to the loan prime rate published by National Interbank Funding Center of the PRC, and shall not be higher than the interest rate charged to the Group by major independent commercial banks (including Industrial and Commercial Bank of China, Agricultural Bank of China and Bank of China) in the PRC for loans provided on the same conditions.

(3) Other financial services

BEH Finance may from time to time provide other financial services to the Group, including but not limited to, transfer settlement services, financial and financing advisory, credit verification and related consultation and agency, insurance agency, provision of guarantees, bill acceptance and discounting, entrusted loans, financial leasing, underwriting of corporate bonds, etc.

The other financial services to be provided to the Group by BEH Finance shall be conducted on normal commercial terms, and such terms shall be similar to or no less favourable than the terms offered by independent third parties for similar services.

3.1. HISTORICAL TRANSACTION AMOUNTS AND PROPOSED ANNUAL CAPS

Historical annual caps under the 2023-2025 Financial Services Framework Agreement

	For the year ended 31 December 2023 *(RMB' million)*	**For the year ended 31 December 2024** *(RMB' million)*	**For the year ending 31 December 2025** *(RMB' million)*
Deposit services (maximum daily deposit services (including any interest accrued thereon))	5,000	6,000	7,000
Other financial services	25	25	25

Historical transaction amounts under the 2023-2025 Financial Services Framework Agreement

	For the year ended 31 December 2023 *(RMB' million)*	For the year ended 31 December 2024 *(RMB' million)*	For the eight months ended 31 August 2025 *(RMB' million)*
Deposit services (maximum daily deposit services (including any interest accrued thereon))	4,630	5,900	5,800
Other financial services	0	0	0

Proposed annual caps under the 2026-2028 Financial Services Framework Agreement

	For the year ending 31 December 2026 *(RMB' million)*	For the year ending 31 December 2027 *(RMB' million)*	For the year ending 31 December 2028 *(RMB' million)*
Deposit services (maximum daily deposit services (including any interest accrued thereon))	7,000	8,000	9,000
Other financial services	25	25	25

3.2. BASIS FOR THE PROPOSED ANNUAL CAPS AND REASONS FOR AND BENEFITS OF ENTERING INTO THE 2026-2028 FINANCIAL SERVICES FRAMEWORK AGREEMENT

(1) Deposit services

The proposed annual caps for the deposit services, which is the maximum daily deposit balance (including any interest accrued thereon), were determined after taking into account, among other things, the cash and cash equivalents of the Group of approximately RMB5,398 million as at 30 June 2025 and taking into account (i) the expected interest income from BEH Finance, which, based on current information available, is expected to amount to approximately RMB5 million, RMB6 million and RMB7 million for the three years ending 31 December 2026, 2027 and 2028, respectively; and (ii) the further business development and expansion of the Group for the three years ending 31 December 2028, to be detailed below.

The power generation business is a capital-intensive business and further business development and expansion of the Group requires a significant amount of capital. Taking into account the current pace of development and plans for expansion (which is subject to adjustment based on market conditions and actual development progress of the Group's power projects), it is expected that the Company will be in a position to (i) develop 8 power projects with total expected annual installed capacities of 2,605MW and total investment amount of approximately RMB10,953 million for the year ending 31 December 2026, (ii) 16 power projects with total expected annual installed capacities of 5,550MW and total investment amount of approximately RMB25,953 million for the year ending 31 December 2027, and (iii) 21 power projects with expected annual installed capacities of 5,840MW and total investment amount of approximately 28,604 million for the year ending 31 December 2028. As a result, the Company may need to maintain additional cash and/or conduct fundraising to meet its capital requirements for the aforesaid power project development plans. Funds that are not utilized immediately may be deposited at institutions which provide deposit services but only at a certain level to avoid the idleness of new financing. In this connection, based on the Company's past experience, development of power projects generally require capital expenditures, including without limitation, construction capital, preliminary fees, and infrastructure advance payments, which calls for additional funds to be reserved at least one month in advance, to ensure the Company can meet its payment obligations when the payments fall due. Accordingly, the demand for deposit services will increase.

Given that BEH Finance has sufficient understanding of the business operations and development of the Group and can provide to the Group financial services in a timely manner on comparable or better terms available, the Company intends to deposit funds with BEH Finance to enhance its fund management.

(2) Other financial services

The proposed annual caps for other financial services, which is the service fees to be paid by the Group to BEH Finance for other financial services provided, were determined after taking into account, among other things, (a) the scope of business of BEH Finance in the areas of (i) financial consulting, credit verification and related consulting and agency services; (ii) provision of guarantees; (iii) entrusted loan and entrusted investment; (iv) bill acceptance and discounting; (v) internal transfer settlement and corresponding settlement and settlement plans in the coming three years and considering the relevant historical transaction amount between the Group and independent third parties which provided the same service to the Group; (b) the Group’s expected demand for other financial services covered by the 2026-2028 Financial Services Framework Agreement for the three years ending 31 December 2028, taking into account the business development plan of the Group especially the annual installed capacities of newly-added clean energy power for the same period; and (c) the Group’s plan to streamline its financial vendor management through engaging selected non-bank financial institution(s) to enhance management efficiency.

The Group did not procure other financial services from BEH Finance during the three years ended 31 December 2025 primarily due to the suspension of bill acceptance and discounting services of BEH Finance pending the completion of the overhaul and upgrade of its relevant financial system over the majority period during the said three years. Instead, the

Group did incur approximately RMB3 million, RMB6 million and RMB1 million as service fees from procuring bill acceptance and discounting services from independent third parties during the two years ended 31 December 2023 and 2024 and the eight months ended 31 August 2025. Going forward, in light of the substantial expected capital expenditure required to finance the development of power generation projects for the three years ending 31 December 2028, it is expected that the Group will have increasing demand for entrusted loan services and bill acceptance and discount services during the said period to satisfy the Group's funding needs. Taking into account (i) the stable business relationship between the Group and BEH Finance; (ii) the good understanding of BEH Finance of the Group's business and its capability to provide finance services to the Group in a timely manner on comparable or better terms; (iii) in light of the advantages of procurement of financial services from BEH Finance, by centralizing the procurement from a limited number of non-bank financial institutions (including BEH Finance), it could save the Group's resources from managing a large pool of financial vendors and therefore enhancing management efficiency; and (iv) the Group is still free from engaging other financial institutions if their terms are more favourable than that to be offered by BEH Finance, the Group therefore continues to set annual caps with respect to other financial services under the 2026-2028 Financial Services Framework Agreement at the same level as that under the 2023-2025 Financial Services Framework Agreement, to provide flexibility to the Group to procure the relevant services from BEH Finance when the need arises.

BEH Finance is under the supervision of China Banking and Insurance Regulatory Commission. In the past years, it has maintained satisfactory operating results and financial position with good risk control and well-regulated management to ensure the safety of fund deposits. BEH Finance provides deposit and other financial services to its member units (comprising primarily BEH and the subsidiaries of BEH, such as Beijing Jingneng Clean Energy Co., Limited, Beijing Jingneng Power Co., Ltd. and United Photovoltaics (Changzhou) Investment Group Co., Ltd., which facilitates settlement between all member units, shortens the time for fund transfer and turnover, and helps reduce capital costs and maximize operating efficiency.

BEH Finance is subject to Measures for the Administration of Finance Companies of Enterprise Groups*《企業集團財務公司管理辦法》(the "**Administrative Measures**") promulgated by China Banking and Insurance Regulatory Commission which regulates the non-bank financial institutions which provide financial services to the enterprise group member entities.

As advised by BEH Finance, BEH Finance complied with the financial ratio requirements stipulated in the Administrative Measures for the three years ended 31 December 2024 and there was no non-compliance with applicable laws and regulations of the PRC. The Directors are not aware of any record of non-compliance with the relevant laws and regulations of the PRC in respect of the operations of BEH Finance in the three years ended 31 December 2024 and as of the Latest Practicable Date.

For the Company's continuous monitoring of the financial conditions of BEH Finance during the term of the 2026-2028 Financial Services Framework Agreement, the Finance Department will from time to time review the financial statements of BEH Finance as disclosed on the website of the National Interbank Funding Center of the PRC (http://www.chinamoney.com.cn). According to applicable regulations, BEH Finance is required to disclose (i) its balance sheet as at year end of the previous year and its income statement for the previous year by 15 January each year, (ii) its balance sheet as at 30 June of the year and its income statement for the six months from January to June of the year by 15 July each year, and (iii) its audited annual financial statements and audit report as audited by a certified public accountant (including but not limited to the full text of the audit opinion, audited balance sheet, audited income statement and notes to financial statements) by 30 April each year. Moreover, as stated above, according to applicable regulations, BEH Finance is required to satisfy certain financial ratio requirements as stipulated in the Administrative Measures. BEH Finance has agreed to promptly inform the Company in writing of any material non-compliance by BEH Finance with any applicable laws or regulations which may affect the Group.

The deposit(s) to be placed by the Company with BEH Finance will be repayable on demand pursuant to applicable regulations.

Since BEH Finance only provides financial services to its member units and has extensive understanding of the Group's business operations and development, and capital requirements, BEH Finance can provide the Group with flexible and convenient services that are more in line with specific customized needs at any time, enabling the Group to obtain financial services from a stable source in its daily course of business.

Moreover, the operations of the Group requires flexible and diversified financial services. As the terms (including interest rates and commission charged) in respect of financial services contemplated under the 2026-2028 Financial Services Framework Agreement shall be no less favourable than the terms offered by major independent commercial banks or financial institutions in the PRC for provision of similar services to the Group, and considering that the 2026-2028 Financial Services Framework Agreement does not prevent the Group from obtaining services from other commercial banks or financial institutions, the Group may still at its discretion to choose other major independent commercial banks in the PRC as it considers appropriate and beneficial to the Group as its financial service provider. Therefore, the 2026-2028 Financial Services Framework Agreement allows the Group to enjoy benefits and flexibility of diversified financing channels without posing any adverse effect on the assets and liabilities of the Group.

In addition to the above, the Directors are of the view that the Company's exposure to credit and counterparty risks under the 2026-2028 Financial Services Framework Agreement is limited as, as advised by BEH Finance, (i) BEH Finance is a regulated entity and it complied with the financial ratio requirements stipulated in the Administrative Measures for the three years ended 31 December 2024; (ii) BEH Finance did not have any non-performing loans for the three years ended 31 December 2024; (iii) the lowest capital adequacy ratio of BEH Finance for the three years ended 31 December 2024 was approximately 21.3%, which was significantly higher than the requirement applicable to commercial banks in the PRC (8%); and (iv) BEH's undertaking to provide financial support to BEH Finance in case the latter has urgent capital needs.

Having considered the above, the Directors (including the independent non-executive Directors, whose opinion on the 2026-2028 Financial Services Framework Agreement and the transactions contemplated thereunder are set out in the section headed "Letter from the Independent Board Committee" in this circular by reference to the advice from the Independent Financial Adviser in this regard) are of the view that the 2026-2028 Financial Services Framework Agreement and its proposed annual caps (i) have been negotiated on arm's length basis; (ii) is entered into in the ordinary and usual course of business of the Group; (iii) on normal commercial terms or better; and (iv) on terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole.

In view of the reasons and benefits discussed above, the Board is not aware of any disadvantages to the Company on the transactions contemplated under the 2026-2028 Financial Services Framework Agreement.

As Mr. Su Yongjian (the non-executive Director) was the senior management of BEH, he had abstained from voting on the Board resolutions approving the 2026-2028 Financial Services Framework Agreement and the transactions contemplated thereunder. Save and except for the aforesaid, none of the Directors has any material interest in the 2026-2028 Financial Services Framework Agreement and was required to abstain from voting on the Board resolutions in relation to the 2026-2028 Financial Services Framework Agreement.

3.3. INTERNAL CONTROL MEASURES

To safeguard the interests of our Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the 2026-2028 Financial Services Framework Agreement, which include the followings:

- Before entering into any new deposit arrangements with BEH Finance, the Finance Department shall be responsible for obtaining quotes from at least two other independent commercial banks in the PRC (e.g. Industrial and Commercial Bank of China, Agricultural Bank of China and/or Bank of China) for similar deposit services and similar duration. To the best knowledge and information of the Company, the commercial banks in the PRC have similar classification and maturity criteria for various types of deposit services. The Finance Department will obtain and compare the quotes of different commercial banks for deposit services which are of similar nature and duration as that of the deposit services to be procured by the Group from BEH Finance. Those quotes, together with the quote from BEH Finance, will be reviewed to ensure that the deposit rate and terms for the Company's deposit with BEH Finance are on normal commercial terms or better, and not lower than the interest rate and terms offered by major independent commercial banks in the PRC and the People's Bank of China. The quote from BEH Finance has to pass the internal approval process of the Company before it can be accepted. After the responsible staff in the Finance Department has conducted comparison between the quotations from BEH Finance and those obtained from the independent commercial banks, it will be passed to the head of the Finance Department for further review. The head of the Finance Department will review the comparison results to ensure the quotations from BEH Finance are commensurate with or better than those provided by the independent commercial banks, before approving the quotations from BEH Finance and instructing the responsible staff to progress forward with the relevant transactions with BEH Finance;

- The Finance Department shall, at least on a monthly basis, regularly check the relevant interest rates and other financial service fees by comparing the deposit interest rates, loan interest rates quoted by other major independent commercial banks in the PRC as well as service fees charged for other financial services to ensure that the transactions are conducted in accordance with the pricing policies agreed under the 2026-2028 Financial Services Framework Agreement;

- The Finance Department shall be responsible for closely monitoring the balance of the deposits of the Group with BEH Finance on a daily basis, and monitoring the Group's daily maximum deposit balance and total interest receivable from these deposits to ensure that the relevant amount will not exceed the annual cap;

- BEH Finance shall set up and maintain secured and stable on-line systems through which the relevant member of the Group which deposits money with it can view the balance of such deposits at anytime on any day;

- The independent non-executive Directors will conduct annual review of the transactions in relation to the deposit services and other financial services under the 2026-2028 Financial Services Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in the Company's annual report(s) in accordance with the Listing Rules that the transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms are fair and reasonable and in the interests of the Shareholders as a whole; and

- The auditors of the Company will conduct annual review of the transactions in relation to the deposit services and other financial services under the 2026-2028 Financial Services Framework Agreement and provide annual confirmation in accordance with the Listing Rules in respect of such transactions.

3.4. INFORMATION ON THE PARTIES

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other clean energy projects.

BEH Finance is a company established in the PRC with limited liability and is a subsidiary of BEH. As at the Latest Practicable Date, it is held as to 60% by BEH, 20% by Beijing Jingneng Clean Energy Co., Limited, a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Stock Exchange (stock code: 579) and 20% by Beijing Jingneng Power Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 600578). Within its business scope, BEH Finance provides its member units with financial services including but not limited to financial consultation, payment, insurance agency, bill acceptance and discounting and entrusted loans.

BEH is a company established in the PRC with limited liability which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. It is a state-owned company in the PRC indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. BEH is the controlling shareholder of the Company, indirectly holding approximately 32.14% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules.

3.5. IMPLICATIONS UNDER LISTING RULES

2026-2028 Financial Services Framework Agreement

As BEH Finance is a subsidiary of BEH, the controlling shareholder of the Company, BEH Finance is a connected person of the Company. Accordingly, the 2026-2028 Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The loan services to be provided by BEH Finance to the Group are on normal commercial terms or better and no security over the assets of the Group will be made in respect of such loan services. Accordingly, such loan services are exempted from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As the highest applicable percentage ratio in respect of the deposit services contemplated under the 2026-2028 Financial Services Framework Agreement exceeds 25%, the deposit services constitute a major transaction and continuing connected transaction of the Company which is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapters 14 and 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of other financial services contemplated under the 2026-2028 Financial Services Framework Agreement exceeds 0.1% but is less than 5%, the other financial services constitute a continuing connected transaction of the Company which is 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.

4. 2025-2028 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 31 October 2025 in respect of, among others, the 2025-2028 Finance Lease Business Framework Agreement.

As the 2022-2025 Finance Lease Business Framework Agreement will expire on 30 November 2025, on 31 October 2025 (after trading hours), the Company and Beijing Jingneng Leasing entered into the 2025-2028 Finance Lease Business Framework Agreement, pursuant to which Beijing Jingneng Leasing has agreed to provide finance lease services to the Group for the three years ending 30 November 2028.

The principal terms of the 2025-2028 Finance Lease Business Framework Agreement are summarised as follows:

Date:	31 October 2025 (after trading hours)
Parties:	(i) The Company (ii) Beijing Jingneng Leasing
Terms of the agreement:	The 2025-2028 Finance Lease Business Framework Agreement is subject to the approval of the Independent Shareholders at the SGM and shall be effective for three years from 1 December 2025 until 30 November 2028. Subject to compliance with the requirements under relevant laws and the Listing Rules, the 2025-2028 Finance Lease Business Framework Agreement may be extended for no more than three years upon mutual agreement of the parties.

Scope of finance lease services and pricing policy:

Pursuant to the 2025-2028 Finance Lease Business Framework Agreement, Beijing Jingneng Leasing and/or its associate companies will provide finance lease services, including but not limited to, direct lease and sales and leaseback services to the Group in accordance with normal commercial terms and the interest rate determined thereby must not higher than market interest rate. It is anticipated that assets which would be subject to finance leases contemplated under the 2025-2028 Finance Lease Business Framework Agreement include power generation equipment.

(1) Direct lease services

Upon the requests or instructions of the Group, Beijing Jingneng Leasing and/or its associate companies will provide finance lease solutions to the Group for the purchase of equipment, and will make the payment for the equipment to the suppliers in accordance with the terms of procurement set by the Group and charge the Group lease rental for the equipment according to the schedule. All lease rental will be settled by the Group in cash.

(2) Sales and leaseback services

According to the financing needs of the Group, Beijing Jingneng Leasing and/or its associate companies will purchase equipment owned by the Group that meet the requirements of leaseback business to the extent permitted by law, and lease such equipment back to the Group and charge the Group lease rental. All lease rental will be settled by the Group in cash.

4.1. HISTORICAL TRANSACTION AMOUNTS AND PROPOSED ANNUAL CAPS

Historical annual caps under the 2022-2025 Finance Lease Business Framework Agreement

	For the one month ended 31 December 2022 *(RMB' million)*	**For the year ended 31 December 2023** *(RMB' million)*	**For the year ended 31 December 2024** *(RMB' million)*	**For the eleven months ending 30 November 2025** *(RMB' million)*
Annual caps	1,000	6,000	5,000	6,000

Historical transaction amounts under the 2022-2025 Finance Lease Business Framework Agreement

	For the one month ended 31 December 2022 *(RMB' million)*	**For the year ended 31 December 2023** *(RMB' million)*	**For the year ended 31 December 2024** *(RMB' million)*	**For the eight months ended 31 August 2025** *(RMB' million)*
Historical transaction amount	807	4,560	2,200	314

Proposed annual caps under the 2025-2028 Finance Lease Business Framework Agreement

	For the one month ending 31 December 2025 *(RMB' million)*	**For the year ending 31 December 2026** *(RMB' million)*	**For the year ending 31 December 2027** *(RMB' million)*	**For the eleven months ending 30 November 2028** *(RMB' million)*
Proposed annual caps	1,500	3,000	5,000	5,000

4.2. BASIS FOR THE PROPOSED ANNUAL CAPS AND REASONS FOR AND BENEFITS OF ENTERING INTO 2025-2028 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT

The proposed annual caps under the 2025-2028 Finance Lease Business Framework Agreement, which include principal amount, lease interests and handling fees, will be determined by the Group and Beijing Jingneng Leasing after arm's length negotiations and with reference to the market price of the same type of finance lease assets. The proposed annual caps were determined after taking into account, among other things, the following factors:

(1) Based on the current information available, the Company expects that it will enter into new sales and leaseback arrangements with Beijing Jingneng Leasing for 3 clean energy projects of approximately RMB1,200 million for the one month ending 31 December 2025.

(2) The power generation business is a capital-intensive business and further business development and expansion of the Group requires a lot of capital. As at the Latest Practicable Date and based on the current information available, it is the current development plan of the Company (which is subject to adjustment based on market conditions and actual development progress of the Group's power projects) to (i) develop 8 power projects with total expected annual installed capacities of 2,605MW and total investment amount of approximately RMB10,953 million for the year ending 31 December 2026, (ii) 16 power projects with total expected annual installed capacities of 5,550 MW and total investment amount of approximately RMB25,953 million for the year ending 31 December 2027, and (iii) 21 power projects with expected annual installed capacities of 5,840MW and total investment amount of approximately RMB28,604 million for the year ending 31 December 2028. All of the projects above are wind power or photovoltaic power generation projects which have been preliminarily internally approved by the Company, with some of these projects having progressed to the stage of payment of upfront costs or preparation of tendering-related works. The total investment amounts are estimated based on (i) the expected annual installed capacities of the aforesaid newly-added power generation projects (in aggregate amounting to 2,605MW, 5,550MW, and 5,840MW for the years ending 31 December 2026, 2027 and for the eleven months ending 30 November 2028); and (ii) the estimated investment costs of such power generation projects, which are estimated by multiplying the aforesaid filed expected annual installed capacities of the power generation projects by the expected costs per MW to construct such projects (which is in turn estimated with reference to industry research on investment costs of power generation projects published by China Renewable Energy Engineering Institute* (中國水電水利規劃設計總院) and the expected difficulties of development of the power generation projects, in particular higher costs are expected to be incurred for power generation projects to be developed in provinces with mountainous terrain in the PRC. Based on usual practice of the Company, it is estimated that 80% of the total investments above would be funded by external financing, and 20% to 30% of such external financing (subject to the nature of the power generation projects expected to be entered into in the relevant year) would be in the form of finance lease arrangement. As a result of the development plan of the

Group with increasing number of projects to be developed year-to-year from 2026 to 2028, the Group's demand for funding through sales and leaseback arrangement would correspondingly increase, resulting in the increase in the proposed annual caps under the 2025-2028 Finance Lease Business Framework Agreement.

(3) The Company noted there was a decrease in historical transaction amount (comprising both direct lease and sales and leaseback arrangements) under the 2022-2025 Finance Lease Business Framework Agreement for the year ended 31 December 2024 and for the eight months ended 31 August 2025. To the best knowledge and information of the Company, such drops in transaction amounts were primarily due to the following reasons: (i) during the year of 2024, there were unexpected delay in the construction progress of certain power plants and clean energy projects of the Group, which led to the overall decrease in number of projects which required finance lease services. Further, the Group was able to procure finance lease services from other independent financial institutions which offered more favourable rates than Beijing Jingneng Leasing during the year of 2024, contributing to the decrease in the Group's demand of finance lease services from Beijing Jingneng Leasing during the year; and (ii) in 2025, the PRC authorities issued a new policy which aims at reforming the electricity market by, among others, promoting the establishment of a market-oriented pricing mechanism for new energy feed-in tariff. In light of the uncertainty brought by the new policy, the Group took a cautious stance on approving new clean energy projects, which led to a very limited number of projects being approved during the eight months ended 31 August 2025, and hence only a relatively low transaction amount was recorded during the period. Going forward, as at the Latest Practicable Date, a number of provinces in the PRC have promulgated detailed implementation rules with respect to the new policies, which enable the Company to more accurately estimating the income of each power project and thus shortening the relevant internal approval time. In fact, the selection of the new power projects as stated in paragraph (2) above is formulated after factoring in the impact of the new policy on the estimated income of the projects and the relevant approval time. As illustrated in paragraph (2) above, the annual caps under the 2025-2028 Finance Lease Business Framework Agreement are determined with reference to the development of the power projects and the investment costs of such power projects in turn.

(4) In furtherance to (2) above, the Company expects the interest to be incurred for the existing leases and new leases to be entered into under the 2025-2028 Finance Lease Business Framework Agreement will be approximately RMB284 million, RMB387 million and RMB462 million for the years ending 31 December 2026, 2027 and for the eleven months ending 30 November 2028 respectively. When calculating the interest expense to be incurred for new leases to be entered into, the Company adopted the expected annual interest rate of 2.94%, which is determined with reference to the historical interest rate offered by Beijing Jingneng Leasing and the quotations obtained by the Group from independent third parties. The Directors noted that such expected rate is lower than the current 5-year loan prime rate announced by the National Interbank Funding Center of the PRC, which is generally referenced to when determining the interest rate.

As at 31 August 2025, there were 255 power plants beneficially owned by the Group with an aggregate installed capacity of approximately 13,692MW comparing with 125 power plants and an aggregate installed capacity of approximately 5,603MW as at 31 December 2022. The 2025-2028

Finance Lease Business Framework Agreement will facilitate the Group's growing capital needs in associate with the rapid development of the Group. Further, it will continue to enable the Company to control financing risk and financing cost in its course of investing in new projects, satisfy the Company's demand of funds for purchasing power generation equipment in the early construction phase of the projects, and satisfy the Company's demand of funds for project management and operation in a timely manner.

Having considered the above, the Directors (including the independent non-executive Directors, whose opinion on the 2025-2028 Finance Lease Business Framework Agreement and the transactions contemplated thereunder are set out in the section headed "Letter from the Independent Board Committee" in this circular by reference to the advice from the Independent Financial Adviser in this regard) are of the view that the 2025-2028 Finance Lease Business Framework Agreement and its proposed annual caps (i) have been negotiated on arm's length basis; (ii) is entered into in the ordinary and usual course of business of the Group; (iii) on normal commercial terms or better; and (iv) on terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole.

In view of the reasons and benefits discussed above, the Board is not aware of any disadvantages to the Company on the transactions contemplated under the 2025-2028 Finance Lease Business Framework Agreement.

As Mr. Su Yongjian (the non-executive Director) was the senior management of BEH, he had abstained from voting on the Board resolutions approving the 2025-2028 Finance Lease Business Framework Agreement and the transactions contemplated thereunder. Save and except for the aforesaid, none of the Directors has any material interest in the 2025-2028 Finance Lease Business Framework Agreement and was required to abstain from voting on the Board resolutions in relation to the 2025-2028 Finance Lease Business Framework Agreement.

4.3. FINANCIAL EFFECTS OF THE 2025-2028 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT

Consistent with the historical accounting treatment of its previous transactions that were of the same nature, the Company will not recognize the arrangements under the 2025-2028 Finance Lease Business Framework Agreement as rights-of-use asset pursuant to HKFRS 16.

Direct lease under the 2025-2028 Finance Lease Business Framework Agreement is in substance a financing arrangement rather than a lease transaction under "HKFRS 16 Leases". Payment would be made directly by Beijing Jingneng Leasing to the supplier designated by the Group (i.e. EPC contractor to be engaged by the Group) for the purchase of equipment (such as the systems and equipment for the power plant, which include but not limited to the substations and booster stations for the power project, electricity cable and steel support, etc.) for use in the Group's EPC projects. Under the arrangement, the legal title of such equipment will be transferred from the EPC contractor to Beijing Jingneng Leasing at the time of delivery of the equipment. The Group is responsible for the overall acceptability of the underlying assets and bears the related risk and rewards on the conditions of the underlying assets since the initial purchase of equipment with supplier. Charges in connection with direct lease by Beijing Jingneng Leasing is in substance the principal and interests for such financing activity. Upon maturity of such direct lease pursuant to the prescribed repayment schedule or early repayment, the Group will be entitled to purchase the assets at a nominal consideration. The Group is able to control the equipment throughout their entire economic life. Accordingly, the Group will recognize, at the time of the transfer of such equipment from the supplier initially, the asset as an addition to property, plant and equipment (construction in-progress), applying "HKAS 16 Property, plant and equipment" while the liability as a loan from leasing company applying "HKFRS 9 Financial instruments".

The sales and leaseback services under the 2025-2028 Finance Lease Business Framework Agreement are in substance a financing arrangement rather than a lease transaction under "HKFRS 16 Leases". Under the arrangement, Beijing Jingneng Leasing will purchase the equipment (similar equipment under direct lease discussed above) owned by the Group and then leaseback to the Group for rentals. Upon maturity, the Group will be entitled to purchase back the assets at a nominal consideration. As substantial risks and rewards of such assets are retained by the Group before and after these arrangements, the transaction will not satisfy the requirement of "HKFRS 15 Revenue" to be accounted for as a sale of an asset. According to HKFRS 16.103(a), the seller-lessee shall continue to recognize the transferred asset and a recognition of financial liability applying "HKFRS 9 Financial instruments" for the cash received.

4.4. INTERNAL CONTROL MEASURES

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions contemplated under the 2025-2028 Finance Lease Business Framework Agreement, which include the following:

Comparison with independent quotations

The Finance Department is responsible for collecting and monitoring the information under the 2025-2028 Finance Lease Business Framework Agreement. Prior to entering into individual leasing contracts under the 2025-2028 Finance Lease Business Framework Agreement, the Finance Department will compare the major terms and financing costs associated with such arrangements to the major terms provided and financing costs charged by at least two independent third parties which provide finance leasing of a similar scale and nature in the PRC. It is intended that the Group will be sourcing such quotes from independent third parties whose operational scale and financial position are at least comparable to those of Beijing Jingneng Leasing having a track record of at least one year in providing similar leasing services. Officers handling the relevant matters shall submit a report to the head of the Finance Department and the chief financial officer of the Group for approval, which is subject to the preliminary and final review by them based on the relevant rules and regulations.

Pricing terms and mechanism

The Finance Department and other relevant operation departments of the Group are jointly responsible for conducting reviews on compliance with relevant laws, regulations, the Group's internal policies and the Listing Rules in respect of both continuing connected transactions and connected transactions. They are also jointly responsible for evaluating the transaction terms under each underlying agreement of the 2025-2028 Finance Lease Business Framework Agreement, in particular, the fairness and reasonableness of the pricing terms under each agreement.

Ongoing monitoring of terms and annual caps

Independent non-executive Directors have also reviewed and will continue to review the terms of the 2025-2028 Finance Lease Business Framework Agreement and the transactions contemplated thereunder to ensure that the agreements are entered into on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

The Finance Department will monitor the lease transactions under the 2025-2028 Finance Lease Business Framework Agreement on a regular basis. In particular, the Finance Department will be in close contact with the Group's business teams responsible for leasing so that the Finance Department will be able to reasonably anticipate the expected transaction amount in advance. With the benefit of time and communication, the Finance Department will monitor and assess whether the annual cap is expected to be exceeded based on proposed transactions to be entered into, and where necessary, elevate such issue to the Board with proposed revised annual caps and such other relevant information so that the Board will be in a position to consider and, where applicable, comply with applicable Listing Rules in connection with such revised annual caps.

Independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the 2025-2028 Finance Lease Business Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreements and the Group's pricing policy measures, and to confirm if the price and terms offered are fair and reasonable and comparable to those offered by unrelated third parties.

4.5. INFORMATION ON THE PARTIES

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other clean energy projects.

Beijing Jingneng Leasing is a company established in the PRC with limited liability and a direct wholly-owned subsidiary of BEH. It is primarily engaged in providing financial leasing services to the public and members of the BEH group.

BEH is a company established in the PRC with limited liability which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. It is a state-owned company in the PRC indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. BEH is the controlling shareholder of the Company, indirectly holding approximately 32.14% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules.

4.6. IMPLICATIONS UNDER LISTING RULES

2025-2028 Finance Lease Business Framework Agreement

As Beijing Jingneng Leasing is a subsidiary of BEH, the controlling shareholder of the Company, Beijing Jingneng Leasing is a connected person of the Company.

Direct lease services

The transactions under the 2025-2028 Finance Lease Business Framework Agreement in respect of direct lease services will be recognized as acquisition of assets (construction in-progress) (as the assets will be used in EPC projects pursuant to EPC contracts to be separately entered into by the Group). As the highest applicable percentage ratio exceeds 100%, the transactions under the 2025-2028 Finance Lease Business Framework Agreement in respect of direct lease services constitute (i) a continuing connected transaction of the Company which is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules and (ii) very substantial acquisition of the Company which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Group will further comply with the requirements under Chapter 14 of the Listing Rules upon entering into the relevant EPC contracts.

Sales and leaseback services

The transactions under the 2025-2028 Finance Lease Business Framework Agreement in respect of sales and leaseback services constitute financial assistance received by the Group. As the highest applicable percentage ratio exceeds 5%, the receiving of financial assistance under the 2025-2028 Finance Lease Business Framework Agreement constitute a continuing connected transaction of the Company which is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

In addition, the transfers of legal ownership of the leased assets under the sales and leaseback services of the 2025-2028 Finance Lease Business Framework Agreement constitute disposal of assets. As the highest applicable percentage ratio exceeds 75%, such transactions constitute very substantial disposal of the Company which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

5. SPECIAL GENERAL MEETING

A notice convening the SGM is set out on pages 289 to 291 of this circular, at which ordinary resolutions will be proposed for the Shareholders to consider and, if thought fit, to approve the Equity Transfer Agreements, the 2026-2028 Financial Services Framework Agreement and its proposed annual caps, the 2025-2028 Finance Lease Business Framework Agreement and its proposed annual caps and the transactions contemplated thereunder.

For the purpose of determining the entitlement for attending and voting at the SGM, the register of members of the Company will be closed from Tuesday, 25 November 2025 to Friday, 28 November 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 November 2025.

A form of proxy for use at the SGM is enclosed to this circular and such form of proxy is also published on websites of the HKEXnews (http://www.hkexnews.hk) and the Company (http://www.bjei.com). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has any material interest in the Equity Transfer Agreements and the transactions contemplated thereunder as at the Latest Practicable Date. Therefore, the Directors confirm that no Shareholder is required to abstain from voting on the relevant resolution with respect to the Equity Transfer Agreements and the transactions contemplated thereunder to be proposed at the SGM.

All Shareholders who have a material interest in any of the transactions contemplated under the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement, together with their associates, will be required to abstain from voting on the relevant resolution(s) to be proposed at the SGM. As at the Latest Practicable Date, BEH is a controlling shareholder of the Company, holding 717,694,349 Shares, representing approximately 32.14% of the issued Shares (excluding Shares held by the Company as Treasury Shares)). Therefore, BEH is a connected person of the Company under the Listing Rules. As Beijing Jingneng Leasing and BEH Finance are subsidiaries of BEH, each of Beijing Jingneng Leasing and BEH Finance is also a connected person of the Company. As a result, each of BEH, Beijing Jingneng Leasing and BEH Finance and their respective close associates (together holding 717,694,349 Shares, representing approximately 32.14% of the issued Shares (excluding Shares held by the Company as Treasury Shares)) are required to abstain from voting on the relevant resolution(s) to be proposed at the SGM.

6. VOTE BY WAY OF POLL

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting 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. Therefore, all the resolutions put to the vote at the SGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

7. RECOMMENDATION

The Board considers that the terms and conditions of the Equity Transfer Agreements is fair and reasonable and the transactions contemplated thereunder are entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution in respect of approving the Equity Transfer Agreements and the transactions contemplated thereunder at the SGM.

The Independent Board Committee after considering the advice from the Independent Financial Adviser, is of the view that the 2026-2028 Financial Services Framework Agreement and its proposed annual caps and the 2025-2028 Finance Lease Business Framework Agreement and its proposed annual caps (i) have been negotiated on arm's length basis; (ii) are entered into in the ordinary and usual course of business of the Group; (iii) on normal commercial terms or better; and (iv) on terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole. The Board shared the same view as the Independent Board Committee. Therefore, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions in respect of the 2026-2028 Financial Services Framework Agreement and its proposed annual caps and the 2025-2028 Finance Lease Business Framework Agreement and its proposed annual caps at the SGM.

8. 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.

9. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

The English text of this circular, the notice of the SGM and the form of proxy for use at the SGM shall prevail over the Chinese text in case of inconsistency.

For and on behalf of
Beijing Energy International Holding Co., Ltd.
Zhang Ping
Chairman of the Board

北京能源國際控股有限公司
Beijing Energy International Holding Co., Ltd.
(Incorporated in Bermuda with limited liability)
(Stock code: 686)

13 November 2025

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO 2026-2028 FINANCIAL SERVICES FRAMEWORK AGREEMENT AND CONTINUING CONNECTED TRANSACTION AND VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL IN RELATION TO 2025-2028 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 13 November 2025 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to consider and advise the Shareholders in respect of the 2026-2028 Financial Services Framework Agreement (including its proposed annual caps) and the 2025-2028 Finance Lease Business Framework Agreement (including its proposed annual caps), details of which are set out in the Circular.

Octal Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in this regard. We wish to draw your attention to the "Letter from the Board" as set out on pages 8 to 45 of the Circular and the "Letter from the Independent Financial Adviser" as set out on pages 48 to 65 of the Circular.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider (i) the terms of the 2026-2028 Financial Services Framework Agreement (including its proposed annual caps) and the 2025-2028 Finance Lease Business Framework Agreement (including its proposed annual caps) are on normal commercial terms and are fair and reasonable, and (ii) the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM in respect of the 2026-2028 Financial Services Framework Agreement and its proposed annual caps and the 2025-2028 Finance Lease Business Framework Agreement and its proposed annual caps at the SGM.

Yours faithfully,
Independent Board Committee
Jin Xinbin Zhu Jianbiao Zeng Ming Liu Jingwei
Independent non-executive Directors

金融有限公司
OCTAL Capital Limited

801-805, 8/F, Nan Fung Tower,
88 Connaught Road Central,
Hong Kong

13 November 2025

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO 2026-2028 FINANCIAL SERVICES FRAMEWORK AGREEMENT AND CONTINUING CONNECTED TRANSACTION, VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL IN RELATION TO 2025-2028 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement, particulars of which are set out in the letter from the Board (the "**Letter from the Board**") of the circular to the Shareholders dated 13 November 2025 (the "**Circular**") and in which this letter is reproduced. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the Letter from the Board, the 2023-2025 Financial Services Framework Agreement will expire on 31 December 2025 and the 2022-2025 Finance Lease Business Framework Agreement will expire on 30 November 2025. On 31 October 2025 (after trading hours),

(i) the Company and BEH Finance entered into the 2026-2028 Financial Services Framework Agreement, pursuant to which BEH Finance has agreed to provide to the Group deposit services, loan services and other financial services for the three years ending 31 December 2028; and

(ii) the Company and Beijing Jingneng Leasing entered into the 2025-2028 Finance Lease Business Framework Agreement, pursuant to which Beijing Jingneng Leasing has agreed to provide finance lease services to the Group for the three years ending 30 November 2028.

As BEH Finance is a subsidiary of BEH, the controlling shareholder of the Company, BEH Finance is a connected person of the Company. As Beijing Jingneng Leasing is a subsidiary of BEH, Beijing Jingneng Leasing is a connected person of the Company. Accordingly, the 2026-2028 Financial Services Framework Agreement, the 2025-2028 Finance Lease Business Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Jin Xinbin, Mr. Zhu Jianbiao, Mr. Zeng Ming and Mr. Liu Jingwei, has been formed to advise the Independent Shareholders on the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement. We, Octal Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we are not connected with the Group, BEH, BEH Finance or Beijing Jingneng Leasing or where applicable, any of their respective substantial shareholders, directors or chief executives, or any of their respective subsidiaries or associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. During the last two years, there has been no other engagement entered into between the Company and us. We are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders.

Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company, the Group, BEH, BEH Finance or Beijing Jingneng Leasing or any of their respective subsidiaries or associates that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser pursuant to Rule 13.84 of the Listing Rules.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also relied on our discussion with the management of the Company regarding the Group, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice, among other things, (i) the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement; (ii) the annual report of the Company for the year ended 31 December 2024 and the interim report of the Company for the six months ended 30 June 2025. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, BEH, BEH Finance or Beijing Jingneng Leasing and their respective controlling shareholder(s) and associates nor have we carried out any independent verification of the information supplied.

THE 2026-2028 FINANCIAL SERVICES FRAMEWORK AGREEMENT AND THE 2025-2028 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT AND THE PROPOSED ANNUAL CAPS

Principal factors and reasons considered

In arriving at our opinion regarding the deposit services under the 2026-2028 Financial Services Framework Agreement and the transactions contemplated under the 2025-2028 Finance Lease Business Framework Agreement (the "**Continuing Connected Transactions**"), we have considered the following principal factors and reasons:

1. Background of the Continuing Connected Transactions

General information of the parties of the Continuing Connected Transactions

As set out in the Letter from the Board, the Company is incorporated in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other clean energy projects.

BEH is a company established in the PRC with limited liability which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. It is a state-owned company in the PRC indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. BEH is the controlling shareholder of the Company, indirectly holding approximately 32.14% of the issued share capital of the Company.

BEH Finance is a company established in the PRC with limited liability and is a subsidiary of BEH. As at the Latest Practicable Date, it is held as to 60% by BEH, 20% by Beijing Jingneng Clean Energy Co., Limited, a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Stock Exchange (stock code: 579) and 20% by Beijing Jingneng Power Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 600578). Within its business scope, BEH Finance provides its member units with financial services including but not limited to financial consultation, payment, insurance agency, bill acceptance and discounting and entrusted loans.

Beijing Jingneng Leasing is a company established in the PRC with limited liability and a direct wholly-owned subsidiary of BEH. It is primarily engaged in providing finance lease services to the public and members of the BEH group.

Summary of the product and service offerings under the Continuing Connected Transactions

Set out below is a summary of the nature of the transactions of the Continuing Connected Transactions:

Agreement	**Description of transactions**
The 2026-2028 Financial Services Framework Agreement	Provide the Group with deposit services, loan services and other financial services
The 2025-2028 Finance Lease Business Framework Agreement	Provide the Group with direct lease services and sales and leaseback services

The Company entered into (i) the 2026-2028 Financial Services Framework Agreement so as to renew the 2023-2025 Financial Services Framework Agreement, which will be expired on 31 December 2025, and (ii) the 2025-2028 Finance Lease Business Framework Agreement so as to renew the 2022-2025 Finance Lease Business Framework Agreement, which will be expired on 30 November 2025.

2. Reasons for and benefits of the Continuing Connected Transactions

The 2026-2028 Financial Services Framework Agreement

As set out in the Letter from the Board, BEH Finance is under the supervision of China Banking and Insurance Regulatory Commission. In the past years, it has maintained satisfactory operating results and financial position with good risk control and well-regulated management to ensure the safety of fund deposits. BEH Finance is subject to Measures for the Administration of Finance Companies of Enterprise Groups*《企業集團財務公司管理辦法》(the "**Administrative Measures**") promulgated by China Banking and Insurance Regulatory Commission which regulates the non-bank financial institutions who provide financial services to the enterprise group member entities. The Administrative Measures was effected on 13 November 2022 and have set out certain compliance and risk control requirements/measures in relation to the operation of group financing companies, including but not limited to maintaining certain financial ratios at all times. The table below summarised the key financial ratio requirement under the Administrative Measures (the "**Requirements**") and the performance of BEH Finance for the two years ended 31 December 2024 and for the six months ended 30 June 2025.

		Financial ratios of BEH Finance as at		
	The Requirements	31 December		30 June
		2023	2024	2025
Capital adequacy ratio	Not less than 10%	21.82%	22.21%	20.39%
Liquidity ratio	Not less than 25%	52.81%	41.60%	44.94%
Borrowing ratio	Not more than 80%	59.82%	59.05%	72.05%
Investment to total capital ratio	Not more than 70%	44.89%	25.80%	9.91%
Fixed assets to total capital ratio	Not more than 20%	0.08%	0.07%	0.06%

As shown in the table above, BEH Finance has complied with the Requirements during the two years ended 31 December 2024 and for the six months ended 30 June 2025. As advised by management of the Company, they are not aware of any record of non-compliance with the relevant laws and regulations of the PRC in respect of the operations of BEH Finance for the three years ended 31 December 2024 and as of the Latest Practicable Date.

The Directors are of the view that the Company's exposure to credit and counterparty risks under the 2026-2028 Financial Services Framework Agreement is limited as (i) BEH Finance is a regulated entity and it complied with the Requirements stipulated in the Administrative Measures; (ii) BEH Finance did not have any non-performing loans for the three years ended 31 December 2024; (iii) the lowest capital adequacy ratio of BEH Finance for the three years ended 31 December 2024 was approximately 21.3%, which was significantly higher than the requirement applicable to commercial banks in the PRC (8%); and (iv) BEH's undertaking to provide financial support to BEH Finance in case the latter has urgent capital needs.

Moreover, BEH Finance only provides financial services to its member units and has extensive understanding of the Group's business operations and development, and capital requirements. BEH Finance can provide the Group with flexible and convenient services that are more in line with specific customized needs at any time, enabling the Group to obtain financial services from a stable source in its daily course of business, facilitating settlement between all member units, shortening the time for fund transfer and turnover, and reducing capital costs of the Group.

Furthermore, the operations of the Group requires flexible and diversified financial services. As the terms (including interest rates and commission charged) in respect of financial services contemplated under the 2026-2028 Financial Services Framework Agreement shall be no less favourable than the terms offered by major independent commercial banks or financial institutions in the PRC for provision of similar services to the Group, and considering that the 2026-2028 Financial Services Framework Agreement does not prevent the Group from obtaining services from other commercial banks or financial institutions, the Group may still at its discretion to choose other major independent commercial banks in the PRC as it considers appropriate and beneficial to the Group as its financial service provider. Therefore, the 2026-2028 Financial Services Framework Agreement allows the Group to enjoy benefits and flexibility of diversified financing channels without posing material adverse effect on the assets and liabilities of the Group.

The 2025-2028 Finance Lease Business Framework Agreement

As at 31 August 2025, there are 255 power plants beneficially owned by the Group with an aggregate installed capacity of approximately 13,692MW comparing with 125 power plants and an aggregate installed capacity of approximately 5,603.44MW as at 31 December 2022. With reference to the Letter from the Board, the power generation business is a capital-intensive business and further business development and expansion of the Group requires a lot of capital, the Directors expected that investments in power generation projects will amount to approximately RMB10,953 million, RMB25,953 million and RMB28,604 million for the years ending 31 December 2026, 2027 and for the eleven months ending 30 November 2028, respectively. In view of the above, the 2025-2028 Finance Lease Business Framework Agreement could facilitate the Group's growing capital needs in associate with the rapid development of the Group. Further, it will continue to enable the Company to control financing risk and financing cost in its course of investing in new projects, satisfy the Company's demand of funds for purchasing power generation equipment in the early construction phase of the projects, and satisfy the Company's demand of funds for project management and operation in a timely manner.

Having considered the above, in particular, (i) the transactions contemplated under the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement shall be no less favourable than that of other independent third parties; and (ii) the transactions are conducted on a non-exclusive basis which could provide alternative financing channels to the Company, we concurred with the Directors that entering into the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

3. Principal terms of the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement

The 2026-2028 Financial Services Framework Agreement

The principal terms of the 2026-2028 Financial Services Framework Agreement are summarised as follows:

Date:	31 October 2025 (after trading hours)
Parties:	(i) The Company (ii) BEH Finance
Terms of the agreement:	The 2026-2028 Financial Services Framework Agreement shall be effective for three years from 1 January 2026 until 31 December 2028 and may be extended for no more than three years upon mutual agreement of the parties.
Scope of deposit services and pricing policy:	The Group may from time to time deposit cash at BEH Finance. The terms (including the interest rate and commission charged) to be offered by BEH Finance in respect of the deposit services shall be no less favourable than those usually and fair terms offered by major independent commercial banks (including Industrial and Commercial Bank of China, Agricultural Bank of China and Bank of China) in the PRC for provision of similar services to the Group.

Details of the 2026-2028 Financial Services Framework Agreement can be referred to the Letter from the Board.

The 2025-2028 Finance Lease Business Framework Agreement

The principal terms of the 2025-2028 Finance Lease Business Framework Agreement are summarised as follows:

Date:	31 October 2025 (after trading hours)
Parties:	(i) The Company (ii) Beijing Jingneng Leasing
Terms of the agreement:	The 2025-2028 Finance Lease Business Framework Agreement shall be effective for three years from 1 December 2025 until 30 November 2028 and may be extended for no more than three years upon mutual agreement of the parties.
Scope of finance lease services and pricing policy:	Pursuant to the 2025-2028 Finance Lease Business Framework Agreement, Beijing Jingneng Leasing and/or its associate companies will provide finance lease services, including but not limited to, direct lease and sales and leaseback services to the Group in accordance with normal commercial terms and the interest rate determined thereby must not higher than market interest rate. It is anticipated that assets which would be subject to finance leases contemplated under the 2025-2028 Finance Lease Business Framework Agreement include power generation equipment. (1) Direct lease service Upon the requests or instructions of the Group, Beijing Jingneng Leasing and/or its associate companies will provide finance lease solutions to the Group for the purchase of equipment, and will make the payment for the equipment to the suppliers in accordance with the terms of procurement set by the Group and charge the Group lease rental for the equipment according to the schedule. All lease rental will be settled by the Group in cash.

(2) Sales and leaseback services

According to the financing needs of the Group, Beijing Jingneng Leasing and/or its associate companies will purchase equipment owned by the Group that meet the requirements of leaseback business to the extent permitted by law, and lease such equipment back to the Group and charge the Group lease rental. All lease rental will be settled by the Group in cash.

Details of the 2025-2028 Finance Lease Business Framework Agreement can be referred to the Letter from the Board.

4. The historical annual caps and historical transaction amounts under the 2023-2025 Financial Services Framework Agreement and the proposed annual caps under the 2026-2028 Financial Services Framework Agreement

Based on information provided by the Company, we summarized in the following table (i) the existing annual caps under the 2023-2025 Financial Services Framework Agreement for each of the three financial years ending 31 December 2025; and (ii) the historical transaction amounts for the two years ended 31 December 2024 and the eight months ended 31 August 2025:

(RMB' million)	**Existing annual caps for the year ended/ending 31 December**		
	2023	**2024**	**2025**
Deposit services (maximum daily deposit services (including any interest accrued thereon))	5,000	6,000	7,000
Historical transaction amounts	4,630	5,900	5,800[1]
Utilization rate	92.6%	98.3%	82.9%

[1] *Up to 31 August 2025*

Based on the above, we noted that the relevant utilization rates of the existing annual caps for the two years ended 31 December 2024 and for the eight months ended 31 August 2025 were approximately 92.6%, 98.3% and 82.9%, respectively, representing a relatively high utilization of the existing annual caps.

The proposed annual caps for the deposit services, which is the maximum daily deposit balance (including any interest accrued thereon), under the 2026-2028 Financial Services Framework Agreement, for the three years ending 31 December 2028 (the "**Deposit Caps**") are set out below:

(RMB' million)	**Proposed annual caps for the year ending 31 December**		
	2026	**2027**	**2028**
Deposit services (maximum daily deposit services (including any interest accrued thereon))	7,000	8,000	9,000

With reference to the Letter from the Board, the Deposit Caps were determined after taking into account, among other thing, (i) the cash and cash equivalents of the Group of approximately RMB5,398 million as at 30 June 2025; (ii) the expected interest income from BEH Finance, which, based on current information available, is expected to amount to approximately RMB5 million, RMB6 million and RMB7 million for the three years ending 31 December 2026, 2027 and 2028, respectively; and (iii) the further business development and expansion of the Group for the three years ending 31 December 2028.

The power generation business is a capital-intensive business and further business development and expansion of the Group requires a lot of capital. The Company may need to maintain additional cash to meet its potential capital requirements for its future development plan. As advised by the management of the Company, the Group would prepare the funding at least one month prior to the commencement of power generation projects. Thus, the Deposit Caps have also taken into account the capital requirements for these projects.

To assess the fairness and reasonableness of the Deposit Caps, we have obtained a list of the Group's potential power generation projects (the "**Projects List**") for the three years ending 31 December 2028. Based on the Projects List, we noted that the Group estimated the investment costs based on (i) the capacity of the power plants; and (ii) the investment unit cost per watt. The Group plans to invest in (i) 8 power generation projects in 2026 with a total capacity of approximately 2,605MW; (ii) 16 projects in 2027 with a total capacity of approximately 5,550MW; and (iii) 21 projects in 2028 with a total capacity of approximately 5,840MW. As advised by the management of the Company, the estimated total capacity was based on the relevant government's document and have been preliminarily internally approved by the Company. We further noted that 22 out of the above 45 projects have been progressed to the stage of payment of upfront costs and three of them are preparing the tender for soliciting the suppliers.

As advised by the management of the Company, the investment unit cost varies by the location and type of the power plants and was estimated base on the Company's past experience with similar projects and supplier quotations. The estimated investment unit cost is ranged from (i) approximately RMB3.5 to RMB5.0 per watt for photovoltaic projects; (ii) approximately RMB5.0 to RMB5.9 per watt for wind power projects; and (iii) approximately RMB4.3 per watt for thermal power project.

Based on the above, the Company estimates that its investments in power generation projects are amount to approximately RMB10,953 million, RMB25,953 million and RMB28,604 million for the years ending 31 December 2026, 2027 and 2028, respectively.

The expected interest income from BEH Finance amounted to approximately RMB5 million, RMB6 million and RMB7 million for the three years ending 31 December 2028, respectively. We have further obtained a summary of the Group's deposit at BEH Finance (the "**Deposit Summary**") as at 30 June 2025. We noted that the Group has deposited approximately RMB3,030.0 million at BEH Finance, which accounted for approximately 56.1% of the total cash and cash equivalents of the Group as at 30 June 2025, among of which, majority are agreement deposits with an interest rate of 0.15% p.a. for seven days period. Taking into account the above, the Company adopted a prudent interest rate of 0.08%, which is half of the latest interest rate for agreement deposits offered by BEH Finance, to estimate the Group's expected interest income from BEH Finance. We have further obtained the assessment for October 2025 from the finance department of the Company regarding the comparison of the interest rates offered by BEH Finance and those offered by three major banks in the PRC, namely Industrial and Commercial Bank of China, Agricultural Bank of China and Bank of China. We noted that the interest rates for difference type of deposit services offered by BEH Finance are either higher than or same as those offered by the other three banks. We have further reviewed and noted that the interest rates offered by BEH Finance are either higher than or same as the latest deposit interest rates announced by China Construction Bank on 20 May 2025. Hence, we consider that the current interest rate offered by BEH Finance is more favourable and in the interests of the Shareholders as a whole.

Having considered that (i) the Group has approximately RMB5,398 million of cash and cash equivalents as at 30 June 2025 and has generated approximately RMB715 million of cash inflow from operating activities for the six months ended 30 June 2025; (ii) power generation business is a capital-intensive business and the Company has 45 projects on hand which require additional capital for the investment; and (iii) the interest rate offered by BEH Finance are comparable to the market and the Group is free from engaging other financial institutions if their terms are more favorable than that to be offered by BEH Finance, we are of the view that the rationale behind the determination of the Deposit Caps under the 2026-2028 Financial Services Framework Agreement is fair and reasonable.

5. The historical annual caps and historical transaction amounts under the 2022-2025 Finance Lease Business Framework Agreement and the proposed annual caps under the 2025-2028 Finance Lease Business Framework Agreement

Based on information provided by the Company, we summarized in the following table (i) the existing annual caps of the 2022-2025 Finance Lease Business Framework Agreement (a) for the one month ended 31 December 2022; (b) for two years ended 31 December 2024; and (c) for the 11 months ending 30 November 2025 (collectively the "**Historical Finance Lease Period**"); and (ii) the historical transaction amounts (a) for the one month ended 31 December 2022; (b) for two years ended 31 December 2024; and (c) for the eight months ended 31 August 2025:

(RMB' million)	**Existing annual caps**			
	for the one month ended 31 December 2022	**for the year ended 31 December**		**for the eleven months ending 30 November 2025**
		2023	**2024**	
Leasing services	1,000	6,000	5,000	6,000
Historical transaction amounts	807	4,560	2,200	314[1]
Utilization rate	80.7%	76.0%	44.0%	7.2%[2]

[1] *For the eight months ended 31 August 2025*

[2] *Annualized, based on the historical transaction amount for the eight months ended 31 August 2025 divided by eight months and multiply by 11.*

Based on the above, we noted that the relevant utilization rates of the existing annual caps for the Historical Finance Lease Period were approximately 80.7%, 76.0%, 44.0% and 7.2%, respectively.

The low utilization rate for the year ended 31 December 2024 and for the eight months ended 31 August 2025 were primarily due to the following reasons: (i) during the year of 2024, there were unexpected delay in the construction progress of certain power plants and clean energy projects of the Group, which led to the overall decrease in demand for finance lease services. Further, the Group was able to procure finance lease services from other independent financial institutions which offered more favorable rates than Beijing Jingneng Leasing during the year of 2024, contributing to the decrease in the Group's demand of finance lease services from Beijing Jingneng Leasing during the year; and (ii) in 2025, the PRC authorities issued a new policy which aims at reforming the electricity market by, among others, promoting the establishment of a market-oriented pricing mechanism for new energy feed-in tariff. In light of the uncertainty brought by the new policy, the Group took a cautious stance on approving new clean energy projects, which led to a very limited number of projects being approved during the eight months ended 31 August 2025, and hence only a relatively low transaction amount was recorded during the period.

The proposed annual caps under the 2025-2028 Finance Lease Business Framework Agreement

The proposed annual caps in respect of the 2025-2028 Finance Lease Business Framework Agreement (i) for the one month ending 31 December 2025; (ii) for two years ending 31 December 2027; and (iii) for the 11 months ending 30 November 2028 (the "**Finance Lease Cap(s)**") are set out below:

(RMB' million)	**Proposed annual caps**			
	for the one month ending 31 December 2025	**for the year ending 31 December**		**for the eleven months ending 30 November 2028**
		2026	**2027**	
Finance Lease Caps	1,500	3,000	5,000	5,000

With reference to the Letter from the Board, the Finance Lease Caps were determined after taking into account, among other thing, (i) the new sales and leaseback arrangements with Beijing Jingneng Leasing to be entered into for the one months ending 31 December 2025; (ii) further business development and expansion of the Group for the three years ending 31 December 2028; (iii) the estimated investment portion funded by finance lease arrangement; and (iv) the expected interest to be incurred for the existing leasing and new leasing to be entered into under the 2025-2028 Finance Lease Business Framework Agreement.

For the Finance Lease Cap for the one month ending 31 December 2025 amounting to RMB1,500 million, the Company determined based on the new sales and leaseback arrangements with Beijing Jingneng Leasing to be entered into for the one months ending 31 December 2025 and the interest to be incurred for the finance lease arrangements with Beijing Jingneng Leasing. As advised by the management of the Company, the Company intends to enter into new sales and leaseback arrangement for 3 clean energy projects with an aggregated amount of approximately RMB1,200 million. The Company is obtaining the quotation from Beijing Jingneng Leasing and other two independent third parties. Based on the latest quotation obtained from Beijing Jingneng Leasing by the Company, the total available fund offered by Beijing Jingneng Leasing would be approximately RMB1,200 million.

For the Finance Lease Caps for the two years ending 31 December 2027 and the eleven months ended 30 November 2028, the Company determined based on the estimated investment portion funded by finance lease arrangement for the potential projects for the said period and the interest to be incurred for the finance lease arrangements with Beijing Jingneng Leasing. The potential projects for the said period has been summarized in the Projects List which has been discussed in the previous section. Based on the Projects List, the total investment amount are approximately RMB10,953 million, RMB25,953 million and RMB28,604 million for the three years ending 31 December 2028, respectively. Based on the total investment amount, the Company estimated that approximately 80% will be funded by external financing. According to "Notice of the State Council on Strengthening

the Management of Capital Funds in Fixed Asset Investment Projects" published by the State Council of the PRC, the minimum capital invested by company for electricity infrastructure is 20%, representing 80% of the investment cost could be funded by external resources. The Company further estimated that 30% of the external funding will be from finance lease arrangements with Beijing Jingneng Leasing for the year ending 31 December 2026 and 20% of the external funding will be from finance lease arrangements with Beijing Jingneng Leasing for the two years ending 31 December 2028. As advised by the Company, the finance cost from financial institution for non green energy project (i.e. the potential thermal power project in 2026 which accounted for half of the total investment cost for 2026) is high, the Company consider to increase the portion of the use finance lease arrangement for the year ending 31 December 2026. We have obtained and reviewed the historical investment cost for the two years ended 31 December 2024, and noted that approximately 26.6% and 18.4% of the investment cost was funded by the finance lease arrangements with Beijing Jingneng Leasing which is close to the portion adopted by the Company in determination of the Finance Lease Caps.

The interest to be incurred from these new finance lease arrangements has been calculated by adopting the latest interest rate offered by Beijing Jingneng Leasing (i.e. 2.938%). We have obtained and reviewed three contracts for finance lease arrangement between Beijing Jingneng Leasing and the members of the Group in 2025, and noted that the interest rate offered by Beijing Jingneng Leasing was 2.938%, representing the 1 year LPR as announced by the People's Bank of China minus 0.062%. For the interest for the existing leasing, the Company determined based on the interest rate and terms of the relevant finance lease arrangements.

Having considered the above, we are of the view that the rationale behind the determination of Finance Lease Caps under the 2025-2028 Finance Lease Business Framework Agreement is fair and reasonable.

6. Internal control

The 2026-2028 Financial Services Framework Agreement

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the 2026-2028 Financial Services Framework Agreement, which include the followings:

1. Before entering into any new deposit arrangements with BEH Finance, the Finance Department shall be responsible for obtaining quotes from at least two other independent commercial banks in the PRC for similar deposit services and similar duration. To the best knowledge and information of the Company, the commercial banks in the PRC have similar classification and maturity criteria for various types of deposit services. The Finance Department will obtain and compare the quotes of different commercial banks for deposit services which are of similar nature and duration as that of the deposit services to be procured by the Group from BEH Finance. Those quotes, together with the quote from BEH Finance, will be reviewed to ensure that the deposit

interest rate and terms for the Company's deposit with BEH Finance are on normal commercial terms or better, and not lower than the interest rate and terms offered by major independent commercial banks in the PRC. The quote from BEH Finance has to pass the internal approval process of the Company before it can be accepted. After the responsible staff in the Finance Department has conducted comparison between the quotations from BEH Finance and the independent commercial banks, the head of the Finance Department will review and ensure the quotations from BEH Finance are commensurate with or better than those provided by the independent commercial banks, before approving the quotations from BEH Finance and instructing the responsible staff to progress forward with the relevant transactions with BEH Finance;

2. The Finance Department shall, at least on a monthly basis, regularly check the relevant interest rates and other financial service fees by comparing the deposit interest rates, loan interest rates quoted by other major independent commercial banks in the PRC as well as service fees charged for other financial services to ensure that the transactions are conducted in accordance with the pricing policies agreed under the 2026-2028 Financial Services Framework Agreement;

3. The Finance Department shall be responsible for closely monitoring the balance of the deposits of the Group with BEH Finance on a daily basis, and monitoring the Group's daily maximum deposit balance and total interest receivable from these deposits to ensure that the relevant amount will not exceed the annual cap;

4. BEH Finance shall set up and maintain secured and stable on-line systems through which the relevant member of the Group which deposits money with it can view the balance of such deposits of anytime on any day;

5. The independent non-executive Directors will conduct annual review of the transactions in relation to the deposit services and other financial services under the 2026-2028 Financial Services Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in the Company's annual report(s) in accordance with the Listing Rules that the transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms are fair and reasonable and in the interests of the Shareholders as a whole; and

6. The auditors of the Company will conduct annual review of the transactions in relation to the deposit services and other financial services under the 2026-2028 Financial Services Framework Agreement and provide annual confirmation in accordance with the Listing Rules in respect of such transactions.

The 2025-2028 Finance Lease Business Framework Agreement

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the 2025-2028 Finance Lease Business Framework Agreement, which include the followings:

1. The Finance Department is responsible for collecting and monitoring the information under the 2025-2028 Finance Lease Business Framework Agreement. Prior entering into individual leasing contracts under the 2025-2028 Finance Lease Business Framework Agreement, the Finance Department will compare the major terms and financing costs associated with such arrangements to the major terms provided and financing costs charged by at least two independent third parties which provide finance leasing of a similar scale and nature in the PRC. It is intended that the Group will be sourcing such quotes from independent third parties whose operational scale and financial position are at least comparable to those of Beijing Jingneng Leasing having a track record of at least one year in providing similar leasing services. Officers handling the relevant matters shall submit a report to the head of the Finance Department and the chief financial officer of the Group for approval, which is subject to the preliminary and final review by them based on the relevant rules and regulations;

2. The Finance Department and other relevant operation departments of the Group are jointly responsible for conducting reviews on compliance with relevant laws, regulations, the Group's internal policies and the Listing Rules in respect of both continuing connected transactions and connected transactions. They are also jointly responsible for evaluating the transaction terms under each underlying agreement of the 2025-2028 Finance Lease Business Framework Agreement, in particular, the fairness and reasonableness of the pricing terms under each agreement.

3. Independent non-executive Directors have reviewed and will continue to review the terms of the 2025-2028 Finance Lease Business Framework Agreement and the transactions contemplated thereunder to ensure that the agreements are entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

4. The Finance Department will monitor the leasing transactions under the 2025-2028 Finance Lease Business Framework Agreement on a regular basis. In particular, the Finance Department will be in close contact with the Group's business teams responsible for leasing so that the Finance Department will be able to reasonably anticipate the expected transaction amount in advance. With the benefit of time and communication, the Finance Department will monitor and assess whether the annual cap is expected to be exceeded based on proposed transactions to be entered into, and where necessary, elevate such issue to the Board with proposed revised annual caps and such other relevant information so that the Board will be in a position to consider and, where applicable, comply with applicable Listing Rules in connection with such revised annual caps.

5. Independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the 2025-2028 Finance Lease Business Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreements and the Group's pricing policy measures, and to confirm if the price and terms offered are fair and reasonable and comparable to those offered by independent third parties.

As advised by the management of the Company, before entering into any deposit or finance lease transactions, the Finance Department is responsible for obtaining and comparing quotations from at least two independent financial institutions or leasing companies in the PRC to ensure that the terms offered by BEH Finance or Beijing Jingneng Leasing are on normal commercial terms or better, and no less favourable than those available in the market. These comparisons are reviewed and approved by the head of the Finance Department and the chief financial officer of the Group, in accordance with the Company's internal policies and applicable regulatory requirements. We have obtained and reviewed three set of comparison summaries which contained the major terms offered by the connected party and two independent third parties and noted that such comparison summaries has been reviewed and approved by the head of the Finance Department.

On an ongoing basis, the Finance Department monitors the daily deposit balances, regularly reviews interest rates, service fees, and leasing terms, and works closely with relevant business units to anticipate transaction volumes and ensure compliance with annual caps. BEH Finance is also required to maintain secure online systems that allow real-time access to deposit balances. Furthermore, the Finance Department and relevant operational departments jointly review all transactions for compliance with applicable laws, internal policies, and the Listing Rules. Independent non-executive Directors and the Company's auditors conduct annual reviews of the transactions and provide confirmations in the Company's annual reports to ensure that the transactions are conducted in the ordinary and usual course of business, on arm's length terms, and in the best interests of the Company and the Shareholders as a whole. We have reviewed the annual report of the Company for the year ended 31 December 2023 and 2024 and noted that the independent non-executive Directors confirmed that the continuing connected transactions are conducted in accordance with the terms of the agreements and the Group's pricing policy measures, and the price and terms offered by connected parties are fair and reasonable and comparable to those offered by independent third parties. We have further obtained and reviewed the annual review report issued by the external auditors for the year ended 31 December 2023 and 2024 and noted that the external auditors have issued unqualified opinion.

After taking into account the above, we consider that the Company has taken appropriate measures to govern the Group in carrying out the transaction to be contemplated under the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement, thereby safeguarding the interests of the Shareholders.

RECOMMENDATION

Having considered the above, we are of the opinion that (i) the terms of deposit services under the 2026-2028 Financial Services Framework Agreement (including the Deposit Caps) and the 2025-2028 Finance Lease Business Framework Agreement (including the Finance Lease Caps) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the deposit services under the 2026-2028 Financial Services Framework Agreement and the transactions contemplated under the 2025-2028 Finance Lease Business Framework Agreement are conducted in the ordinary and usual course of business of the Company. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we recommend the Independent Shareholders, to vote in favor of the ordinary resolutions to be proposed at the SGM for approving the 2026-2028 Financial Services Framework Agreement (including the Deposit Caps) and the 2025-2028 Finance Lease Business Framework Agreement (including the Finance Lease Caps).

Yours faithfully,
For and on behalf of
Octal Capital Limited

Alan Fung	**Wong Wai Leung**
Managing Director	*Executive Director*

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 30 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

Mr. Wong Wai Leung has been a responsible officer of Type 1 (dealing in securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. Mr. Wong has experience in advisory transactions of listed companies in Hong Kong in respect of the Listing Rules and the Takeovers Code.

VALUATION REPORT A

The Valuer appraised the value of the entire shareholders' equity interest of Xinyou by using the asset-based approach and discounted cash flow method under income approach.

1. Valuation Model and Parameters

1.1 Asset-based approach

The asset-based approach is an appraisal method that uses the balance sheet of the appraised entity as of the Valuation Benchmark Date as a basis to appraise the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities, thereby determining valuation method for the value of the appraised object.

1. Current assets

The scope of current asset valuation includes cash and cash equivalents, accounts receivable, prepayments, other receivables, inventories, and other current assets.

(1) Cash and cash equivalents: includes bank deposits. Its assessed value is determined based on verified values obtained by verifying bank statements, bank confirmations, etc.

(2) Accounts receivable: The assessed value of various accounts receivable is determined based on the amount that can be recovered for each item after verification. For accounts receivable that are reasonably expected to be fully recoverable, the assessed value is calculated based on the total amount receivable.

(3) Prepaid Accounts: The appraisers reviewed the financial statements, accounting ledgers, and accounting vouchers based on the detailed audited appraisal schedule provided by Xinjiang Xinyou New Energy Power Generation Co., Ltd. (新疆信友新能源發電有限公司); they also performed necessary confirmation and alternative procedures to verify their authenticity, and the verification results were consistent with the submitted documentation. After analysing each prepaid item in terms of its age, amount, and business content, the appraised value of the expected recoverable assets was determined based on the audited book value.

(4) Inventories: Including raw materials. The appraisers verified the relevant vouchers and conducted a physical inventory count.

For raw materials, since they were purchased recently and have been in stock for a short period of time, market prices have not changed significantly, so the cost method is used for valuation.

(5) Other current assets: The appraisers verified other current assets by reviewing account statements, contracts, or vouchers, and the verified results matched the amounts in the accounts and statements. The appraised value was determined based on the verified book value.

2. Non-current assets

(1) Fixed assets in the form of buildings

For production facilities and related auxiliary facilities supporting production, based on the specific circumstances of the assets to be appraised, it is appropriate to use the cost approach to determine the appraised value based on the tax-exclusive value. The floor area shall be determined based on the results of the audited reporting materials.

The cost approach refers to various valuation methods that first estimate the replacement cost of the asset being valued, then estimate the various depreciation factors that already exist for the asset being valued, and deduct them from the replacement cost to obtain the value of the asset being valued.

Appraised value = replacement cost × comprehensive residue rate

① Determination of replacement cost

The appraisers conduct on-site inspections of buildings based on relevant documentation and analyse the actual conditions of the structures to calculate the quantities of work for each sub-project. Based on construction engineering budget standards, cost standards, and material price adjustment documents, they use the revised estimate (budget) method or the budget (final account) adjustment method to calculate the construction cost of typical buildings, and add the consumption of equipment, materials, and funds that must occur during the construction process. They calculate and determine the comprehensive construction cost of typical buildings according to the fee standards for building construction of the relevant authorities in the region and country where the assets are located, and use the analogy method to compare and determine the impact coefficients of the differences between other buildings on the comprehensive construction cost, thereby determining the tax-excluded comprehensive construction cost of other buildings, calculate other construction costs and capital costs, and ultimately determine the pre-tax replacement cost.

Other construction-related expenses are determined in accordance with relevant regulations and based on the actual expenses incurred by the enterprise, including project management fees, construction supervision fees, survey and design fees, etc.

Capital costs refer to the interest or opportunity costs incurred during the construction of a building. The loan interest rate is determined based on the Loan Prime Rate (LPR) published by the National Interbank Funding Center on the Valuation Benchmark Date. Taking into account the scale of the appraised asset construction, a reasonable construction period is determined, and the construction period capitals are calculated based on investment in equal instalments.

Replacement cost = construction and installation costs + preliminary and other expenses + capital costs

② Determination of residue rate

The assessment of the residue rate was determined using two methods: the intact score rate method and the straight-line depreciation method. The weighted value of these two methods was taken as the comprehensive residue rate of the building.

1) Determination of residue rate under straight-line depreciation method

Residue rate under straight-line depreciation method = (economic life – years of use)/economic life × 100%

The economic life span is determined in accordance with the "Manual of Commonly Used Data and Parameters for Asset Valuation".

2) Determination of the residue rate under the survey method

To determine the residue rate under the survey method, first classify the main factors affecting the condition of the building. Based on the proportion of each category in the construction cost, determine the standard scores for each factor of different structural forms. Then, based on the actual conditions observed during the on-site inspection, determine the intact scores for each category. Finally, use these scores to determine the residue rate under the survey method. Calculation formula:

Residue rate under survey method(%) = (intact score/ standard score) × 100%

3) Determination of comprehensive residue rate

Comprehensive residue rate*(Note)* = residue rate under straight-line depreciation method × 40% + residue rate under survey method × 60%

Note: As advised by the Valuer, the weightings adopted above (i.e. 60% for residue rate under straight-line depreciation method and 40% for residue rate under survey method) for calculation of the comprehensive residue rate is determined in accordance with the guidance material published by the China Appraisal Society, which is commonly followed in the industry.

(2) Fixed assets in form of machinery and equipment

Including machinery, equipment, and vehicles. In accordance with the purpose of this valuation, based on the principle of continued use and market prices, and taking into account the characteristics of the equipment to be assessed and the information collected, the cost approach was used to assess the machinery, equipment, and vehicles.

The cost approach refers to various valuation methods that first estimate the replacement cost of the asset being valued, then estimate the various depreciation factors that already exist for the asset being valued, and deduct them from the replacement cost to obtain the value of the asset being valued.

Appraised value = replacement cost × comprehensive residue rate

① Determination of replacement cost

The purchase price of standard sets of machinery and equipment is determined through market channels. Transportation and handling fees, installation and commissioning fees, and necessary accessory and ancillary equipment fees incurred in bringing the equipment to a usable state are added. Based on the current market charging standards in the region where the appraised assets are located, pre-construction engineering costs, other expenses, and capital costs are calculated. In accordance with relevant national tax regulations, the replacement cost is determined.

The purchase price of office electronic equipment and other equipment is determined through market inquiries, excluding tax, in order to determine the replacement cost.

Replacement cost = purchase price + transportation and handling charges + installation and commissioning fees + basic costs + preliminary and other expenses + capital costs

The replacement cost of vehicle is determined by market quotation plus purchase tax, and other expenses.

Replacement cost = purchase price + purchase tax + other expenses – input tax

② Determination of residue rate

Determination of the residue rate of major machinery and equipment:

Residue rate under straight-line depreciation method = (economic life – years of use)/economic life × 100%

The economic life span of machinery and equipment is determined in accordance with the "Manual of Commonly Used Data and Parameters for Asset Valuation";

Years of use: Determined based on the time from the date of installation to the Valuation Benchmark Date, combined with the equipment's operating rate;

Residue rate under survey method = ∑ technical observation analysis score × score weight of each component unit × 100%

Comprehensive residue rate*(Note)* = residue under straight-line depreciation method × 40% + residue rate under survey method × 60%

Note: As advised by the Valuer, the weightings adopted above (i.e. 60% for residue rate under straight-line depreciation method and 40% for residue rate under survey method) for calculation of the comprehensive residue rate is determined in accordance with the guidance material published by the China Appraisal Society, which is commonly followed in the industry.

Determination of the residue rate of general or low-value equipment:

Residue rate = (economic life – years of use)/economic life × 100%

Since similar types of equipment, electronics, and other devices are no longer available on the market, the assessed value is determined directly based on the market price of similar types of second-hand equipment excluding tax.

Determination of residue rate of vehicle:

According to the "Regulations on the Mandatory Scrapping Standards for Motor Vehicles", the residue rate is calculated using the age method or mileage method depending on the type of vehicle. The lower of the two rates is used to determine the theoretical residue rate, which is then combined to form the comprehensive residue rate. The formula is as follows:

Residue rate under straight-line depreciation method (with mandatory scrappage age) = (mandatory scrappage age – years of use)/mandatory scrappage age × 100% residue rate under straight-line depreciation method (without mandatory scrappage age) = (economic life span – years of use)/economic life span × 100% mileage-based residue rate = (guideline scrappage mileage – mileage driven)/guideline scrapping mileage × 100% comprehensive residue rate = MIN (residue rate under straight-line depreciation method, residue rate under mileage method) + correction factor

The correction factor is used to conduct necessary inspections and appraisals of the vehicle to be assessed. If the results of the inspection and appraisal differ significantly from the residue rate determined using the above method, appropriate correction shall be made. If the two results are comparable, no adjustments shall be made.

(3) Construction in progress

Construction in progress is land compensation costs, and the assessed value is determined based on the verified book value.

(4) Intangible assets

For purchased software, based on the characteristics of the economic activities corresponding to the purpose of this valuation and the business operation data collected at the valuation site, after analysing the applicability of the income approach, market approach, and cost approach, the asset appraisal professionals concluded that the various management application software programmes do not have profit-making capabilities on their own, and that there are comparable sales prices for similar software programmes on the market in the near term. Therefore, the market approach was used to determine the appraisal value. Formula for appraisal value under market approach is as follows:

Appraisal value = purchase price of the asset ÷ (1 + input tax rate).

(5) Other non-current assets

The other non-current assets on the balance sheet as of the Valuation Benchmark Date mainly consist of value-added tax (input tax) and prepayments for construction-in-progress projects. Investigations on the accounting content and reasons for the formation of other non-current assets shall be conducted. The valuation of other non-current assets was determined by the appraisers based on the verified book value.

3. Liabilities

For the assessment of accounts payable, employee compensation payable, taxes payable and other payables in current liabilities, non-current liabilities due within one year, and long-term payables in non-current liabilities, based on the detailed items provided by the enterprise, the audited figures after examination, verification, and confirmation procedures serve as its assessed value.

1.2 Income approach

The income approach used in this valuation calculates the assessed value by converting the expected future net cash flow of the assets into present value using an appropriate discount rate. Its applicable basic conditions are: the enterprise has the foundation and conditions for on-going operation, there is a relatively stable correlation between asset operation and income, and future income and risks can be predicted and quantified.

1. Valuation model:

Enterprise free cash flow model in the discounted future earnings method is intended to be used for this valuation.

2. Formula

Total shareholder equity value = Total enterprise value – Interest-bearing debt

Total enterprise value = value of operating assets + surplus assets + value of non-operating assets

Among them: the value of operating assets is determined according to the following formula

Discounted value of free cash flow of an enterprise = present value of free cash flow during the specified forecast period + present value of free cash flow after the specified forecast period

The specified forecast period refers to the period from the Valuation Benchmark Date to the date when the enterprise reaches a relatively stable operating condition.

3. Determination of forecast period

Based on the actual conditions and operational scale of Xinjiang Xinyou New Energy Power Generation Co., Ltd. (新疆信友新能源發電有限公司), and considering the economic lifespan of the power plant and the validity period of the power business licence, the company's revenue period is determined to be a limited term. The appraised asset group achieved full-capacity grid connection as of 31 December 2020, and the validity period of the power business licence extends until 30 December 2040. Therefore, this forecast period spans from the forecast benchmark date to 31 December 2040.

4. Determination of revenue period

Based on the economic life span of the power plant and the validity period of the power business licence, the company's revenue period is determined to be a limited term. The appraised asset group achieved full-capacity grid connection as of 31 December 2020, and the validity period of the power business licence extends until 30 December 2040. Therefore, this forecast period spans from the forecast benchmark date to 31 December 2040.

5. Determination of free cash flow

The company's free cash flow is used for this valuation, the formula of free cash flow is as follows:

Free cash flow (annualised for the forecast period) = profit before interest and taxes × (1 – income tax rate) + depreciation and amortisation – capital expenditure – additional working capital

6. Determination of future value

Free cash flow = profit before interest and taxes × (1 – income tax rate) + depreciation and amortisation – capital expenditure – additional working capital

7. Considerations for year-end discounting

Considering that free cash flow occurs throughout the year, this valuation assumes that cash inflows and outflows are evenly distributed, and therefore the discount period for free cash flow is calculated on a mid-term discounting basis.

8. Determination of discount rate

The discount rate, also known as the expected rate of return on investment, is an important parameter for determining the assessed value based on the income approach. In this valuation, the expected rate of return on investment of the assessed entity was estimated using a method that selected Tonghua Shun iFinD information technology services*(Note)* for analysis and calculation. To this end, the first step is to determine the systematic risk coefficient β (levered beta) of Tonghua Shun iFinD information technology services. The second step is to use the industry β and the capital structure of the company being evaluated to estimate the expected rate of return on investment for the entity being evaluated, and use this as the discount rate.

Note: As advised by the Valuer, Tonghua Shun iFinD information technology service (or Tonghua Shun iFind software, used interchangeably) is a financial data analysis system, which consolidates global major market data and is equipped with fundamental functions such as in-depth data enquiry, intelligent search, macroeconomic and industry databases and valuation modeling. For the purpose of the current valuation, the Tonghua Shun iFinD information technology service was used to, among others, (i) determine the systematic risk coefficient β (levered beta); and (ii) calculate the average yield of each component stock in the CSI 300 Index.

(1) Determination of weighted average cost of capital (WACC)

WACC (Weighted Average Cost of Capital) represents the expected total return on investment. It is the weighted average of the expected return on equity and the return on debt after income tax adjustments.

When calculating the total return on investment, the first step is to calculate the return on equity capital and the return on debt capital using publicly available market data as of the Valuation Benchmark Date. The second step is to calculate the weighted average return on equity and the weighted average return on debt.

① Determination of return on equity

To determine the return on equity, we use the Capital Asset Pricing Model (CAPM). CAPM is a method commonly used to estimate investor return requirements and thereby calculate a company's return on equity. It can be expressed by the following formula:

$$Re = Rf + \beta \times ERP + Rs$$

Among them:

Re – return on equity

Rf – risk-free rate of return

β – risk factor

ERP – market risk excess return rate

Rs – company-specific risk excess return rate

To analyse CAPM, we take the following steps:

Step 1: determine the risk-free rate of return

Government bond yields are generally considered risk-free because the risk of default on the bond at maturity is negligible and can be ignored.

The risk-free rate of return reflects the basic value of funds when there is no default risk on the principal and the expected income is guaranteed. For this valuation, the 10-year government bond yield of 1.68% announced by the China Central Depository & Clearing Co., Ltd. on the Valuation Benchmark Date was selected as the risk-free rate of return.

Step 2: Determine the equity risk return rate

MRP is the Market Risk Premium, which refers to the yield spread between equity assets and risk-free assets. It typically refers to the portion by which the average yield of the constituent stocks of a typical securities market index exceeds the average risk-free yield (typically the long-term government bond yield) (Rm-Rf1). The CSI 300 Index aligns well with international standards, as its 300 constituent stocks effectively reflect the condition of China's stock market. In this assessment, the evaluators used the Tonghua Shun iFinD software to calculate the average yield of each component stock in the CSI 300 Index. The calculation results show that the average yield (geometric average yield, calculated on a weekly basis, using logarithmic yields) over a 20-year period (2005–2024) was 9.04%, corresponding to an average risk-free rate of return (Rf1) of 3.27% over the 20-year period (2005–2024). Therefore, the market risk premium (Rm-Rf1) in this assessment is set at 5.76%.

Step 3: Determine the industry's relative risk coefficient β (Levered beta) relative to the stock market.

The average beta value of four comparable listed companies over the past 100 weeks, excluding the capital structure factor, is 0.7863. The calculation process is shown in the table below:

No.	Name of comparable company	Stock Code	interest-bearing liabilities(D)	Equity fair market value (E)	Equity value ratio	β with capital structure factor (Levered β)	β without capital structure factor (Unlevered β)	income tax rate (T)
1	CECEP Wind-power Corporation Co., Ltd.	601016.SH	2,309,963.72	2,052,167.29	112.56%	1.2036	0.6526	25.00%
2	Jiangsu New Energy Development Co., Ltd	603693.SH	603,978.84	878,103.74	68.78%	1.4250	0.9401	25.00%
3	Sichuan New Energy Power Company Limited	000155.SZ	975,308.88	1,971,707.79	49.47%	1.3633	0.9944	25.00%
4	Ningxia Jiaze Renewables Corporation Limited	601619.SH	1,086,469.38	808,204.92	134.43%	1.1209	0.5582	25.00%

As advised by the Valuer, taking into account that Xinyou is primarily engaged in the wind power generation business and have been in operation for years, the four comparable listed companies are selected on the following premises: (i) each of the comparable companies is primarily engaged in wind power generation business, similar to Xinyou; (ii) each of the comparable companies has only issued A shares for listing in the PRC, and has been listed for at least 24 months, with active trading activities of it's A shares. As advised by the Valuer, the requirement of the comparable companies to be having listed for at least 24 months is determined with the following considerations: (i) the financial information and operation performance for these companies are usually more stable after at least two years of listing, and as such can more accurately reflect the actual operation capabilities and market position of these companies, thus enhancing the accuracy of the valuation; (ii) the valuation and business strategies of companies with longer listing period are generally more recognized by the market. For instance, major market players in the industry which have been listed for long years are generally more reflective of the average profit level and risk characteristics of the industry; and (iii) companies which have listed for at least 2 years generally have already formulated stable business model and risk management system, which facilities the Valuer to assess the risk parameters (such as discount rate) of the valuation target, thus enhancing the accuracy of the valuation results.

As advised by the Valuer, the information in the table above is sourced from Tonghua Shun iFinD information technology service. Further information regarding the comparable companies are as follows: (1) CECEP Wind-power Corporation Co., Ltd. became listed in September 2014, and among its total revenue generated in 2024, 98.15% was derived from electricity sales; (2) Jiangsu New Energy Development Co., Ltd became listed in July 2018, and among its total revenue generated in 2024, approximately 84.7% was derived from wind power generation; (3) Sichuan New Energy Power Company Limited became listed in September 2000, and among its total revenue generated in 2024, approximately 53.61% was derived from wind power and photovoltaic power generation; and (4) Ningxia Jiaze Renewables Corporation Limited became listed in July 2017, and among its revenue generated in 2024, approximately 94.18% was derived from the operation of new energy power stations and sales of electricity.

Step 4: Determine the capital structure ratio of the entity being evaluated

The evaluators analyzed the significant differences between the evaluated entity and comparable companies in terms of financing capabilities and financing costs. In this case, they combined the target company's financing situation in future years and used the target company's own capital structure to calculate the beta value using an iterative method.

Step 5: Estimate the levered beta of the entity being valued under the capital structure ratio determined above

We substitute the capital structure ratio of the entity being evaluated that has been determined into the following formula to calculate the levered beta of the entity being evaluated:

Levered Beta = Unlevered Beta × [1 + (1 − T) D/E] = 0.7863 × [1 + (1 – 7.5%) x 379.61%]= 3.5473

D: Debt;

E: Equity value;

T: Applicable income tax rate;

Step 6: Estimate the company's specific rate of risked return (Rs)

Specific risks also include market risk, scale risk, talent risk, and financial risk. After comprehensive consideration and analysis, it is believed that the company's specific risks are moderate, its qualifications are not high, and there is a certain risk of timely capital return. The company's specific rate of risked return (Rs) is determined to be 2%.

No.	Additional Information	Description	Value (%)
1	Company size	Medium-sized wind power company	0.50%
2	Historical operating results	Profit-making position in recent years	0.50%
3	Corporate financial risk	As of the benchmark date, there were external borrowings but no external investments	0.40%
4	Distribution of business operations, products, and regions	Mainly targeting certain regions within China	0.40%
5	Internal management and control mechanisms within the enterprise	Internal management and control mechanisms are well established	0.05%
6	Management experience and qualifications	Management personnel with extensive experience	0.05%
7	Dependence on major customers and suppliers	Not dependent on major customers and suppliers	0.10%
	Total		2.00%

Step 7: Calculate the current return on equity

By substituting the appropriate data into the CAPM formula, we can calculate the expected return on equity for the entity being evaluated.

Re = Rf + β × ERP + Rs = 1.68% + 3.5473 × 5.7648% + 2% = 24.13%

② Determination of the rate of return on debt

In assessing the return on debt, we selected the actual bank lending rate of the enterprise as the cost of capital, that is 3.19%.

③ Determination of the weighted average return on total capital

The expected return on equity and the return on debt can be calculated using a weighted average method to determine the weighted average return on total capital. The weights are assessed based on the actual proportion of equity and debt in the capital structure.

The weighted average return on total capital is calculated using the following formula:

Formula: $$WACC = \frac{Re}{1+D/E} + (Rd - \frac{Rd}{1+D/E}) \times (1 - T)$$

In the formula: Re: cost of equity capital

Rd: cost of debt capital

T: income tax rate

D/E: Capital structure of the entity being evaluated

WACC = 24.13%/(1+379.61%)+(3.19% – 3.19%/(1+379.61%)) × (1 – 7.5%) = 7.37%

9. Determination of surplus asset value

Surplus assets refer to assets that exceed the needs of the enterprise's production and operations as of the Valuation Benchmark Date and are not included in the enterprise's free cash flow forecast after the Valuation Benchmark Date.

10. Determination of the value of non-operating assets and liabilities

Non-operating assets and liabilities refer to assets and related liabilities that are not related to the production and operation of the entity being evaluated and are not included in the scope of income forecast.

11. Determination of the value of interest-bearing debt

Interest-bearing debt mainly refers to loans borrowed by the company from financial institutions or other entities and individuals, as well as related interest. In this assessment, finance leases and borrowings are treated as interest-bearing liabilities and assessed using the cost method.

2. Valuation Conclusions

2.1 Valuation conclusions of Asset-based Approach

Using the asset-based approach, the Valuer concluded that the valuation conclusions of the appraised entity as at the Valuation Benchmark Date were as follows:

The book value of audited total assets was RMB680,649,200, the appraised value was RMB636,104,900, and the appraised value depreciation was RMB44,544,300, with a depreciation rate of 6.54%.

The book value of liabilities was RMB568,901,400, and the appraised value was RMB568,901,400, and there was no change in value appreciation or depreciation.

The book value of net assets was RMB111,747,800, the appraised value was RMB67,203,500, and the appraised value depreciation was RMB44,544,300, with an depreciation rate of 39.86%.

2.2 Valuation conclusions of Income Approach

Using the income approach, the Valuer concluded that the valuation conclusions of the appraised entity as at the Valuation Benchmark Date were as follows:

The appraised value of the entire shareholders' equity interest was RMB137,490,000, and the appraised value appreciation was RMB25,742,200, with an appreciation rate of 23.04%.

2.3 Difference Analysis of Valuation Results

Item	Appraised Value under Asset-based Approach A (RMB)	Appraised Value under Income Approach B (RMB)	Difference Amount C=B-A (RMB)	Discrepancy Ratio D=(B-A)/A×100% (%)
Appraised Value of Entire Shareholders' Equity Interest	67,203,500	137,490,000	70,286,500	104.59

The difference of the appraised value under the income approach and the asset-based approach is RMB70,286,500, representing a discrepancy ratio of 104.59%. The principal reasons for such difference are that the two valuation methods adopt different perspectives. The asset-based approach considers the cost of reacquiring the assets, reflecting the replacement value of the existing assets. The income approach, however, considers the future earning capacity, reflecting the comprehensive profitability generated by all the assets.

2.4 Selection of Valuation Results

After analysis of the appraised value under the asset-based approach and the income approach, the valuation conclusion of the income approach is adopted given that the asset-based approach only appraises individual tangible assets and partially quantifiable intangible asset, which fails to fully capture the contribution of individual asset combinations to the overall enterprise value or adequately measure the synergistic effects arising from the interaction and organic combination of the assets, whereas the valuation conclusion of the income approach inherently includes the value of intangible assets that are difficult to quantify separately, which reflects the overall earning capacity resulting from the combined effect of all external environmental factors and internal conditions.

Furthermore, the appraised entity operates in the wind power generation industry and holds an electricity business license, indicating relatively stable future earnings.

By reason of the foregoing, after considering the respective advantages and limitations of the asset-based approach and the income approach, and analyzing the impact of each approach on the valuation conclusion of the appraised entity, the valuation conclusion of the income approach is deemed more conducive to reflecting the value of the appraised entity for this particular economic transaction and thus the valuation conclusion of the income approach is adopted.

3. Principal Assumptions

According to the Valuation Report A prepared by the Valuer, details of the principal assumptions on which the entire shareholders' equity interest of Xinyou is based, are set out as follows:

(i) General Assumptions

1. Going Concern Over A Limited Period Assumption: It is assumed that the appraised entity's operations are lawful and that no unforeseen factors will prevent its continued operation. Existing assets will continue to be used for their current purposes at their current locations until the end of the forecast period in accordance with the business objectives.

2. Transaction Assumption: It is assumed that all assets subject to appraisal are in the process of being transacted. The valuer values the assets by simulating market conditions based on the assumed transaction terms. This is a fundamental prerequisite for asset valuation.

3. Open Market Assumption: It is assumed that assets transacted or intended for transaction on the market are exchanged between parties acting at arm's length, with equal status and sufficient access to market information and time to make informed judgments regarding the assets' functions, uses, and transaction prices. This assumption is based on the premise that the assets can be freely bought and sold on the open market.

4. Continuous Use of Assets Assumption: It is assumed that the evaluated asset will be used legally and effectively according to its planned purpose, usage method, scale, frequency, environment, and other conditions, and will not undergo significant changes during the foreseeable period of use.

(ii) Specific Assumptions

1. It is assumed that the national macroeconomic situation and current relevant laws, regulations, and policies will not undergo significant changes; no major changes will occur in the political, economic, and social environment of the regions where the parties to this transaction are located.

2. It is assumed that the industry in which the appraised entity operates will maintain a stable development trajectory, with no major changes in industry policies, management systems, or relevant regulations.

3. It is assumed that there will be no significant changes in national credit interest rates, tax bases and tax rates, or policy-related levies and fees.

4. It is assumed that no other force majeure events or unforeseen factors will occur that could materially adversely affect the appraised entity.

5. It is assumed that all parameters used in this valuation assessment are based on the current price system, and the impact of inflation after the Valuation Benchmark Date has not been considered.

6. It is assumed that the appraised entity's production and business operations will continue in their current state, with no material changes in its operating conditions occurring within the foreseeable operating period.

7. It is assumed that future management personnel will be diligent and that the company will continue to operate under its existing management model.

8. It is assumed that the appraised assets will continue to be used legally and effectively according to their current purposes, methods, scale, frequency, and environmental conditions, with no major changes occurring within their foreseeable useful lives.

9. It is assumed that the general company information, property rights documentation, policy documents, and other relevant materials provided by the client and the appraised entity are authentic and valid.

10. It is assumed that the acquisition, procurement, and construction processes of all assets involved in the valuation comply with relevant national laws and regulations.

11. It is assumed that there are no material differences between the accounting policies used in the historical financial data provided by the appraised entity and those used for the income projections.

12. It is assumed that the appraised entity's future business strategies and cost controls will not undergo significant changes.

13. Within the foreseeable operating period, non-recurring gains and losses that the appraised entity may incur have not been considered, including but not limited to, gains/losses from disposal of fixed assets, intangible assets, other long-term assets, and other non-operating income/expenses.

14. It is assumed that after the Valuation Benchmark Date, the appraised entity's cash inflows and outflows will occur evenly.

15. Through analysis of the historical period's national subsidy income and accounts receivable, the settlement cycle of the evaluated unit's national subsidy income is approximately 3 years. It is assumed that the recovery period of the evaluated unit's national subsidy electricity fees receivable during the forecast period is 3 years.

16. It is assumed that the co-built assets used in the production and operation of the company can be used normally during the foreseeable operating period.

VALUATION REPORT B

The Valuer appraised the value of the entire shareholders' equity interest of Youyu by using the asset-based approach and discounted cash flow method under income approach.

1. Valuation Model and Parameters

1.1 Asset-based approach

The asset-based approach is an appraisal method that uses the balance sheet of the appraised entity as of the Valuation Benchmark Date as a basis to appraise the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities, thereby determining valuation method for the value of the appraised object.

1. Current assets

The scope of current asset valuation includes cash and cash equivalents, accounts receivable, prepayments, other receivables and other current assets.

(1) Cash and cash equivalents: includes bank deposits as well as other cash and cash equivalents. Its assessed value is determined based on verified values obtained by verifying bank statements, bank confirmations, etc.

(2) Accounts receivable: The assessed value of various accounts receivable is determined based on the amount that can be recovered for each item after verification. For accounts receivable that are reasonably expected to be fully recoverable, the assessed value is calculated based on the total amount receivable.

(3) Prepaid Accounts: The appraisers reviewed the financial statements, accounting ledgers, and accounting vouchers based on the detailed audited appraisal schedule provided by Youyu County Sineng Wind Power Co., Ltd.* (右玉縣斯能風電有限公司); they also performed necessary confirmation and alternative procedures to verify their authenticity, and the verification results were consistent with the submitted documentation. After analysing each prepaid item in terms of its age, amount, and business content, the appraised value of the expected recoverable assets was determined based on the audited book value.

(4) Other current assets: The appraisers verified other current assets by reviewing account statements, contracts, or vouchers, and the verified results matched the amounts in the accounts and statements. The appraised value was determined based on the verified book value.

2. Non-current assets

(1) Fixed assets in the form of buildings

For the company's own production facilities and related auxiliary facilities supporting production, based on the specific circumstances of the assets to be appraised, it is appropriate to use the cost approach to determine the appraised value based on the tax-exclusive value. The floor area shall be determined based on the results of the audited reporting materials.

The cost approach refers to various valuation methods that first estimate the replacement cost of the asset being valued, then estimate the various depreciation factors that already exist for the asset being valued, and deduct them from the replacement cost to obtain the value of the asset being valued.

Appraised value = replacement cost × comprehensive residue rate

① Determination of replacement cost

The appraisers conduct on-site inspections of buildings based on relevant documentation and analyse the actual conditions of the structures to calculate the quantities of work for each sub-project. Based on construction engineering budget standards, cost standards, and material price adjustment documents, they use the revised estimate (budget) method or the budget (final account) adjustment method to calculate the construction cost of typical buildings, and add the consumption of equipment, materials, and funds that must occur during the construction process. They calculate and determine the comprehensive construction cost of typical buildings according to the fee standards for building construction of the relevant authorities in the region and country where the assets are located, and use the analogy method to compare and determine the impact coefficients of the differences between other buildings on the comprehensive construction cost, thereby determining the tax-excluded comprehensive construction cost of other buildings, calculate other construction costs and capital costs, and ultimately determine the pre-tax replacement cost.

Other construction-related expenses are determined in accordance with relevant regulations and based on the actual expenses incurred by the enterprise, including project management fees, construction supervision fees, survey and design fees, etc.

Capital costs refer to the interest or opportunity costs incurred during the construction of a building. The loan interest rate is determined based on the Loan Prime Rate (LPR) published by the National Interbank Funding Center on the Valuation Benchmark Date. Taking into account the scale of the appraised asset construction, a reasonable construction period is determined, and the construction period capitals are calculated based on investment in equal instalments.

Replacement cost = construction and installation costs + preliminary and other expenses + capital costs

② Determination of residue rate

The assessment of the residue rate was determined using two methods: the intact score rate method and the straight-line depreciation method. The weighted value of these two methods was taken as the comprehensive residue rate of the building.

1) Determination of residue rate under straight-line depreciation method

Residue rate under straight-line depreciation method = (economic life – years of use)/economic life × 100%

The economic life span is determined in accordance with the "Manual of Commonly Used Data and Parameters for Asset Valuation".

2) Determination of the residue rate under the survey method

To determine the residue rate under the survey method, first classify the main factors affecting the condition of the building. Based on the proportion of each category in the construction cost, determine the standard scores for each factor of different structural forms. Then, based on the actual conditions observed during the on-site inspection, determine the intact scores for each category. Finally, use these scores to determine the residue rate under the survey method. Calculation formula:

Residue rate under survey method(%) = (intact score/ standard score) × 100%

3) Determination of comprehensive residue rate

Comprehensive residue rate*(Note)* = residue rate under straight-line depreciation method × 40% + residue rate under survey method × 60%

Note: As advised by the Valuer, the weightings adopted above (i.e. 60% for residue rate under straight-line depreciation method and 40% for residue rate under survey method) for calculation of the comprehensive residue rate is determined in accordance with the guidance material published by the China Appraisal Society, which is commonly followed in the industry.

(2) Fixed assets in form of machinery and equipment

Including machinery and equipment. In accordance with the purpose of this valuation, based on the principle of continued use and market prices, and taking into account the characteristics of the equipment to be assessed and the information collected, the cost approach was used to assess the machinery and equipment.

The cost approach refers to various valuation methods that first estimate the replacement cost of the asset being valued, then estimate the various depreciation factors that already exist for the asset being valued, and deduct them from the replacement cost to obtain the value of the asset being valued.

Appraised value = replacement cost × comprehensive residue rate

① Determination of replacement cost

The purchase price of standard sets of machinery and equipment is determined through market channels. Transportation and handling fees, installation and commissioning fees, and necessary accessory and ancillary equipment fees incurred in bringing the equipment to a usable state are added. Based on the current market charging standards in the region where the appraised assets are located, pre-construction engineering costs, other expenses, and capital costs are calculated. In accordance with relevant national tax regulations, the replacement cost is determined.

The purchase price of office electronic equipment and other equipment is determined through market inquiries, excluding tax, in order to determine the replacement cost.

Replacement cost = purchase price + transportation and handling charges + installation and commissioning fees + basic costs + preliminary and other expenses + capital costs

② Determination of residue rate

Determination of the residue rate of major machinery and equipment:

Residue rate under straight-line depreciation method = (economic life – years of use)/economic life × 100%

The economic life span of machinery and equipment is determined in accordance with the "Manual of Commonly Used Data and Parameters for Asset Valuation";

Years of use: Determined based on the time from the date of installation to the Valuation Benchmark Date, combined with the equipment's operating rate;

Residue rate under survey method = ∑ technical observation analysis score × score weight of each component unit × 100%

Comprehensive residue rate*(Note)* = residue under straight-line depreciation method × 40% + residue rate under survey method × 60%

Note: As advised by the Valuer, the weightings adopted above (i.e. 60% for residue rate under straight-line depreciation method and 40% for residue rate under survey method) for calculation of the comprehensive residue rate is determined in accordance with the guidance material published by the China Appraisal Society, which is commonly followed in the industry.

Determination of the residue rate of general or low-value equipment:

Residue rate = (economic life – years of use)/economic life × 100%

Since similar types of equipment, electronics, and other devices are no longer available on the market, the assessed value is determined directly based on the market price of similar types of second-hand equipment excluding tax.

(3) Intangible assets

Intangible assets are land compensation costs, and the assessed value is determined based on the verified book value.

(4) Long-term deferred expenses

As of the Valuation Benchmark Date, the book value of long-term deferred expenses primarily consisted of the amortized value of booster stations recorded in the accounts. After conducting investigations on the accounting content and reasons for the formation of long-term deferred expenses, the appraisers determined the assessed value of the long-term deferred expenses based on the verified book value.

(5) Deferred tax assets

The deferred tax assets on the balance sheet as of the Valuation Benchmark Date mainly consist of trial operation income recorded on the balance sheet. After conducting investigations on the accounting content and reasons for the formation of deferred tax assets, the appraisers determined the assessed value of the long-term deferred expenses based on the verified book value.

(6) Other non-current assets

The other non-current assets on the balance sheet as of the Valuation Benchmark Date mainly consist of value-added tax (input tax). Investigations on the accounting content and reasons for the formation of other non-current assets shall be conducted. The valuation of other non-current assets was determined by the appraisers based on the verified book value.

3. Liabilities

For the assessment of accounts payable, taxes payable and other payables in current liabilities, non-current liabilities due within one year, and long-term borrowings in non-current liabilities, based on the detailed items provided by the enterprise, the audited figures after examination, verification, and confirmation procedures serve as its assessed value.

1.2 Income approach

The income approach used in this valuation calculates the assessed value by converting the expected future net cash flow of the assets into present value using an appropriate discount rate. Its applicable basic conditions are: the enterprise has the foundation and conditions for on-going operation, there is a relatively stable correlation between asset operation and income, and future income and risks can be predicted and quantified.

1. Valuation model:

Enterprise free cash flow model in the discounted future earnings method is intended to be used for this valuation.

2. Formula

Total shareholder equity value = Total enterprise value – Interest-bearing debt

Total enterprise value = value of operating assets + surplus assets + value of non-operating assets

Among them: the value of operating assets is determined according to the following formula

Discounted value of free cash flow of an enterprise = present value of free cash flow during the specified forecast period + present value of free cash flow after the specified forecast period

The specified forecast period refers to the period from the Valuation Benchmark Date to the date when the enterprise reaches a relatively stable operating condition.

3. Determination of forecast period

Based on the actual conditions and operational scale of Youyu County Sineng Wind Power Co., Ltd.* (右玉縣斯能風電有限公司), and considering the economic lifespan of the power plant and the validity period of the power business licence, the company's revenue period is determined to be a limited term. The appraised asset group achieved full-capacity grid connection as of 10 October 2018, and the validity period of the power business licence extends until 9 October 2038. Therefore, this forecast period spans from the forecast benchmark date to 30 September 2038.

4. Determination of revenue period

Based on the economic life span of the power plant and the validity period of the power business licence, the company's revenue period is determined to be a limited term. The appraised asset group achieved full-capacity grid connection as of 10 October 2018, and the validity period of the power business licence extends until 9 October 2038. Therefore, this forecast period spans from the forecast benchmark date to 30 September 2038.

5. Determination of free cash flow

The company's free cash flow is used for this valuation, the formula of free cash flow is as follows:

Free cash flow (annualised for the forecast period) = profit before interest and taxes × (1 – income tax rate) + depreciation and amortisation – capital expenditure – additional working capital

6. Determination of future value

Free cash flow = profit before interest and taxes × (1 – income tax rate) + depreciation and amortisation – capital expenditure – additional working capital + proceeds from disposal of matured assets

7. Considerations for year-end discounting

Considering that free cash flow occurs throughout the year, this valuation assumes that cash inflows and outflows are evenly distributed, and therefore the discount period for free cash flow is calculated on a mid-term discounting basis.

8. Determination of discount rate

The discount rate, also known as the expected rate of return on investment, is an important parameter for determining the assessed value based on the income approach. In this valuation, the expected rate of return on investment of the assessed entity was estimated using a method that selected Tonghua Shun iFinD information technology services for analysis and calculation. To this end, the first step is to determine the systematic risk coefficient β (levered beta) of Tonghua shun iFinD information technology services*(Note)*. The second step is to use the industry β and the capital structure of the company being evaluated to estimate the expected rate of return on investment for the entity being evaluated, and use this as the discount rate.

Note: As advised by the Valuer, Tonghua Shun iFinD information technology service (or Tonghua Shun iFind software, used interchangeably) is a financial data analysis system, which consolidates global major market data and is equipped with fundamental functions such as in-depth data enquiry, intelligent search, macroeconomic and industry databases and valuation modeling. For the purpose of the current valuation, the Tonghua Shun iFinD information technology service was used to, among others, (i) determine the systematic risk coefficient β (levered beta); and (ii) calculate the average yield of each component stock in the CSI 300 Index.

(1) Determination of weighted average cost of capital (WACC)

WACC (Weighted Average Cost of Capital) represents the expected total return on investment. It is the weighted average of the expected return on equity and the return on debt after income tax adjustments.

When calculating the total return on investment, the first step is to calculate the return on equity capital and the return on debt capital using publicly available market data as of the Valuation Benchmark Date. The second step is to calculate the weighted average return on equity and the weighted average return on debt.

① Determination of return on equity

To determine the return on equity, we use the Capital Asset Pricing Model (CAPM). CAPM is a method commonly used to estimate investor return requirements and thereby calculate a company's return on equity. It can be expressed by the following formula:

$$Re = Rf + \beta \times ERP + Rs$$

Among them:

Re – return on equity

Rf – risk-free rate of return

β – risk factor

ERP – market risk excess return rate

Rs – company-specific risk excess return rate

To analyse CAPM, we take the following steps:

Step 1: determine the risk-free rate of return

Government bond yields are generally considered risk-free because the risk of default on the bond at maturity is negligible and can be ignored.

The risk-free rate of return reflects the basic value of funds when there is no default risk on the principal and the expected income is guaranteed. For this valuation, the 10-year government bond yield of 1.68% announced by the China Central Depository & Clearing Co., Ltd. on the Valuation Benchmark Date was selected as the risk-free rate of return.

Step 2: Determine the equity risk return rate

MRP is the Market Risk Premium, which refers to the yield spread between equity assets and risk-free assets. It typically refers to the portion by which the average yield of the constituent stocks of a typical securities market index exceeds the average risk-free yield (typically the long-term government bond yield) (Rm-Rf1). The CSI 300 Index aligns well with international standards, as its 300 constituent stocks effectively reflect the condition of China's stock market. In this assessment, the evaluators used the Tonghua Shun iFinD software to calculate the average yield of each component stock in the CSI 300 Index. The calculation results show that the average yield (geometric average yield, calculated on a weekly basis, using logarithmic yields) over a 20-year period (2005–2024) was 9.04%, corresponding to an average risk-free rate of return (Rf1) of 3.27% over the 20-year period (2005–2024). Therefore, the market risk premium (Rm-Rf1) in this assessment is set at 5.76%.

Step 3: Determine the industry's relative risk coefficient β (Levered beta) relative to the stock market.

The average beta value of four comparable listed companies over the past 100 weeks, excluding the capital structure factor, is 0.7863. The calculation process is shown in the table below:

No.	Name of comparable company	Stock Code	interest-bearing liabilities (D)	Equity fair market value (E)	Equity value ratio	β with capital structure factor (Levered β)	β without capital structure factor (Unlevered β)	income tax rate (T)
1	CECEP Wind-power Corporation Co., Ltd.	601016.SH	2,309,963.72	2,052,167.29	112.56%	1.2036	0.6526	25.00%
2	Jiangsu New Energy Development Co., Ltd	603693.SH	603,978.84	878,103.74	68.78%	1.4250	0.9401	25.00%
3	Sichuan New Energy Power Company Limited	000155.SZ	975,308.88	1,971,707.79	49.47%	1.3633	0.9944	25.00%
4	Ningxia Jiaze Renewables Corporation Limited	601619.SH	1,086,469.38	808,204.92	134.43%	1.1209	0.5582	25.00%

As advised by the Valuer, taking into account that Youyu is primarily engaged in the wind power generation business and have been in operation for years, the four comparable listed companies are selected on the following premises: (i) each of the comparable companies is primarily engaged in wind power generation business, similar to Youyu; (ii) each of the comparable companies has only issued A shares for listing in the PRC, and has been listed for at least 24 months, with active trading activities of it's A shares. As advised by the Valuer, the requirement of the comparable companies to be having listed for at least 24 months is determined with the following considerations: (i) the financial information and operation performance for these companies are usually more stable after at least two years of listing, and as such can more accurately reflect the actual operation capabilities and market position of these companies, thus enhancing the accuracy of the valuation; (ii) the valuation and business strategies of companies with longer listing period are generally more recognized by the market. For instance, major market players in the industry which have been listed for long years are generally more reflective of the average profit level and risk characteristics of the industry; and (iii) companies which have listed for at least 2 years generally have already formulated stable business model and risk management system, which facilities the Valuer to assess the risk parameters (such as discount rate) of the valuation target, thus enhancing the accuracy of the valuation results.

As advised by the Valuer, the information in the table above is sourced from Tonghua Shun iFinD information technology service. Further information regarding the comparable companies are as follows: (1) CECEP Wind-power Corporation Co., Ltd. became listed in September 2014, and among its total revenue generated in 2024, 98.15% was derived from electricity sales; (2) Jiangsu New Energy Development Co., Ltd became listed in July 2018, and among its total revenue generated in 2024, approximately 84.7% was derived from wind power generation; (3) Sichuan New Energy Power Company Limited became listed in September 2000, and among its total revenue generated in 2024, approximately 53.61% was derived from wind power and photovoltaic power generation; and (4) Ningxia Jiaze Renewables Corporation Limited became listed in July 2017, and among its revenue generated in 2024, approximately 94.18% was derived from the operation of new energy power stations and sales of electricity.

Step 4: Determine the capital structure ratio of the entity being evaluated

The evaluators analyzed the significant differences between the evaluated entity and comparable companies in terms of financing capabilities and financing costs. In this case, they combined the target company's financing situation in future years and used the target company's own capital structure to calculate the beta value using an iterative method.

Step 5: Estimate the levered beta of the entity being valued under the capital structure ratio determined above

We substitute the capital structure ratio of the entity being evaluated that has been determined into the following formula to calculate the levered beta of the entity being evaluated:

Levered Beta = Unlevered Beta × [1+ (1 − T) D/E]

In the formula: D: Debt value;

E: Equity value;

T: Applicable income tax rate (i.e. 25%);

After calculation, the leveled Beta of Youyu County Sineng Wind Energy Co., Ltd. with capital structure factor equals to:

β = 0.7863 x [1 + (1 − 25%) x 103.41%] = 1.3962

Step 6: Estimate the company's specific rate of risked return (Rs)

Specific risks also include market risk, scale risk, talent risk, and financial risk. After comprehensive consideration and analysis, it is believed that the company's specific risks are moderate, and there is a certain risk of timely capital return. The company's specific rate of risked return (Rs) is determined to be 1%.

No.	Additional Information	Description	Value (%)
1	Company size	Large-sized wind power company	0.10%
2	Historical operating results	Profit-making position in recent years	0.10%
3	Corporate financial risk	As of the benchmark date, there were external borrowings but no external investments	0.20%
4	Distribution of business operations, products, and regions	Mainly targeting certain regions within China	0.40%
5	Internal management and control mechanisms within the enterprise	Internal management and control mechanisms are well established	0.05%
6	Management experience and qualifications	Management personnel with extensive experience	0.05%
7	Dependence on major customers and suppliers	Not dependent on major customers and suppliers	0.10%
	Total		1.00%

Step 7: Calculate the current return on equity

By substituting the appropriate data into the CAPM formula, we can calculate the expected return on equity for the entity being evaluated.

Re = Rf + β x ERP + Rs = 1.68% + 1.3962 x 5.76% + 1% = 10.73%

② Determination of the rate of return on debt

In assessing the return on debt, we selected the actual bank lending rate of the enterprise as the cost of capital, that is 2.3%.

③ Determination of the weighted average return on total capital

The expected return on equity and the return on debt can be calculated using a weighted average method to determine the weighted average return on total capital. The weights are assessed based on the actual proportion of equity and debt in the capital structure.

The weighted average return on total capital is calculated using the following formula:

Formula: $$WACC = \frac{Re}{1+D/E} + (Rd - \frac{Rd}{1+D/E}) \times (1 - T)$$

In the formula: Re: cost of equity capital

Rd: cost of debt capital

T: income tax rate

D/E: Capital structure of the entity being evaluated

WACC = 10.73% x (1/(1+103.41%))+2.3% x (1-1/(1+103.41%))x (1-25%) = 6.15%

9. Determination of surplus asset value

Surplus assets refer to assets that exceed the needs of the enterprise's production and operations as of the Valuation Benchmark Date and are not included in the enterprise's free cash flow forecast after the Valuation Benchmark Date.

10. Determination of the value of non-operating assets and liabilities

Non-operating assets and liabilities refer to assets and related liabilities that are not related to the production and operation of the entity being evaluated and are not included in the scope of income forecast.

11. Determination of the value of interest-bearing debt

Interest-bearing debt mainly refers to loans borrowed by the company from financial institutions or other entities and individuals, as well as related interest.

2. Valuation Conclusions

2.1 Valuation conclusions of Asset-based Approach

Using the asset-based approach, the Valuer concluded that the valuation conclusions of the appraised entity as at the Valuation Benchmark Date were as follows:

The book value of audited total assets was RMB741,134,400, the appraised value was RMB668,816,100, and the appraised value depreciation was RMB72,318,300, with a depreciation rate of 9.76%.

The book value of liabilities was RMB484,894,400, and the appraised value was RMB484,894,400, and there was no change in value appreciation or depreciation.

The book value of net assets was RMB256,240,000, the appraised value was RMB183,921,700, and the appraised value depreciation was RMB72,318,300, with an depreciation rate of 28.22%.

2.2 Valuation conclusions of Income Approach

Using the income approach, the Valuer concluded that the valuation conclusions of the appraised entity as at the Valuation Benchmark Date were as follows:

The appraised value of the entire shareholders' equity interest was RMB344,090,000, and the appraised value appreciation was RMB87,850,000, with an appreciation rate of 34.28%.

2.3 Difference Analysis of Valuation Results

Item	Appraised Value under Asset-based Approach A *(RMB)*	Appraised Value under Income Approach B *(RMB)*	Difference Amount C=B-A *(RMB)*	Discrepancy Ratio D=(B-A)/A×100% *(%)*
Appraised Value of Entire Shareholders' Equity Interest	183,921,700	344,090,000	160,168,300	87.09

The difference of the appraised value under the income approach and the asset-based approach is RMB160,168,300, representing a discrepancy ratio of 87.09%. The principal reasons for such difference are that the two valuation methods adopt different perspectives. The asset-based approach considers the cost of reacquiring the assets, reflecting the replacement value of the existing assets. The income approach, however, considers the future earning capacity, reflecting the comprehensive profitability generated by all the assets.

2.4 Selection of Valuation Results

After analysis of the appraised value under the asset-based approach and the income approach, the valuation conclusion of the income approach is adopted given that the asset-based approach only appraises individual tangible assets and partially quantifiable intangible asset, which fails to fully capture the contribution of individual asset combinations to the overall enterprise value or adequately measure the synergistic effects arising from the interaction and organic combination of the assets, whereas the valuation conclusion of the income approach inherently includes the value of intangible assets that are difficult to quantify separately, which reflects the overall earning capacity resulting from the combined effect of all external environmental factors and internal conditions.

Furthermore, the appraised entity operates in the wind power generation industry and holds an electricity business license, indicating relatively stable future earnings.

By reason of the foregoing, after considering the respective advantages and limitations of the asset-based approach and the income approach, and analyzing the impact of each approach on the valuation conclusion of the appraised entity, the valuation conclusion of the income approach is deemed more conducive to reflecting the value of the appraised entity for this particular economic transaction and thus the valuation conclusion of the income approach is adopted.

3. Principal Assumptions

According to the Valuation Report B prepared by the Valuer, details of the principal assumptions on which the entire shareholders' equity interest of Youyu is based, are set out as follows:

(i) General Assumptions

1. Going Concern Over A Limited Period Assumption: It is assumed that the appraised entity's operations are lawful and that no unforeseen factors will prevent its continued operation. Existing assets will continue to be used for their current purposes at their current locations until the end of the forecast period in accordance with the business objectives.

2. Transaction Assumption: It is assumed that all assets subject to appraisal are in the process of being transacted. The valuer values the assets by simulating market conditions based on the assumed transaction terms. This is a fundamental prerequisite for asset valuation.

3. Open Market Assumption: It is assumed that assets transacted or intended for transaction on the market are exchanged between parties acting at arm's length, with equal status and sufficient access to market information and time to make informed judgments regarding the assets' functions, uses, and transaction prices. This assumption is based on the premise that the assets can be freely bought and sold on the open market.

4. Continuous Use of Assets Assumption: It is assumed that the evaluated asset will be used legally and effectively according to its planned purpose, usage method, scale, frequency, environment, and other conditions, and will not undergo significant changes during the foreseeable period of use.

(ii) Specific Assumptions

1. It is assumed that the national macroeconomic situation and current relevant laws, regulations, and policies will not undergo significant changes; no major changes will occur in the political, economic, and social environment of the regions where the parties to this transaction are located.

2. It is assumed that the industry in which the appraised entity operates will maintain a stable development trajectory, with no major changes in industry policies, management systems, or relevant regulations.

3. It is assumed that there will be no significant changes in national credit interest rates, tax bases and tax rates, or policy-related levies and fees.

4. It is assumed that no other force majeure events or unforeseen factors will occur that could materially adversely affect the appraised entity.

5. It is assumed that all parameters used in this valuation assessment are based on the current price system, and the impact of inflation after the Valuation Benchmark Date has not been considered.

6. It is assumed that the appraised entity's production and business operations will continue in their current state, with no material changes in its operating conditions occurring within the foreseeable operating period.

7. It is assumed that future management personnel will be diligent and that the company will continue to operate under its existing management model.

8. It is assumed that the appraised assets will continue to be used legally and effectively according to their current purposes, methods, scale, frequency, and environmental conditions, with no major changes occurring within their foreseeable useful lives.

9. It is assumed that the general company information, property rights documentation, policy documents, and other relevant materials provided by the client and the appraised entity are authentic and valid.

10. It is assumed that the acquisition, procurement, and construction processes of all assets involved in the valuation comply with relevant national laws and regulations.

11. It is assumed that there are no material differences between the accounting policies used in the historical financial data provided by the appraised entity and those used for the income projections.

12. It is assumed that the appraised entity's future business strategies and cost controls will not undergo significant changes.

13. Within the foreseeable operating period, non-recurring gains and losses that the appraised entity may incur have not been considered, including but not limited to, gains/losses from disposal of fixed assets, intangible assets, other long-term assets, and other non-operating income/expenses.

14. It is assumed that the appraised entity will be able to renew the lease as normal upon expiration and continue to use the leased assets it operates.

15. It is assumed that after the Valuation Benchmark Date, the appraised entity's cash inflows and outflows will occur evenly.

16. Through analysis of the historical period's national subsidy income and accounts receivable, the settlement cycle of the evaluated unit's national subsidy income is approximately 2 years. It is assumed that the recovery period of the evaluated unit's national subsidy electricity fees receivable during the forecast period is 2 years.

VALUATION REPORT C

The Valuer appraised the value of the entire shareholders' equity interest of Luan by using the asset-based approach (whereas the long-term equity investment of Luan (i.e. the equity interests in Huoqiu) was appraised using the asset-based approach and discounted cash flow method under income approach.).

1. Valuation Model and Parameters

1.1 Asset-based approach (with asset-based approach and discounted cash flow method under income approach adopted for the valuation of the long-term equity investment of Luan (i.e. the equity interests in Huoqiu))

The asset-based approach is an appraisal method that uses the balance sheet of the appraised entity as of the Valuation Benchmark Date as a basis to appraise the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities, thereby determining valuation method for the value of the appraised object.

1. Current assets

The scope of current asset valuation includes cash and cash equivalents and other receivables.

(1) Cash and cash equivalents: includes bank deposits. Its assessed value is determined based on verified values obtained by verifying bank statements, bank confirmations, etc.

(2) Accounts receivable: The assessed value of various accounts receivable is determined based on the amount that can be recovered for each item after verification. For accounts receivable that are reasonably expected to be fully recoverable, the assessed value is calculated based on the total amount receivable.

2. Non-current assets

Method for evaluating long-term equity investment:

In accordance with the valuation criteria and the operating conditions of the subsidiary, Huoqiu County Huaqin New Energy Co., Ltd.* (霍邱縣華欽新能源有限公司), the asset-based approach and income approach were selected for the overall valuation to determine the assessed value of the long-term equity investment.

(1) Introduction to long-term equity investment – asset-based approach

1) Current assets

The scope of current asset valuation includes cash and cash equivalents, accounts receivable, other receivables and other current assets.

Cash and cash equivalents: includes bank deposits. Its assessed value is determined based on verified values obtained by verifying bank statements, bank confirmations, etc.

Accounts receivable: The assessed value of various accounts receivable is determined based on the amount that can be recovered for each item after verification. For accounts receivable that are reasonably expected to be fully recoverable, the assessed value is calculated based on the total amount receivable.

Other current assets: The appraisers verified other current assets by reviewing account statements, contracts, or vouchers, and the verified results matched the amounts in the accounts and statements. The appraised value was determined based on the verified book value.

2) Non-current assets

Fixed assets in the form of buildings

For its own facilities of the company that are mainly used for production and office space, based on the specific circumstances of the assets to be appraised, it is appropriate to use the cost approach to determine the appraised value based on the tax-exclusive value. The floor area shall be determined based on the results of the audited reporting materials.

The cost approach refers to various valuation methods that first estimate the replacement cost of the asset being valued, then estimate the various depreciation factors that already exist for the asset being valued, and deduct them from the replacement cost to obtain the value of the asset being valued.

Appraised value = replacement cost × comprehensive residue rate

① Determination of replacement cost

The appraisers conduct on-site inspections of buildings based on relevant documentation and analyse the actual conditions of the structures to calculate the quantities of work for each sub-project. Based on construction engineering budget standards, cost standards, and material price adjustment documents, they use the revised estimate (budget) method or the budget (final account) adjustment method to calculate the construction cost of typical buildings, and add the consumption of equipment, materials, and funds that must occur during the construction process. They calculate and determine the comprehensive construction cost of typical buildings according to the fee standards for building construction of the relevant authorities in the region and country where the assets are located, and use the analogy method to compare and determine the impact coefficients of the differences between other buildings on the comprehensive construction cost, thereby determining the tax-excluded comprehensive construction cost of other buildings, calculate other construction costs and capital costs, and ultimately determine the pre-tax replacement cost.

Other construction-related expenses are determined in accordance with relevant regulations and based on the actual expenses incurred by the enterprise, including project management fees, construction supervision fees, survey and design fees, etc.

Capital costs refer to the interest or opportunity costs incurred during the construction of a building. The loan interest rate is determined based on the Loan Prime Rate (LPR) published by the National Interbank Funding Center on the Valuation Benchmark Date. Taking into account the scale of the appraised asset construction, a reasonable construction period is determined, and the construction period capitals are calculated based on investment in equal instalments.

Replacement cost = construction and installation costs + preliminary and other expenses + capital costs

② Determination of residue rate

Based on the results of the on-site inspection and the specific conditions of the building, the comprehensive residue rate is determined by calculating the weighted average of the straight line depreciation method and the survey method according to their respective weights and then adding the totals.

Determination of residue rate under straight-line depreciation method

Residue rate under straight-line depreciation method = (economic life – years of use)/economic life × 100%

The economic life span is determined in accordance with the "Manual of Commonly Used Data and Parameters for Asset Valuation".

Determination of the residue rate under the survey method

To determine the residue rate under the survey method, first classify the main factors affecting the condition of the building. Based on the proportion of each category in the construction cost, determine the standard scores for each factor of different structural forms. Then, based on the actual conditions observed during the on-site inspection, determine the intact scores for each category. Finally, use these scores to determine the residue rate under the survey method. Calculation formula:

Residue rate under survey method(%) = (intact score/ standard score) × 100%

Determination of comprehensive residue rate

Comprehensive residue rate = residue rate under straight-line depreciation method × 40% + residue rate under survey method × 60%

Fixed assets in form of machinery and equipment

Including machinery and equipment. In accordance with the purpose of this valuation, based on the principle of continued use and market prices, and taking into account the characteristics of the equipment to be assessed and the information collected, the cost approach was used to assess the machinery and equipment.

The cost approach refers to various valuation methods that first estimate the replacement cost of the asset being valued, then estimate the various depreciation factors that already exist for the asset being valued, and deduct them from the replacement cost to obtain the value of the asset being valued.

Appraised value = replacement cost × comprehensive residue rate

① Determination of replacement cost

The purchase price of standard sets of machinery and equipment is determined through market channels. Transportation and handling fees, installation and commissioning fees, and necessary accessory and ancillary equipment fees incurred in bringing the equipment to a usable state are added. Based on the current market charging standards in the region where the appraised assets are located, pre-construction engineering costs, other expenses, and capital costs are calculated. In accordance with relevant national tax regulations, the replacement cost is determined.

For self-made and non-standard equipment, the cost approach is used. After verifying the material and quantity of the equipment, the current tax-inclusive construction costs of various types of non-standard equipment are investigated. Based on the current market fee standards in the region where the appraised assets are located, the costs of the preliminary stage of construction projects, other expenses, and capital costs are calculated to determine the replacement cost.

Replacement cost = purchase price + transportation and handling charges + installation and commissioning fees + basic costs + preliminary and other expenses + capital costs

② Determination of residue rate

Determination of the residue rate of major machinery and equipment:

Residue rate under straight-line depreciation method = (economic life – years of use)/ economic life × 100%

The economic life span of machinery and equipment is determined in accordance with the "Manual of Commonly Used Data and Parameters for Asset Valuation";

Years of use: Determined based on the time from the date of installation to the Valuation Benchmark Date, combined with the equipment's operating rate;

Residue rate under survey method = ∑ technical observation analysis score × score weight of each component unit × 100%

Comprehensive residue rate*(Note)* = residue under straight-line depreciation method × 40% + residue rate under survey method × 60%

Note: As advised by the Valuer, the weightings adopted above (i.e. 60% for residue rate under straight-line depreciation method and 40% for residue rate under survey method) for calculation of the comprehensive residue rate is determined in accordance with the guidance material published by the China Appraisal Society, which is commonly followed in the industry.

Determination of the residue rate of general or low-value equipment:

Residue rate = (economic life – years of use)/economic life × 100%

Right-of-use assets

For enterprises, in accordance with the relevant provisions of the new leasing standards, the assessed value of the net book value of leased assets recognised in accordance with the leasing standards, such as leased assets after verification of market rent, shall be confirmed.

Intangible assets

Including: land use rights.

Intangible assets – the methods for assessing land use rights include the market comparison method, the income capitalisation method, the residual method, the cost approach method, and the benchmark land price coefficient adjustment method. The selection of assessment methods should comply with the technical regulations for land price assessment, taking into account the applicability and feasibility of various methods, as well as the specific characteristics of the project and the purpose of the assessment. To this end, after on-site inspections by appraisers and the collection, analysis, and organisation of data regarding the characteristics of the appraised object, appraisal objectives, and influencing factors of the plot's location, combined with the actual circumstances of the appraised object, the market approach and cost approach were selected to calculate the land prices of each plot under appraisal, thereby determining the land prices.

The market approach is a method of estimating the objective and reasonable price of land to be appraised based on the principle of substitution. It compares the land to be appraised with similar properties that are substitutable and have been traded in the market recently at the time of appraisal, and makes appropriate adjustments to the transaction prices of similar properties to estimate the objective and reasonable price of the land to be appraised. The formula is as follows:

$P = M \times A \times B \times C \times D \times E$ where:

P – Comparable price of the appraised object

M – Comparing sample prices

A – Appraised object transaction index/Comparative transaction index

B – Appraised object valuation date land price index/Comparison sample valuation date land price index

C – Appraised object regional factor condition index/Comparison sample regional factor condition index

D – Individual factor condition index for appraised objects/comparative sample individual factor condition index

E – Appraised object annual adjustment index/comparison sample annual adjustment index.

The cost approach is a method of determining land prices based primarily on the sum of all costs incurred in acquiring and developing the land, plus a certain amount of interest, profit, taxes payable, and land appreciation gains. The formula is as follows:

Land price = (land acquisition costs and related taxes + land development costs + interest + profit + land appreciation gains) × (1 ± location adjustment factor) × term adjustment factor

Long-term deferred expenses

As of the Valuation Benchmark Date, the book value of long-term deferred expenses primarily consisted of the amortized value of system software service technical maintenance fees. After conducting investigations on the long-term deferred expenses and reasons for the formation of long-term deferred expenses, the appraisers determined the assessed value of the long-term deferred expenses based on the verified book value.

Deferred tax assets

As of the Valuation Benchmark Date, the book value of deferred tax assets primarily consists of income tax assets arising from taxable temporary differences. The appraisers verified the consistency between the book records and financial statements of deferred tax assets, reviewed and understood the differences between the company's accounting policies and tax regulations, and obtained information regarding the causes, timing, and expected reversal periods of the assets. They also reviewed the audit procedures for the recognition of deferred tax assets and analysed and assessed whether the company will have sufficient taxable income in the future. In this assessment, the appraisers determined the assessed value based on the verified book value.

Other non-current assets

The other non-current assets on the balance sheet as of the Valuation Benchmark Date mainly consist of value-added tax (input tax). Investigations on the accounting content and reasons for the formation of other non-current assets shall be conducted. The valuation of other non-current assets was determined by the appraisers based on the verified book value.

3) Liabilities

For the assessment of accounts payable, taxes payable and other payables in current liabilities, non-current liabilities due within one year, and lease liabilities in non-current liabilities, based on the detailed items provided by the enterprise, the audited figures after examination, verification, and confirmation procedures serve as its assessed value.

(2) Introduction to long-term equity investments – income approach

The income approach used in this valuation calculates the assessed value by converting the expected future net cash flow of the assets into present value using an appropriate discount rate. Its applicable basic conditions are: the enterprise has the foundation and conditions for on-going operation, there is a relatively stable correlation between asset operation and income, and future income and risks can be predicted and quantified.

1) Valuation model:

Enterprise free cash flow model in the discounted future earnings method is intended to be used for this valuation.

2) Formula

Total shareholder equity value = Total enterprise value – Interest-bearing debt

Total enterprise value = value of operating assets + surplus assets + value of non-operating assets

Among them: the value of operating assets is determined according to the following formula

Discounted value of free cash flow of an enterprise = present value of free cash flow during the specified forecast period + present value of free cash flow after the specified forecast period

The specified forecast period refers to the period from the Valuation Benchmark Date to the date when the enterprise reaches a relatively stable operating condition.

3) Determination of forecast period

Based on the economic lifespan of the power plant and the validity period of the power business licence, the revenue period of the asset group is determined to be a limited term. The appraised asset group achieved full-capacity grid connection on 15 January 2022. The forecast period is based on the date of full-capacity grid connection and the economic life of the asset group of 25 years, i.e., the forecast period is from the Valuation Benchmark Date to January 2047.

4) Determination of revenue period

Based on the economic life span of the power plant and the validity period of the power business licence, the revenue period of the asset group is determined to be a limited term. The appraised asset group achieved full-capacity grid connection as of 15 January 2022, this forecast period is based on the date of full grid connection of the asset group and an economic life of 25 years for the asset group, i.e. the forecast period is from the Valuation Benchmark Date to January 2047.

5) Determination of free cash flow

The company's free cash flow is used for this valuation, the formula of free cash flow is as follows:

Free cash flow (annualised for the forecast period) = profit before interest and taxes × (1 – income tax rate) + depreciation and amortisation – capital expenditure – additional working capital

6) Determination of future value

Free cash flow = profit before interest and taxes × (1 – income tax rate) + depreciation and amortisation – capital expenditure – additional working capital + proceeds from disposal of matured assets.

7) Considerations for year-end discounting

Considering that free cash flow occurs throughout the year, this valuation assumes that cash inflows and outflows are evenly distributed, and therefore the discount period for free cash flow is calculated on a mid-term discounting basis.

8) Determination of discount rate

The discount rate, also known as the expected rate of return on investment, is an important parameter for determining the assessed value based on the income approach. In this valuation, the expected rate of return on investment of the assessed entity was estimated using a method that selected Tonghua Shun iFinD information technology services*(Note)* for analysis and calculation. To this end, the first step is to determine the systematic risk coefficient β (levered beta) of Tonghua shun iFinD information technology services. The second step is to use the industry β and the capital structure of the company being evaluated to estimate the expected rate of return on investment for the entity being evaluated, and use this as the discount rate.

Note: As advised by the Valuer, Tonghua Shun iFinD information technology service (or Tonghua Shun iFind software, used interchangeably) is a financial data analysis system, which consolidates global major market data and is equipped with fundamental functions such as in-depth data enquiry, intelligent search, macroeconomic and industry databases and valuation modeling. For the purpose of the current valuation, the Tonghua Shun iFinD information technology service was used to, among others, (i) determine the systematic risk coefficient β (levered beta); and (ii) calculate the average yield of each component stock in the CSI 300 Index.

(1) Determination of weighted average cost of capital (WACC)

WACC (Weighted Average Cost of Capital) represents the expected total return on investment. It is the weighted average of the expected return on equity and the return on debt after income tax adjustments.

When calculating the total return on investment, the first step is to calculate the return on equity capital and the return on debt capital using publicly available market data as of the Valuation Benchmark Date. The second step is to calculate the weighted average return on equity and the weighted average return on debt.

① Determination of return on equity

To determine the return on equity, we use the Capital Asset Pricing Model (CAPM). CAPM is a method commonly used to estimate investor return requirements and thereby calculate a company's return on equity. It can be expressed by the following formula:

$$Re = Rf + \beta \times ERP + Rs$$

Among them:

Re – return on equity

Rf – risk-free rate of return

β – risk factor

ERP – market risk excess return rate

Rs – company-specific risk excess return rate

To analyse CAPM, we take the following steps:

Step 1: determine the risk-free rate of return

Government bond yields are generally considered risk-free because the risk of default on the bond at maturity is negligible and can be ignored.

The risk-free rate of return reflects the basic value of funds when there is no default risk on the principal and the expected income is guaranteed. For this valuation, the 10-year government bond yield of 1.68% announced by the China Central Depository & Clearing Co., Ltd. on the Valuation Benchmark Date was selected as the risk-free rate of return.

Step 2: Determine the equity risk return rate

MRP is the Market Risk Premium, which refers to the yield spread between equity assets and risk-free assets. It typically refers to the portion by which the average yield of the constituent stocks of a typical securities market index exceeds the average risk-free yield (typically the long-term government bond yield) (Rm-Rf1). The CSI 300 Index aligns well with international standards, as its 300 constituent stocks effectively reflect the condition of China's stock market. In this assessment, the evaluators used the Tonghua Shun iFinD software to calculate the average yield of each component stock in the CSI 300 Index. The calculation results show that the average yield (geometric average yield, calculated on a weekly basis, using logarithmic yields) over a 20-year period (2005–2024) was 9.04%, corresponding to an average risk-free rate of return (Rf1) of 3.27% over the 20-year period (2005–2024). Therefore, the market risk premium (Rm-Rf1) in this assessment is set at 5.76%.

Step 3: Determine the industry's relative risk coefficient β (Levered beta) relative to the stock market.

The average beta value of five comparable listed companies over the past 100 weeks, excluding the capital structure factor, is 0.7034. The calculation process is shown in the table below:

No.	Name of comparable company	Stock Code	interest-bearing liabilities(D)	Equity fair market value (E)	Equity value ratio	β with capital structure factor (Levered β)	β without capital structure factor (Unlevered β)	income tax rate (T)
1	Zhejiang Provincial New Energy Investment Group Co., Ltd.	600032.SH	3,241,901.93	1,779,459.74	182.18%	1.3409	0.5666	25.00%
2	Nyocor Company Limited	600821.SH	2,488,282.98	1,078,522.26	230.71%	0.9935	0.3639	25.00%
3	Jinko Power Technology Co., Ltd.	601778.SH	1,933,248.50	1,007,013.83	191.98%	1.3271	0.5439	25.00%
4	Zhejiang Sunoren Solar Technology Co., Ltd.	603105.SH	187,846.99	450,505.80	41.70%	1.2284	0.9070	15.00%
5	Jiangsu Linyang Energy Co., Ltd.	601222.SH	326,109.43	1,456,539.59	22.39%	1.3519	1.1358	15.00%

As advised by the Valuer, taking into account that Huoqiu is primarily engaged in the photovoltaic power generation business and have been in operation for years, the five comparable listed companies are selected on the following premises: (i) each of the comparable companies is primarily engaged in photovoltaic power generation business, similar to Huoqiu; (ii) each of the comparable companies has only issued A shares for listing in the PRC, and has been listed for at least 24 months, with active trading activities of it's A shares. As advised by the Valuer, the requirement of the comparable companies to be having listed for at least 24 months is determined with the following considerations: (i) the financial information and operation performance for these companies are usually more stable after at least two years of listing, and as such

can more accurately reflect the actual operation capabilities and market position of these companies, thus enhancing the accuracy of the valuation; (ii) the valuation and business strategies of companies with longer listing period are generally more recognized by the market. For instance, major market players in the industry which have been listed for long years are generally more reflective of the average profit level and risk characteristics of the industry; and (iii) companies which have listed for at least 2 years generally have already formulated stable business model and risk management system, which facilities the Valuer to assess the risk parameters (such as discount rate) of the valuation target, thus enhancing the accuracy of the valuation results.

As advised by the Valuer, the information in the table above is sourced from Tonghua Shun iFinD information technology service. Further information regarding the comparable companies are as follows: (1) Zhejiang Provincial New Energy Investment Group Co., Ltd. became listed in May 2021, and among its total revenue generated in 2024, approximately 98.52% was derived from new energy generation; (2) Nyocor Company Limited became listed in January 1994, and among its total revenue generated in 2024, approximately 94.88% was derived from new energy generation; (3) Jinko Power Technology Co., Ltd. became listed in May 2020, and among its total revenue generated in 2024, approximately 76.87% was derived from photovoltaic power generation operation business; (4) Zhejiang Sunoren Solar Technology Co., Ltd. became listed in July 2018, and among its total revenue generated in 2024, approximately 98.46% was derived from photovoltaic industry; and (5) Jiangsu Linyang Energy Co., Ltd. became listed in August 2011, and among its total revenue generated in 2024, approximately 43.03% was derived from photovoltaic industry (being the largest source of revenue in 2024).

Step 4: Determine the capital structure ratio of the entity being evaluated

The enterprise being evaluated in this assessment has interest-bearing debt and we used its own capital structure, D/E = 163.00%.

Step 5: Estimate the levered beta of the entity being valued under the capital structure ratio determined above

We substitute the capital structure ratio of the entity being evaluated that has been determined into the following formula to calculate the levered beta of the entity being evaluated:

Levered Beta = Unlevered Beta × [1+ (1-T) D/E]

In the formula: D: Debt value;

E: Equity value;

T: Applicable income tax rate (i.e. 12.5%, 25%);

After calculation, the levered Beta of Huoqiu County Huaqin New Energy Co., Ltd. with capital structure factor equals to:

$\beta = 0.7034 \times [1 + (1-12.5\%) \times 163.00\%] = 1.7067$

$\beta = 0.7034 \times [1 + (1-25\%) \times 163.00\%] = 1.5634$

Step 6: Estimate the company's specific rate of risked return (Rs)

Specific risks also include market risk, scale risk, talent risk, and financial risk. After comprehensive consideration and analysis, it is believed that the company's specific risks are moderate, and there is a certain risk of timely capital return. The company's specific rate of risked return (Rs) is determined to be 2%.

No.	Additional Information	Description	Value (%)
1	Company size	Large-scale company	0.30%
2	Historical operating results	Profit-making position in recent years	0.70%
3	Corporate financial risk	As of the benchmark date, there were external borrowings but no external investments	0.40%
4	Distribution of business operations, products, and regions	Mainly targeting certain regions within China	0.40%
5	Internal management and control mechanisms within the enterprise	Internal management and control mechanisms are well established	0.05%
6	Management experience and qualifications	Management personnel with extensive experience	0.05%
7	Dependence on major customers and suppliers	Not dependent on major customers and suppliers	0.10%
	Total		2.00%

Step 7: Calculate the current return on equity

By substituting the appropriate data into the CAPM formula, we can calculate the expected return on equity for the entity being evaluated.

Re = Rf + β x ERP + Rs = 1.68% + 1.7067 x 5.76% + 2% = 13.52%

Re = Rf + β x ERP + Rs = 1.68% + 1.5634 x 5.76% + 2% = 12.69%

② Determination of the rate of return on debt

In assessing the return on debt, we selected the actual bank lending rate of the enterprise as the cost of capital, that is 3.6% (see above).

③ Determination of the weighted average return on total capital

The expected return on equity and the return on debt can be calculated using a weighted average method to determine the weighted average return on total capital. The weights are assessed based on the actual proportion of equity and debt in the capital structure.

The weighted average return on total capital is calculated using the following formula:

Formula: $$WACC = \frac{Re}{1+D/E} + (Rd - \frac{Rd}{1+D/E}) \times (1-T)$$

In the formula: Re: cost of equity capital

Rd: cost of debt capital

T: income tax rate

D/E: Capital structure of the entity being evaluated

WACC=13.52% × 100%+3.6% × 163.00% × (1-12.5%)=7.09%

WACC=12.69% × 100%+3.6% × 163.00% × (1-25%)=6.50%

9) Determination of surplus asset value

Surplus assets refer to assets that exceed the needs of the enterprise's production and operations as of the Valuation Benchmark Date and are not included in the enterprise's free cash flow forecast after the Valuation Benchmark Date.

10) Determination of the value of non-operating assets and liabilities

Non-operating assets and liabilities refer to assets and related liabilities that are not related to the production and operation of the entity being evaluated and are not included in the scope of income forecast.

11) Determination of the value of interest-bearing debt

Interest-bearing debt mainly refers to loans borrowed by the company from financial institutions or other entities and individuals, as well as related interest.

3. Liabilities

For the assessment of other payables in current liabilities, we used the audited figures after reviewing and verifying against the detailed statements provided by the company as the assessment value.

2. Valuation Conclusions

2.1 Valuation conclusions for Luan's long-term equity investment in Huoqiu

2.1.1 Under Asset-based Approach

Using the asset-based approach, the Valuer concluded that the valuation conclusions of Huoqiu as at the Valuation Benchmark Date were as follows:

The book value of audited total assets was RMB434,618,700, the appraised value was RMB289,915,000, and the appraised value depreciation was RMB144,703,700, with an depreciation rate of 33.29%.

The book value of liabilities was RMB296,407,500, and the appraised value was RMB296,407,500, and there was no change in value appreciation or depreciation.

The book value of net assets was RMB138,211,200, the appraised value was -RMB6,492,500, and the appraised value depreciation was RMB144,703,700, with a depreciation rate of 104.70%.

2.1.2 Under Income Approach

Using the income approach, the Valuer concluded that the valuation conclusions of Huoqiu as at the Valuation Benchmark Date were as follows:

The appraised value of the entire shareholders' equity interest was RMB162,610,000, and the appraised value appreciation was RMB24,398,000, with an appreciation rate of 17.65%.

2.1.3 Difference analysis of Valuation Results

Item	Appraised Value under Asset-based Approach A *(RMB)*	Appraised Value under Income Approach B *(RMB)*	Difference Amount C=B-A *(RMB)*	Discrepancy Ratio D=(B-A)/A×100% *(%)*
Appraised Value of Entire Shareholders' Equity Interest	-6,492,500	162,610,000	169,102,500	2,640.58

The difference of the appraised value under the income approach and the asset-based approach is RMB162,610,000, representing a discrepancy ratio of 2,640.58%. The principal reasons for such difference are that the two valuation methods adopt different perspectives. The asset-based approach considers the cost of reacquiring the assets, reflecting the replacement value of the existing assets. The income approach, however, considers the future earning capacity, reflecting the comprehensive profitability generated by all the assets.

2.1.4 Selection of Valuation Results

After analysis of the appraised value under the asset-based approach and the income approach, the valuation conclusion of the income approach is adopted given that the asset-based approach only appraises individual tangible assets and partially quantifiable intangible asset, which fails to fully capture the contribution of individual asset combinations to the overall enterprise value or adequately measure the synergistic effects arising from the interaction and organic combination of the assets, whereas the valuation conclusion of the income approach inherently includes the value of intangible assets that are difficult to quantify separately, which reflects the overall earning capacity resulting from the combined effect of all external environmental factors and internal conditions.

Furthermore, the appraised entity operates in the solar energy generation industry and holds an electricity business license, indicating relatively stable future earnings.

By reason of the foregoing, after considering the respective advantages and limitations of the asset-based approach and the income approach, and analyzing the impact of each approach on the valuation conclusion of the appraised entity, the valuation conclusion of the income approach is deemed more conducive to reflecting the value of the appraised entity for this particular economic transaction and thus the valuation conclusion of the income approach is adopted.

2.2 Valuation conclusions of Luan under Asset-based Approach

Using the asset-based approach, the Valuer concluded that the valuation conclusions of the appraised entity as at the Valuation Benchmark Date were as follows:

The book value of audited total assets was RMB115,395,800, the appraised value was RMB192,865,800, and the appraised value appreciation was RMB77,470,000, with an appreciation rate of 67.13%.

The book value of liabilities was RMB30,231,000, and the appraised value was RMB30,231,000, and there was no change in value appreciation or depreciation.

The book value of net assets was RMB85,164,800, the appraised value was RMB162,634,800, and the appraised value appreciation was RMB77,470,000, with an appreciation rate of 90.96%.

3. Principal Assumptions

According to the Valuation Report C prepared by the Valuer, details of the principal assumptions on which the entire shareholders' equity interest of Huoqiu is based, are set out as follows:

(i) General Assumptions

1. Going Concern Over A Limited Period Assumption: It is assumed that the appraised entity's operations are lawful and that no unforeseen factors will prevent its continued operation. Existing assets will continue to be used for their current purposes at their current locations until the end of the forecast period in accordance with the business objectives.

2. Transaction Assumption: It is assumed that all assets subject to appraisal are in the process of being transacted. The valuer values the assets by simulating market conditions based on the assumed transaction terms. This is a fundamental prerequisite for asset valuation.

3. Open Market Assumption: It is assumed that assets transacted or intended for transaction on the market are exchanged between parties acting at arm's length, with equal status and sufficient access to market information and time to make informed judgments regarding the assets' functions, uses, and transaction prices. This assumption is based on the premise that the assets can be freely bought and sold on the open market.

4. Continuous Use of Assets Assumption: It is assumed that the evaluated asset will be used legally and effectively according to its planned purpose, usage method, scale, frequency, environment, and other conditions, and will not undergo significant changes during the foreseeable period of use.

(ii) Specific Assumptions

1. It is assumed that the national macroeconomic situation and current relevant laws, regulations, and policies will not undergo significant changes; no major changes will occur in the political, economic, and social environment of the regions where the parties to this transaction are located.

2. It is assumed that the industry in which the appraised entity operates will maintain a stable development trajectory, with no major changes in industry policies, management systems, or relevant regulations.

3. It is assumed that there will be no significant changes in national credit interest rates, tax bases and tax rates, or policy-related levies and fees.

4. It is assumed that no other force majeure events or unforeseen factors will occur that could materially adversely affect the appraised entity.

5. It is assumed that all parameters used in this valuation assessment are based on the current price system, and the impact of inflation after the Valuation Benchmark Date has not been considered.

6. It is assumed that the appraised entity's production and business operations will continue in their current state, with no material changes in its operating conditions occurring within the foreseeable operating period.

7. It is assumed that future management personnel will be diligent and that the company will continue to operate under its existing management model.

8. It is assumed that the appraised assets will continue to be used legally and effectively according to their current purposes, methods, scale, frequency, and environmental conditions, with no major changes occurring within their foreseeable useful lives.

9. It is assumed that the general company information, property rights documentation, policy documents, and other relevant materials provided by the client and the appraised entity are authentic and valid.

10. It is assumed that the acquisition, procurement, and construction processes of all assets involved in the valuation comply with relevant national laws and regulations.

11. It is assumed that there are no material differences between the accounting policies used in the historical financial data provided by the appraised entity and those used for the income projections.

12. It is assumed that the appraised entity's future business strategies and cost controls will not undergo significant changes.

13. Within the foreseeable operating period, non-recurring gains and losses that the appraised entity may incur have not been considered, including but not limited to, gains/losses from disposal of fixed assets, intangible assets, other long-term assets, and other non-operating income/expenses.

14. It is assumed that the appraised entity will be able to renew the lease as normal upon expiration and continue to use the leased assets it operates.

15. It is assumed that after the Valuation Benchmark Date, the appraised entity's cash inflows and outflows will occur evenly.

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2022, 2023 and 2024 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2025 are disclosed in the following documents, which can be accessed on both the websites of the HKEXnews (http://www.hkexnews.hk) and the Company (http://www.bjei.com).

(i) Annual report of the Group for the year ended 31 December 2022 (pages 143-322), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042401355.pdf

(ii) Annual report of the Group for the year ended 31 December 2023 (pages 139-314), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042601654.pdf

(iii) Annual report of the Group for the year ended 31 December 2024 ("**2024 Annual Report**") (pages 129-302), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0425/2025042501257.pdf

(iv) Interim report of the Group for the six months ended 30 June 2025 (pages 20-63),which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0923/2025092301215.pdf

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

Indebtedness

As at the close of the business on 30 September 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the borrowings of the Group comprised the following indebtedness.

	RMB' million
Bank borrowings	
Secured with guarantee	2,601
Secured without guarantee	11,050
Unsecured with guarantee	4,662
Unsecured without guarantee	34,455
Finance lease liabilities	
Secured with guarantee	1,618
Secured without guarantee	6,775
Unsecured without guarantee	5,937
Other borrowings	
Unsecured without guarantee	896
	67,994

As at 30 September 2025, the interest rates on bank borrowings, financial lease liabilities and other borrowings (including loans from minority shareholders of associates and affiliates) ranged from 1.45% to 5.46%, from 2.00% to 3.20% and from 3.35% to 6.00%, respectively.

As at 30 September 2025, the guarantees securing over the Company's obligations were mainly provided by BEH and minority shareholders of the Company's affiliated companies.

As at 30 September 2025, the bank borrowings and finance lease liabilities of the Company were secured by (i) a pledge of deposit of a total amount of approximately RMB164 million; (ii) property, plant and equipment with an aggregate carrying amount of approximately RMB12,014 million; and (iii) a pledge over receivables in relation to the sales of electricity of a total amount of approximately RMB6,106 million.

As at 30 September 2025, (i) the bank borrowings of the Company will mature within one month to 18 years; (ii) the financial lease liabilities will mature within one month to 14 years; and (iii) the other borrowings (including loans from minority shareholders of associates and affiliates) will mature within three months to 13 years.

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or any material outstanding loan capital, bank overdrafts, loans, mortgages, charges or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, guarantees or any other actual or material contingent liabilities outstanding at the close of business on 30 September 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular.

The Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 30 September 2025 up to and including the Latest Practicable Date.

3. SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources of the Group, including the Group's internal resources, available banking and other borrowing facilities and credit enhancement guarantee from BEH, a controlling Shareholder holding approximately 32.14% of the voting rights underlying the issued Shares as at the Latest Practicable Date (excluding Shares held by the Company as Treasury Shares), in the absence of any unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient working capital for the Group's requirements for at least the next 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL CHANGES

The Directors confirmed that, as at the Latest Practicable Date, there had not been any material change in the financial or operation position or outlook of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. IMPACT ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

Upon completion of the Equity Transfer Agreements, Xinyou, Youyu, Luan and Huoqiu will cease to be the subsidiaries of the Company. Accordingly, the financial results of Xinyou, Youyu, Luan and Huoqiu will no longer be consolidated into the consolidated financial statements of the Group.

The Company is expected to recognize an unaudited estimated gain of approximately RMB137.99 million on a consolidated basis from the proposed issuance of the ABS, which represents the difference between the consideration under the Equity Transfer Agreements of not less than RMB644.21 million and the unaudited carrying value of the Underlying Assets of approximately RMB506.22 million as at the Valuation Benchmark Date as adjusted in accordance with the Company's accounting policy.

As a result of the disposal of Xinyou, Youyu, Luan and Huoqiu:

(i) the total assets of the Group will decrease by approximately RMB1,826.41 million, representing approximately 1.78% of the total assets of the Group as at 31 December 2024, as disclosed in the Company's 2024 Annual Report; and

(ii) the total liabilities of the Group will decrease by approximately RMB1,320.18 million, representing approximately 1.65% of the total liabilities of the Group as at 31 December 2024, as disclosed in the 2024 Annual Report.

Shareholders should note that the financial effect shown above is for reference only and the actual amount of gain or loss resulting from the issuance of the ABS will eventually be recognised in the consolidated financial statements of the Group.

Save as disclosed above, the discussion and analysis of the Company's performance disclosed in the 2024 Annual Report are still identical and applicable to the remaining group after the disposal of Xinyou, Youyu, Luan and Huoqiu.

6. FINANCIAL AND OPERATION PROSPECTS OF THE GROUP

The Group, striving to be the most respected international clean energy ecosystem investor and operator, is primarily engaged in the development, investment, operation and management of power plants and other clean energy projects.

As of 31 December 2024, the 233 power plants beneficially owned by the Group and its associates have an aggregate grid-connected installed capacity of approximately 12,639 MW. For the year end 31 December 2024, the Group recorded revenue of RMB7,011 million, representing an increase of 25.92% as compared to RMB5,568 million as at 31 December 2023. The increase in revenue of the Group was attributable to (i) the expansion in grid-connected installed capacity from approximately 8,577MW as at 31 December 2023 to approximately 12,639MW or around 47.36% increase by way of acquisitions and self-development of power plants; and (ii) effective operation and management of power plants.

The Group's business continues to maintain a rapid growth trend. Currently, the Group still possesses abundant reserves, which lays a solid foundation for the Group to the continuous expansion of our market share and enhancement of our position in the industry in the future. We believe that with the gradual implementation of the reserve projects, the Group's business scale and performance growth will continue to be maintained at a relatively high level. We are committed to aligning with the ambitious national goal of "2030 Carbon Peak and 2060 Carbon Neutral", adhering to the development path primarily based on self-development and focusing on key strategic directions and the implementation of large-scale projects, so as to continuously consolidating and improving the Group's leading position in the renewable energy industry.

Looking forward, with the strong support of BEH, the Group will further focus on its main business. It will fully leverage the opportunity of the transition of energy structure to a clean and low-carbon model and its rapid development and determine the main line of business development. Meanwhile, the Group will coordinate domestic and overseas market resources to optimise assets allocation, and realise scale expansion and intensive development of solar power, wind power and other new energy businesses. In addition to the rapid development of existing new energy businesses, the Group will keep up with the industry's high-tech and new technology development trends, and actively promote the combination of energy and data by capturing new opportunities arising from the clean energy industry ecosystem. Furthermore, it will mainly focus on integrated energy business with the focus placed on big data, and integrate various types of resources including distributed energy, energy storage and hydrogen energy and user loads. It will research and promote the multi-energy complementary integrated services and terminal energy solutions based on renewable energy. By realising the business optimisation transformation and sustainable healthy development of the Group through value creation, it will be in the best interests of the Group and its Shareholders.

This report has been prepared in accordance with Chinese asset valuation standards

THE ASSET VALUATION REPORT IN RELATION TO ALL SHAREHOLDER EQUITY INTERESTS OF XINJIANG XINYOU NEW ENERGY POWER GENERATION CO., LTD. VALUATION PROJECTS INVOLVING THE PROPOSED TRANSFER OF 100% OF THE EQUITY INTERESTS OF XINJIANG XINYOU NEW ENERGY POWER GENERATION CO., LTD. BY BEI ENERGY DEVELOPMENT (BEIJING) CO., LTD.

North Asia Ping Bao Zi [2025] No. 01-0870

北方亞事
—NORTH ASSET—

20 August 2025

CONTENTS

STATEMENT

(1) This asset valuation report is prepared in accordance with the Basic Asset Appraisal Standards issued by the Ministry of Finance and the Asset Appraisal Practice Standards and Code of Professional Ethics issued by the China Appraisal Society.

(2) The principal or other users of the asset valuation report shall use the asset valuation report in accordance with the provisions of laws and administrative regulations and within the scope specified in the asset valuation report; the asset valuation institution and its professional personnel shall not be liable for any misuse of the asset valuation report by the principal or other users in violation of the aforementioned provisions.

The asset valuation report is intended solely for use by the principal, other users agreed in the asset valuation engagement contracts, and users specified by laws and administrative regulations; no other institutions or individuals shall be deemed users of the asset valuation report.

Users of the asset valuation report shall correctly understand the valuation conclusion. The valuation conclusion does not equate to the realizable price of the valuation subject and shall not be construed as a guarantee of the realizable price of the valuation subject.

(3) The asset valuation institution and its professional personnel adhere to laws, administrative regulations, and asset valuation standards, uphold the principles of independence, objectivity, and impartiality, and bear legal responsibility for the issued asset valuation report.

(4) The asset and liability list related to the valuation subject is declared by the principal and the appraised entity and confirmed by their signatures, seals, or other legally permissible methods; the principal and other relevant parties are legally responsible for the authenticity, completeness, and legality of the information provided.

(5) The asset valuation institution and its professional personnel have no existing or anticipated interest relationships with the valuation subject in the asset valuation report; they also have no existing or anticipated interest relationships with relevant parties and are free from bias toward them.

(6) The professional personnel have conducted on-site investigations on the valuation subject in the asset valuation report and its related assets; they have paid necessary attention to the legal ownership status of the valuation subject and its related assets, verified the legal ownership documents, truthfully disclosed any identified issues, and have requested the principal and other relevant parties to perfect the property rights to meet the requirements for issuing the asset valuation report.

(7) The analyses, judgments, and conclusions in the asset valuation report issued by the asset valuation institution are subject to the assumptions and limiting conditions stated in the asset valuation report. Users of the asset valuation report should make sufficient consideration to the assumptions, limiting conditions, special notes and their impacts on the valuation conclusions stated in the valuation report.

EXTRACTS OF THE ASSET VALUATION REPORT IN RELATION TO ALL SHAREHOLDER EQUITY INTERESTS OF XINJIANG XINYOU NEW ENERGY POWER GENERATION CO., LTD. VALUATION PROJECTS INVOLVING THE PROPOSED TRANSFER OF 100% OF THE EQUITY INTERESTS OF XINJIANG XINYOU NEW ENERGY POWER GENERATION CO., LTD. BY BEI ENERGY DEVELOPMENT (BEIJING) CO., LTD.

North Asia Ping Bao Zi [2025] No. 01-0870

North Asia Assets Assessment Co., Ltd. was commissioned by BEI Energy Development (Beijing) Co., Ltd. to conduct a valuation of the market value of the shareholders' interests in Xinjiang Xinyou New Energy Power Generation Co., Ltd. as of the Valuation Benchmark Date. The valuation was conducted in accordance with laws, administrative regulations and asset valuation standards while adhering to the principles of independence, objectivity and fairness. The asset-based approach and income approach were adopted, following the necessary valuation procedures. The summary of the valuation report is as follows:

1. Purpose of valuation: Proposed transfer of 100% of the equity interests of Xinjiang Xinyou New Energy Power Generation Co., Ltd. by BEI Energy Development (Beijing) Co., Ltd., and a valuation of all of the involved equity interest values of Xinjiang Xinyou New Energy Power Generation Co., Ltd. is required, so as to provide a value reference for this economic activity.

2. Valuation subject and valuation scope: The valuation subject are all of the equity interests of Xinjiang Xinyou New Energy Power Generation Co., Ltd. The valuation scope are all assets and liabilities of Xinjiang Xinyou New Energy Power Generation Co., Ltd.

3. Valuation type: Market value.

4. Valuation Benchmark Date: 31 December 2024.

5. Valuation methods: The asset-based approach and the income approach.

6. Valuation conclusion: This valuation report adopts the valuation conclusion of the income approach, details of which are as follows:

In accordance with the relevant laws of the state regarding asset valuation, as well as the rules and regulations of other relevant state departments, and adhering to the principles of independence, impartiality, science, and objectivity, and after completing the necessary valuation procedures, North Asia Assets Assessment Co., Ltd. conducted a valuation of the total equity interests of Xinjiang Xinyou New Energy Power Generation Co., Ltd. using both the income approach and the asset-based approach. After analyzing the valuation results of both methods, the current assessment ultimately adopted the income approach, namely as of 31 December 2024, which was the Valuation Benchmark Date, the assessed value of the the entire shareholders' equity interests of Xinjiang Xinyou New Energy Power Generation Co., Ltd. was RMB137,490,000, with a book value of RMB111,747,800, resulting in an assessed appreciation of RMB25,752,200, representing an appreciation rate of 23.04%.

7. Validity period of valuation conclusion: The validity period of this valuation conclusion is one year from the Valuation Benchmark Date, being effective from the period of 31 December 2024 to 30 December 2025, and re-valuation will be required after the one-year validity period.

8. Special notes that pose impacts on valuation conclusion:

1. DEFECTS IN ASSET OWNERSHIP

The appraised buildings were based on the asset valuation submission form, which was verified against the relevant title certificates. The valuation institution did not organize a specialized institution or personnel to conduct on-site measurements. For properties that had not yet obtained formal building ownership certificates as of the Valuation Benchmark Date, if there was a discrepancy between the area measured by the authorized institution and the area used in this valuation report when applying for the relevant building ownership certificates, the area measured by the authorized institution shall prevail, and the valuation conclusion shall be adjusted accordingly.

As of the Valuation Benchmark Date, the following buildings of the assessed subject have not obtained the building ownership certificates yet. The costs associated with obtaining such certificates have not been considered in this valuation, details of which are in the following table:

Serial No.	Title Certificate No.	Building	Structure	Date of Completion	Floor Area (m^2)
1	Nil	Integrated color steel panel house	Color steel	December 2022	27.00
2	Nil	Storehouse	Hybrid structure	June 2021	55.00
3	Nil	Comprehensive production house	Framework	June 2021	1,003.30
4	Nil	SVG Room (no.1 and 2)	Framework	June 2021	217.50
5	Nil	SVG Room (no.3 and 4)	Framework	June 2021	217.50
6	Nil	SVG Room (no.5 and 6)	Framework	June 2021	217.50
7	Nil	35kv power distribution room	Framework	June 2021	249.52
8	Nil	220kvGIS Room	Framework	June 2021	502.10
9	Nil	110kvGIS Room	Framework	June 2021	881.96
10	Nil	Security Room	Brick and reinforced concrete	June 2021	60.48
11	Nil	Ancillary room and pump room	Framework	June 2021	324.90
12	Nil	Deluge valve room	Framework	June 2021	32.76

This valuation report was based on the assumption that there were no property rights disputes regarding these buildings, and did not take into account the costs that will be incurred when applying for building ownership certificates in the future.

2. OTHER ISSUES TO BE ADDRESSED

According to the "Cooperation Agreement for the Joint Construction of 110kV Booster Station and Outbound Transmission Lines between Yue Hydropower and Xinyou" (《粵水電、信友110千伏升壓站及送出線路合作共建協議》) entered into between the appraised entity and Qitai County Yue Hydropower Energy Co., Ltd. (奇台縣粵水電能源有限公司), the 110kV booster station, the construction site of the transmission line and the relevant building ownership belong to Qitai County Yue Hydropower Energy Co., Ltd., but the relevant asset rights were shared equally by both parties at 50% each. This valuation calculates the assessed value of the jointly constructed assets based on the equity ratio specified in the agreement that the appraised entity is entitled to.

According to the Wujiaqu Xinte Electric Power Beita Shanxi 220kV Booster and Collection Station Investment Sub-Agreement (《五家渠新特電力北塔山西220kv升壓彙集站投資分攤協議》) entered into between the appraised entity and Xinjiang Zhonghui Tianhe Energy Saving and Environmental Protection Technology (新疆中惠天合節能環保科技有限公司), Wujiaqu Poly Investment Promotion United New Energy Co., Ltd. (五家渠保利招商聯合新能源有限公司), Qitai County Yue Hydropower Energy Co., Ltd., Wujiaqu Huafeng Huineng Power Generation Co., Ltd. (五家渠華風匯能發電有限公司), Qitai County Jingxin Energy Development Co., Ltd. (奇台縣晶鑫能源開發有限公司), Wujiaqu Xiexin Photovoltaic Power Co., Ltd. (五家渠協鑫光伏電力有限公司), Qitai County Xinke Wind Energy Co., Ltd. (奇台縣新科風能有限責任公司) and Qitai County Xiexin Energy Power Generation Co., Ltd. (奇台縣協鑫能源發電有限公司), all parties share the construction costs and interests based on their grid capacity. Xinjiang Xinyou New Energy Power Generation Co., Ltd. holds 8.33% of the interests. This valuation calculates the assessed value of the jointly constructed assets of the appraised entity based on the equity ratio specified in the agreement that the appraised entity is entitled to.

9. Asset Valuation Report Date: This valuation report is dated 20 August 2025.

The above has been extracted from the full text of the asset valuation report. In order to fully understand the valuation and have a correct understanding of the valuation conclusion, you should read the full text of the asset valuation report seriously. Users of the valuation report are requested to pay attention to the assumptions, limitations, special notes and their impact on the valuation conclusions stated in the valuation report.

FULL TEXTS OF THE ASSET VALUATION REPORT IN RELATION TO ALL SHAREHOLDER EQUITY INTERESTS OF XINJIANG XINYOU NEW ENERGY POWER GENERATION CO., LTD. VALUATION PROJECTS INVOLVING THE PROPOSED TRANSFER OF 100% OF THE EQUITY INTERESTS OF XINJIANG XINYOU NEW ENERGY POWER GENERATION CO., LTD. BY BEI ENERGY DEVELOPMENT (BEIJING) CO., LTD.

North Asia Ping Bao Zi [2025] No. 01-0870

BEI Energy Development (Beijing) Co., Ltd.:

North Asia Assets Assessment Co., Ltd. was commissioned by the Company to conduct a valuation of the market value as of the Valuation Benchmark Date of the entire shareholders' equity interests in Xinjiang Xinyou New Energy Power Generation Co., Ltd., by adopting the asset-based approach and income approach and required appraisal procedures in compliance with the laws, administrative regulations and asset appraisal standards, and adhering to the principles of independence, objectivity and fairness. The asset appraisal is hereby reported as follows:

I. PRINCIPAL AND OTHER USERS OF THE ASSET VALUATION REPORT

The principal for this valuation is BEI Energy Development (Beijing) Co., Ltd., and the appraised entity is Xinjiang Xinyou New Energy Power Generation Co., Ltd.

(1) BRIEF INFORMATION OF THE PRINCIPAL

Company name	:	BEI Energy Development (Beijing) Co., Ltd.
Unified social credit code	:	91110106MA006CYK2N
Legal representative	:	Zhu Jun
Registered capital	:	RMB10,000,000,000
Company type	:	limited liability company (Hong Kong, Macao, and Taiwan investment, not solely owned)
Registered address	:	No. 5375-20131, Logistics Base 5, Pinggu Park, Zhongguancun Science Park, Pinggu District, Beijing (Cluster Registration)

Business scope	:	Licensed Projects: Power generation business, power transmission business, and power supply (distribution) business. (Projects that require approval in accordance with the law must be approved by the relevant authorities before operations can commence. The specific scope of operations shall be subject to the approval documents or licenses issued by the relevant authorities.) General Projects: Heat production and supply; power generation technical services; solar power generation technical services; wind power generation technical services; energy storage technical services; energy conservation management services; research and development of emerging energy technologies; research and development of carbon reduction, carbon conversion, carbon capture, and carbon sequestration technologies; research and development of offshore wind power-related systems; research and development of key technologies for waste heat power generation; research and development of technologies for the utilization of waste heat, waste pressure, and waste gas; research and development of wind farm-related systems; technical services, technical development, technical consulting, technical exchange, technical transfer, and technical promotion; information technology consulting services; safety consulting services; engineering management services; operation of electric vehicle charging infrastructure; supply chain management services; contract energy management. (Except for projects that must be approved in accordance with the law, the company may engage in business activities in accordance with the law based on its business license.) (The company may not engage in business activities related to projects prohibited or restricted by national and municipal industrial policies.)

(2) BRIEF INFORMATION OF THE APPRAISED ENTITY

1. Certified information

Company name	:	Xinjiang Xinyou New Energy Power Generation Co., Ltd.
Unified social credit code	:	91652325313302608P
Legal representative	:	Gao Weigang
Date of establishment	:	9 September 2014
Registered capital	:	RMB93,000,000
Company type	:	limited liability company (solely owned by a legal entity not invested in or controlled by a natural person)
Registered address	:	0.2 km north of G331 National Highway, Beitashan Pasture, Qiaoren Village, Qiaoren Township, Qitai County, Changji Hui Autonomous Prefecture, Xinjiang
Business scope	:	Investment in the construction of thermal power plants, thermal power generation, wind power generation, solar power generation, other energy power generation, engineering management, power supply, heat production and supply; research and development of nuclear power equipment and engineering technology; research and development of wind farm-related systems; manufacturing of generators and generator sets; leasing of photovoltaic power generation equipment; engineering management services; various engineering construction activities; information system operation and maintenance services; investment activities conducted with own funds; sales of generators and generator sets; retail sales of hardware products; sales of electronic components and electromechanical component equipment; information technology consulting services; sales of wind farm-related equipment. (Projects that require approval in accordance with the law must be approved by the relevant authorities before operations can commence.)

2. History

(1) Establishment

Pursuant to the resolution of the shareholders' meeting, Xinjiang Xinyou New Energy Power Generation Co., Ltd. was established on 9 September 2014, established with investment from Shanxi Xinyou Investment Group Co., Ltd., and the company has a registered capital of RMB30,000,000.

Upon the establishment of the company, the equity structure is as follows:

Amount unit: RMB0'000

Number	Name of Shareholder	Capital Commitment	Paid-in Capital	Shareholding Ratio
1	Shanxi Xinyou Investment Group Co., Ltd.	3,000.00	3,000.00	100%
	Total	**3,000.00**	**3,000.00**	**100%**

(2) The first capital increase

Pursuant to the resolution of the shareholders' meeting, the registered capital of Xinjiang Xinyou New Energy Power Generation Co., Ltd. was increased to RMB50,000,000 in January 2020. The equity structure following this capital increase is as follows:

Amount unit: RMB0'000

Number	Name of Shareholder	Capital Commitment	Paid-in Capital	Shareholding Ratio
1	Shanxi Xinyou Investment Group Co., Ltd.	5,000.00	5,000.00	100%
	Total	**5,000.00**	**5,000.00**	**100%**

(3) The first equity change and the second capital increase

Pursuant to the resolution of the shareholders' meeting, in June 2021, Shanxi Xinyou Investment Group Co., Ltd. transferred its equity interest in Xinjiang Xinyou New Energy Power Generation Co., Ltd. to BEI Energy Development (Beijing) Co., Ltd. (formerly known as Beijing United Rongbang New Energy Technology Co., Ltd.), increasing the registered capital to RMB93,000,000.

As at the Valuation Benchmark Date, the equity structure is as follows:

Amount unit: RMB0'000

Number	Name of Shareholder	Capital Commitment	Paid-in Capital	Capital contribution ratio
1	BEI Energy Development (Beijing) Co., Ltd.	9,300.00	9,300.00	100%
	Total	**9,300.00**	**9,300.00**	**100%**

3. Business performance

The financial position of the appraised entity as of the Valuation Benchmark Date and for the previous three years is set out in the table below:

BALANCE SHEET

Unit: RMB0'000

Item/Year	31 December 2021	31 December 2022	31 December 2023	31 December 2024
Current assets				
Monetary funds	12.41	28.27	30.73	29.72
Financial assets held for trading	/	/	/	/
Bills receivables	/	/	/	/
Account receivables	2,462.36	5,015.50	8,387.31	11,147.30
Prepayments	1,821.08	351.24	15.68	8.39
Interest receivables	/	/	/	/
Dividends receivables	/	/	/	/
Other receivables	281.60	25,209.10	24,046.10	22,263.94
Inventories	/	/	/	1.06
Other current assets	16,283.28	825.58	753.36	724.36
Total current assets	**20,860.73**	**31,429.69**	**33,233.18**	**34,174.78**
Non-current assets:				
Available-for-sale financial assets	/	/	/	/
Held-to-maturity investments	/	/	/	/
Long-term receivables	/	/	/	/
Long-term equity investments	/	/	/	/
Investment properties	/	/	/	/
Fixed assets	35,741.44	34,002.97	32,287.87	30,537.47
Construction in progress	/	/	/	21.53
Intangible assets	/	/	/	34.29
Development costs	/	39.82	39.82	/
Long-term deferred expenses	/	/	/	/
Deferred income tax assets	/	/	/	/
Other non-current assets	3,677.57	3,130.72	3,510.09	3,296.86
Total non-current assets	**39,419.02**	**37,173.52**	**35,837.79**	**33,890.14**
Total assets	**60,279.75**	**68,603.20**	**69,070.97**	**68,064.92**

Item/Year	31 December 2021	31 December 2022	31 December 2023	31 December 2024
Current liabilities:				
Short-term borrowings	/	/	/	/
Financial liabilities held-for-trading	/	/	/	/
Bills payables	/	/	/	/
Accounts payables	1,246.47	653.13	708.57	537.59
Advances	/	/	/	/
Contract liabilities	/	/	/	/
Employee compensation payables	/	1.07	3.04	2.25
Taxes payables	3.02	2.93	3.35	5.20
Other payables	12,816.31	427.90	427.53	4,081.87
Other current liabilities	/	/	/	/
Non-current liabilities due within one year	/	1,073.27	2,224.89	21,477.46
Total current liabilities	**14,065.80**	**2,158.31**	**3,367.37**	**26,104.37**
Non-current liabilities:	/	/	/	/
Long-term borrowings	/	19,000.00	19,000.00	/
Bonds payables	/	/	/	/
Long-term payables	36,569.21	35,548.57	33,343.88	30,785.77
Specific payables	/	/	/	/
Lease liabilities	/	/	/	/
Deferred income tax liabilities	/	/	/	/
Other non-current liabilities	/	/	/	/
Total non-current liabilities	**36,569.21**	**54,548.57**	**52,343.88**	**30,785.77**
Total liabilities	**50,635.01**	**56,706.88**	**55,711.25**	**56,890.14**
Owners' equity:				
Paid-in capital	9,300.00	9,300.00	9,300.00	9,300.00
Capital reserves	/	/	/	/
Less: Treasury shares	/	/	/	/
Specific reserve	/	/	/	17.39
Surplus reserves	34.47	259.63	405.97	551.11
Undistributed profits	310.26	2,336.69	3,653.75	1,306.28
Total owners' equity	**9,644.74**	**11,896.32**	**13,359.72**	**11,174.78**
Total liabilities and owners' equity	**60,279.75**	**68,603.20**	**69,070.97**	**68,064.92**

The operating conditions of the appraised entity as of the Valuation Benchmark Date and for the previous three years is set out in the table below:

INCOME STATEMENT

Unit: RMB0'000

Item/Year	2021	2022	2023	2024
1. Operating income	2,179.08	6,412.84	5,810.64	5,572.02
Less: Operating costs	1,013.95	2,501.81	2,435.30	2,287.22
Operating taxes and surcharges	5.04	60.46	49.69	24.81
Selling expenses	/	/	/	/
Management expenses	0.11	201.32	105.05	56.04
Research and development expenses	/	/	/	/
Finance expenses	786.74	1,623.71	2,054.95	1,715.38
Other income	/	226.05	297.74	75.17
Investment income (losses expressed with "-")	/	/	/	/
Credit impairment losses (losses expressed with "-")	/	/	/	/
Asset impairment losses (losses expressed with "-")	/	/	/	/
2. Operating profit	373.23	2,251.59	1,463.40	1,563.75
Add: Non-operating income	/	/	0.00	/
Less: Non-operating expenses	28.50	/	/	/
3. Total profit	344.74	2,251.59	1,463.40	1,563.75
Less: Income tax expenses	/	/	/	112.33
4. Net profit	344.74	2,251.59	1,463.40	1,451.42

Note: The above data for 2021-2024 has been audited by Grant Thornton Zhitong Certified Public Accountants LLP and an audit report (Grant Thornton Shen Zi (2022) No. 110C018757, Grant Thornton Shen Zi (2023) No. 110C007257, Grant Thornton Shen Zi (2024) No. 110C011356 and Grant Thornton Shen Zi (2025) No. 110C016842) has been issued.

(3) MAJOR BUSINESS OPERATIONS OF THE COMPANY

Xinjiang Xinyou New Energy Power Generation Co., Ltd. primarily engages in wind power generation, with a project-installed capacity of 50.00MW. The project is located 0.2 km north of G331 National Highway, Beitashan Pasture, Qiaoren Village, Qiaoren Township, Qitai County, Changji Hui Autonomous Prefecture, Xinjiang. It was first grid-connected on 31 December 2020, and achieved full-capacity grid connection on 31 December 2020.

According to the Supplementary Notice on Relevant Matters of the Several Opinions on Promoting the Healthy Development of Non-hydro Renewable Energy Power Generation (Cai Jian [2020] No. 426), the reasonable utilization hours over the full lifecycle for wind power projects in Class I, II, III, and IV resource areas are 48,000 hours, 44,000 hours, 40,000 hours, and 36,000 hours, respectively. Xinyou's wind power project is located in a Class I resource area, with a subsidy reasonable utilization hours over the full lifecycle of 48,000 hours and a subsidy period of 20 years. The duration of national subsidies is determined by whichever is shorter between 20 years and the reasonable utilization hours over the full lifecycle. As of the benchmark date, 9,521.66 hours of national subsidies have been utilized, leaving 38,478.34 hours remaining.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Value-Added Tax Policy for Wind Power Generation (Cai Shui [2015] No. 74), starting from 1 July 2015, taxpayers selling self-produced electricity products generated from wind power will be subject to a 50% value-added tax refund policy.

According to the provisions of the Notice of the State Administration of Taxation on the Implementation of Corporate Income Tax Preferences for Key Supported Public Infrastructure Projects (Guo Shui Fa [2009] No. 80), eligible enterprises engaged in investment and operation of projects specified in the Catalogue of Corporate Income Tax Preferences for Public Infrastructure Projects shall be exempt from corporate income tax for the first to third years starting from the taxable year in which the project first generates operating income, and receive a 50% reduction for the fourth to sixth years. Given that the enterprise's tax benefits commenced in 2021, the corporate income tax rates for 2024–2026 shall be 7.5%, for 2027–2030 shall be 15%, and for 2031 and subsequent years shall be 25%.

(4) RELATIONSHIP BETWEEN THE PRINCIPAL AND THE APPRAISED ENTITY

The principal for this project is BEI Energy Development (Beijing) Co., Ltd., and the appraised entity is Xinjiang Xinyou New Energy Power Generation Co., Ltd., which is a wholly-owned subsidiary of BEI Energy Development (Beijing) Co., Ltd.

(5) OTHER USERS OF ASSET VALUATION REPORT SPECIFIED IN THE ASSET VALUATION COMMISSION CONTRACT

Other users of the valuation report include: in addition to the principal and the appraised entity, other users of the valuation report are relevant parties involved in this valuation project and other users of the valuation report as specified by national laws and regulations.

II. PURPOSE OF THE VALUATION

Pursuant to the Resolution of the Shareholders' Meeting of BEI Energy Development (Beijing) Co., Ltd., BEI Energy Development (Beijing) Co., Ltd. intends to transfer its 100% equity interest in Xinjiang Xinyou New Energy Power Generation Co., Ltd. This economic transaction has been approved by the relevant authorities. The purpose of this valuation is that BEI Energy Development (Beijing) Co., Ltd. intends to transfer its equity interests in Xinjiang Xinyou New Energy Power Generation Co., Ltd. Therefore, it is necessary to evaluate the total equity value of the shareholders of Xinjiang Xinyou New Energy Power Generation Co., Ltd. to provide a value reference basis for this economic transaction.

III. VALUATION OBJECT AND SCOPE

(1) VALUATION OBJECT AND SCOPE

The valuation object of this project is the value of the entire shareholders' equity interests of Xinjiang Xinyou New Energy Power Generation Co., Ltd.

The scope of the valuation covers all assets and liabilities of Xinjiang Xinyou New Energy Power Generation Co., Ltd. as of 31 December 2024. The assets within the scope of the valuation include current assets and non-current assets, with a total asset value of RMB680,649,200. The liabilities consist of current liabilities and non-current liabilities, with a total book value of RMB568,901,400; The book value of net assets is RMB111,747,800.

The valuation object and scope of this valuation are consistent with those involved in the economic activities. As of the Valuation Benchmark Date, the book values of assets and liabilities within the valuation scope have been audited by Grant Thornton Zhitong Certified Public Accountants LLP, which issued Grant Thornton Audit Report No. Shen Zi (2025) 110C016842. Xinjiang Xinyou New Energy Power Generation Co., Ltd. has used the audit results as the basis for the asset valuation data submitted for this valuation. The audited book value is shown in the table below:

BALANCE SHEET AS AT 31 DECEMBER 2024

Amount denominated in: RMB

Item	Book value	Item	Book value
Total current assets	**341,747,802.20**	**Total liabilities**	**261,043,716.57**
Monetary funds	297,203.14	Accounts payable	5,375,864.65
Accounts receivable	111,473,042.37	Employee compensation payables	22,500.80
Prepayments	83,920.60	Taxes payables	52,012.99
Other receivables	222,639,414.50	Other payables	40,818,718.57
Inventory	10,592.00	Non-current liabilities due within one year	214,774,619.56
Other current assets	7,243,629.59	**Total non-current liabilities**	**307,857,717.02**
Total non-current assets	**338,901,430.00**	Long-term payables	307,857,717.02
Fixed assets	305,374,674.94	**Total liabilities**	**568,901,433.59**
Construction in progress	215,271.30	**Total owners' equity**	**111,747,798.61**
Intangible assets	342,920.34	**Total liabilities and owners' equity**	**680,649,232.20**
Other non-current assets	32,968,563.42		
Total assets	**680,649,232.20**		

The appraisers, in accordance with national asset valuation practice standards, conducted a comprehensive investigation and verification of the book value, actual quantity, formation, existence, and usage status of the aforementioned assets and liabilities, as well as their ownership status, with the cooperation of the evaluated entity.

Conditions of the major assets:

1. Inventory: The book value is RMB10,592.00, including: a total of 3 items of raw materials, mainly power supply boards and digital transformer protection device power supply boards. The above inventory is stored in the company's factory area and is owned by Xinjiang Xinyou New Energy Power Generation Co., Ltd.

2. There are a total of 39 items of buildings and structures, with a book value of RMB21,970,690.26. The buildings and structures included in the scope of this valuation are located within the company's factory premises. The buildings primarily consist of integrated color-coated steel plate buildings, a 35kV distribution equipment room, and an office building, among others; the structures primarily include fences, railings, and station area roads, among other production-related and auxiliary facilities. All buildings and structures were constructed in 2021. As of the Valuation Benchmark Date, the following buildings and structures of the assessed entity have not yet obtained property ownership certificates. For detailed information, please refer to the table below:

Serial no.	Ownership certificate no.	Name of building	Structure	Completed in	Gloss floor area (m^2)
1	Nil	Integrated color steel panel house	Color steel	December 2022	27.00
2	Nil	Storehouse	Hybrid structure	June 2021	55.00
3	Nil	Comprehensive production house	Framework	June 2021	1,003.30
4	Nil	SVG Room No.1 and No.2	Framework	June 2021	217.50
5	Nil	SVG Room No.3 and No.4	Framework	June 2021	217.50
6	Nil	SVG Room No.5 and No.6	Framework	June 2021	217.50
7	Nil	35kv power distribution room	Framework	June 2021	249.52
8	Nil	220kv GIS Room	Framework	June 2021	502.10
9	Nil	110kv GIS Room	Framework	June 2021	881.96
10	Nil	Security Room	Brick and reinforced concrete	June 2021	60.48
11	Nil	Ancillary rooms and pump room	Framework	June 2021	324.90
12	Nil	Deluge valve room	Framework	June 2021	32.76

Although the above properties have not been registered with property ownership certificates, the Company pledges that these properties belong to the Company and are free from any property disputes or related debts. The property rights belong to Xinjiang Xinyou New Energy Power Generation Co., Ltd.

3. Machinery and equipment total 55 items with a book value of RMB283,157,712.25. These primarily consist of power generation equipment and supporting facilities for a 50.00 MW wind farm, including wind turbine generators, 35kV collection lines, unit transformers, and other components. The equipment was acquired in 2021. An on-site inspection of the machinery and equipment assets confirmed their good condition, capable of meeting current production requirements.

4. Transportation equipment consists of 3 items with a book value of RMB246,272.43, including large standard passenger buses and small cargo trucks. The vehicles were purchased in 2021 and remained operational as of the Valuation Benchmark Date. Overall condition is good, with regular maintenance performed, annual inspections passed, and no record of major traffic accidents.

5. The construction in progress recorded in the enterprise's books represents land compensation expenses.

6. The intangible assets recorded in the enterprise's books are purchased software, with the specific details as follows:

Serial no.	Details or name	Obtained in	Legal/expected years of use	Original book value	Book value
1	Wind Power Data Analysis and Early Warning System	August 2024	3	398,230.09	342,920.34

IV. TYPE OF VALUE

In accordance with the requirements for achieving the valuation objectives and considering constraints such as the valuation subject's inherent functions, usage patterns, and utilization status, market value was selected as the type of value for this valuation.

Market value refers to the estimated amount of value of the valuation subject that would be realized in an arm's-length transaction between a willing buyer and a willing seller, each acting rationally and without compulsion, on the Valuation Benchmark Date.

V. VALUATION BENCHMARK DATE

The Valuation Benchmark Date of this project is 31 December 2024.

(1) The Valuation Benchmark Date is close to the date of economic realization, thereby better reflecting the condition of the assets being evaluated.

(2) The Valuation Benchmark Date is determined by the principal. This date corresponds to the month-end reporting date for the financial statements of Xinjiang Xinyou New Energy Power Generation Co., Ltd. and also serves as the audit cut-off date for the audit report. This facilitates asset verification and ensures accurate presentation of the book values of assets and liabilities within the valuation scope.

VI. BASIS OF VALUATION

(1) ECONOMIC BEHAVIOUR BASIS

1. The Resolution of the Shareholders' Meeting of BEI Energy Development (Beijing) Co., Ltd.

(2) LEGAL AND REGULATORY BASIS

1. "Asset Valuation Law of the People's Republic of China" (Adopted at the 21st Meeting of the Standing Committee of the Twelfth National People's Congress on 2 July 2016);

2. "Company Law of the People's Republic of China" (Second Revision at the 7th Meeting of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. "Corporate Income Tax Law of the People's Republic of China" (Second Revision at the 7th Meeting of the Standing Committee of the 13th National People's Congress on 29 December 2018);

4. "Land Administration Law of the People's Republic of China" (Third Revision at the 12th Meeting of the Standing Committee of the 13th National People's Congress on 26 August 2019, effective as of 1 January 2020);

5. "The Civil Code of the People's Republic of China" (Adopted by the Third Session of the 13th National People's Congress on 28 May 2020, and effective as of 1 January 2021);

6. "The Enterprise State-owned Asset Law of the People's Republic of China" (Adopted at the 5th Meeting of the Standing Committee of the Eleventh National People's Congress on 28 October 2008);

7. "Measures for the Administration of State-owned Asset Valuation" (No. 91 order of the State Council, revised by No. 732 order of the State Council);

8. "Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises" (No. 378 order of the State Council, revised by No. 709 order of the State Council);

9. "Notice on Issuing the Implementation Rules for the Administration Measures for the Valuation of State-owned Assets" (Guo Zi Ban Fa [1992] No. 36);

10. "Rules for Certain Issues of the Administration of State-owned Asset Valuation" (No. 14 order of the Ministry of Finance);

11. "Interim Measures for the Administration of the Valuation of State-owned Assets of Enterprise" (Guo Zi Wei order No. 12);

12. "Measures for the Supervision and Administration of State-owned Asset Transactions of Enterprises" (No. 32 order of Guo Zi Wei and the Ministry of Finance);

13. Circular on Strengthening the Administration of Valuation of State-owned Assets of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274);

14. Circular on Matters regarding the Review of the Valuation Reports on State-owned Assets of Enterprises (Guo Zi Chan Quan [2009] No. 941);

15. Notice of the General Office of the State Council Forwarding the Ministry of Finance's Opinions on "Reforming the Administrative Management of State-owned Assets Valuation and Strengthening the Supervision and Management of Asset Valuation" (31 December 2001, Guo Ban Fa [2001] No. 102);

16. "Notice on Matters Concerning the Establishment of a Public Disclosure System for Central Enterprise Asset Valuation Projects" (Guo Zi Fa Chan Quan [2016] No. 41);

17. "Notice on Strengthening the Management of the Reserve Pool of Central Enterprise Appraisal Institutions" (Guo Zi Fa Chan Quan [2016] No. 42);

18. "Notice on Matters Related to the Transfer of State-owned Assets of Enterprises" (Guo Zi Fa Chan Quan Gui [2022] No. 39);

19. "Measures for the Financial Supervision and Administration of the Asset Appraisal Industry" (Ministry of Finance Order No. 86 of 21 April 2017, revised by Ministry of Finance of the PRC Order No. 97 of 2019);

20. "Notice of the Ministry of Finance on Issuing the Measures for the Administration of the Filing of State-owned Asset Appraisal Projects (Cai Qi [2001] No. 802);

21. "Notice on Issuing the Guidelines for the Filing of Enterprises' State-owned Asset Appraisal Projects" (Guo Zi Fa Chan Quan [2013] No. 64);

22. "Interim Measures for the Administration of State-owned Assets Appraisal in Beijing Enterprises" (Jing Guo Zi Fa [2008] No. 5);

23. "Opinions on Implementing the Measures for the Supervision and Administration of State-owned Asset Transactions of Enterprises" (Jing Guo Zi Fa [2017] No. 10);

24. "Notice on Matters Concerning the Deepening of Reforms in the Management of State-owned Enterprise Asset Valuation" (Jing Guo Zi Fa [2019] No. 2);

25. "Notice of the Beijing Municipal State-owned Assets Supervision and Administration Commission on Further Deepening the Reform of State-owned Enterprise Assets Appraisal Management" (Jing Guo Zi Fa [2020] No. 9);

26. Notice on Issuing the "Rules for Handling State-owned Asset Property Rights Registration for Enterprises in Beijing" (Jing Guo Zi Chan Quan Zi [2005] No. 78);

27. "Beijing Municipal Regulations on Property Rights Trading Management" (Government Decree [2005] No. 159);

28. "Notice on Issuing the Interim Provisions on the Review and Management of State-owned Enterprise Asset Appraisal Approval Projects in Beijing" (Jing Guo Zi Fa [2012] No. 32);

29. "Implementation Opinions of the Beijing Municipal People's Government on Reforming and Improving the State-owned Asset Management System" (Jing Zheng Fa [2017] No. 3)

30. "Notice on Issuing the Guidelines for the Management of State-Owned Property Rights in Municipal Enterprises (2024 Edition)" (Jing Guo Zi Fa [2024] No. 18);

31. "The Vehicle Purchase Tax Law of the People's Republic of China" (Adopted at the seventh session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

32. Ministry of Finance Order No. 97, "Measures for the Supervision and Administration of the Asset Appraisal Industry by the Ministry of Finance";

33. Ministry of Finance Order No. 33, "Enterprise Accounting Standards — Basic Standards," and Ministry of Finance Order No. 76, "Decision of the Ministry of Finance on Amending the Enterprise Accounting Standards — Basic Standards";

34. Ministry of Finance [2006] Order No. 41, "General Rules for Enterprise Finance";

35. Other relevant laws and regulations.

(3) VALUATION CRITERIA BASIS

1. Basic Standards for Asset Valuation (Cai Zi [2017] No. 43);

2. Code of Ethics for Asset Valuation (Zhong Ping Xie [2017] No. 30);

3. Practicing Standards for Asset Valuation – Asset Valuation Methods (Zhong Ping Xie [2019] No. 35);

4. Practicing Standards for Asset Valuation – Asset Valuation Reports (Zhong Ping Xie [2018] No. 35);

5. Practicing Standards for Asset Valuation – Asset Valuation Procedures (Zhong Ping Xie [2018] No. 36);

6. Practicing Standards for Asset Valuation – Asset Valuation Files (Zhong Ping Xie [2018] No. 37);

7. Practicing Standards for Asset Valuation – Corporate Values (Zhong Ping Xie [2018] No. 38);

8. Practicing Standards for Asset Valuation – Asset Valuation Engagement Contracts (Zhong Ping Xie [2017] No. 33);

9. Practicing Standards for Asset Valuation – Engagement of Experts and Relevant Reports (Zhong Ping Xie [2017] No. 35);

10. Practicing Standards for Asset Valuation – Intangible Assets (Zhong Ping Xie [2017] No. 37);

11. Practicing Standards for Asset Valuation – Real Estate (Zhong Ping Xie [2017] No. 38);

12. Practicing Standards for Asset Valuation – Machinery Equipment (Zhong Ping Xie [2017] No. 39);

13. Guidelines for Valuation Reports on State-owned Assets of Enterprises (Zhong Ping Xie [2017] No. 42);

14. Guidelines for Business Quality Control of Asset Valuation Institutions (Zhong Ping Xie [2017] No. 46);

15. Guiding Opinions on Types of Values for Asset Valuation (Zhong Ping Xie [2017] No. 47);

16. Guiding Opinions on Legal Ownership of the Subjects of Valuation (Zhong Ping Xie [2017] No. 48);

17. Measures for the Filing Management of Asset Appraisal Business by China Association of Appraisers (Zhong Ping Xie [2021] No. 30).

(4) OWNERSHIP BASIS

1. Business license of Xinjiang Xinyou New Energy Power Generation Co., Ltd.;

2. Articles of Association of Xinjiang Xinyou New Energy Power Generation Co., Ltd.;

3. Other title documents provided by the entity being evaluated (such as contracts and invoices).

(5) BASIS FOR PRICING

1. Financial statements and audit reports for previous years provided by the enterprise;

2. Relevant national industrial policies, industry analysis data, parameter data, etc.

3. Profit forecast provided by Xinjiang Xinyou New Energy Power Generation Co., Ltd.

4. The Loan Prime Rate (LPR) published by the National Interbank Funding Center;

5. WIND Information, Tonghua Shun iFinD Data;

6. Other documents related to the acquisition and use of assets by the enterprise, such as contracts and accounting vouchers;

7. Other information related to this asset valuation.

(6) OTHER REFERENCES

1. The audit report (Zhitong Shen Zi (2025) No. 110C016842) issued by Grant Thornton Zhitong Certified Public Accountants LLP;

2. The "Asset Valuation Declaration Form" provided by the entity being evaluated;

3. Asset appraisal professionals' on-site investigation forms and other collected and organized materials;

4. The latest edition of the Handbook of Commonly Used Methods and Parameters for Asset Valuation;

5. Guidelines for Assets Appraisal Experts No. 8 – Verification in Valuation (Zhong Ping Xie [2019] No. 39);

6. Guidelines for Assets Appraisal Experts No. 12 — Measurement of Discount Rates in the Valuation of Enterprise Value by the Income Approach (Zhong Ping Xie [2020] No. 38);

7. Other information related to the valuation.

VII. VALUATION METHOD

(1) SELECTION OF VALUATION METHODS

According to the provisions of asset valuation standards, enterprise value assessment can be conducted using three methods: the income approach, the market approach, and the asset-based approach.

The income approach is a valuation method that capitalizes or discounts expected income to determine the value of the appraised object. Commonly used specific methods of the income approach include the dividend discount method and the cash flow discount method.

The market approach is a valuation method that compares the appraised object with comparable listed companies or comparable transaction cases to determine the value of the appraised object. The two commonly used specific methods of the market approach are the listed company comparison method and the transaction case comparison method.

The asset-based approach is an appraisal method that uses the balance sheet of the appraised entity as of the Valuation Benchmark Date as a basis to appraise the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities, thereby determining valuation method for the value of the appraised object.

Based on the valuation objectives, appraisal object, value types, data collection status, and other relevant conditions, as well as the applicability of the three basic valuation methods, the valuation methods selected for this assessment are: the asset-based method and the income approach.

(2) THE REASONS FOR SELECTING THE VALUATION METHOD ARE AS FOLLOWS:

1. The asset-based approach reflects asset value from the perspective of re-acquiring the asset, i.e., by deducting various depreciation factors from the replacement cost of the asset. The prerequisites are: first, the asset being appraised is in a state of continued use or is assumed to be in a state of continued use; second, historical data should be available for use. The assets appraised in this assessment meet the above conditions.

2. For the market approach, it is difficult to find comparable transaction cases in the domestic market, making it challenging to use the market approach for valuation. Therefore, it is not appropriate to use the market approach for valuation.

3. For the income approach, since the enterprise is operated on an on-going basis, all of its production and operation data can be collected, and future operating income can be predicted. After interviewing the enterprise's management and conducting research and analysis, the appraisers believe that the conditions for the income approach are met. Therefore, the income approach can be used for the appraisal.

(3) INTRODUCTION TO ASSET-BASED APPROACH

The asset-based approach is an appraisal method that uses the balance sheet of the appraised entity as of the Valuation Benchmark Date as a basis to appraise the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities, thereby determining valuation method for the value of the appraised object.

1. Current assets

The scope of current asset valuation includes cash and cash equivalents, accounts receivable, prepayments, other receivables, inventories, and other current assets.

(1) Cash and cash equivalents: includes bank deposits. Its assessed value is determined based on verified values obtained by verifying bank statements, bank confirmations, etc.

(2) Accounts receivable: The assessed value of various accounts receivable is determined based on the amount that can be recovered for each item after verification. For accounts receivable that are reasonably expected to be fully recoverable, the assessed value is calculated based on the total amount receivable.

(3) Prepaid Accounts: The appraisers reviewed the financial statements, accounting ledgers, and accounting vouchers based on the detailed audited appraisal schedule provided by Xinjiang Xinyou New Energy Power Generation Co., Ltd. (新疆信友新能源發電有限公司); they also performed necessary confirmation and alternative procedures to verify their authenticity, and the verification results were consistent with the submitted documentation. After analysing each prepaid item in terms of its age, amount, and business content, the appraised value of the expected recoverable assets was determined based on the audited book value.

(4) Inventories: Including raw materials. The appraisers verified the relevant vouchers and conducted a physical inventory count.

For raw materials, since they were purchased recently and have been in stock for a short period of time, market prices have not changed significantly, so the cost method is used for valuation.

(5) Other current assets: The appraisers verified other current assets by reviewing account statements, contracts, or vouchers, and the verified results matched the amounts in the accounts and statements. The appraised value was determined based on the verified book value.

2. NON-CURRENT ASSETS

(1) Fixed assets in the form of buildings

For production facilities and related auxiliary facilities supporting production, based on the specific circumstances of the assets to be appraised, it is appropriate to use the cost approach to determine the appraised value based on the tax-exclusive value. The floor area shall be determined based on the results of the audited reporting materials.

The cost approach refers to various valuation methods that first estimate the replacement cost of the asset being valued, then estimate the various depreciation factors that already exist for the asset being valued, and deduct them from the replacement cost to obtain the value of the asset being valued.

Appraised value = replacement cost × comprehensive residue rate

① Determination of replacement cost

The appraisers conduct on-site inspections of buildings based on relevant documentation and analyse the actual conditions of the structures to calculate the quantities of work for each sub-project. Based on construction engineering budget standards, cost standards, and material price adjustment documents, they use the revised estimate (budget) method or the budget (final account) adjustment method to calculate the construction cost of typical buildings, and add the consumption of equipment, materials, and funds that must occur during the construction process. They calculate and determine the comprehensive construction cost of typical buildings according to the fee standards for building construction of the relevant authorities in the region and country where the assets are located, and use the analogy method to compare and determine the impact coefficients of the differences between other buildings on the comprehensive construction cost, thereby determining the tax-excluded comprehensive construction cost of other buildings, calculate other construction costs and capital costs, and ultimately determine the pre-tax replacement cost.

Other construction-related expenses are determined in accordance with relevant regulations and based on the actual expenses incurred by the enterprise, including project management fees, construction supervision fees, survey and design fees, etc.

Capital costs refer to the interest or opportunity costs incurred during the construction of a building. The loan interest rate is determined based on the Loan Prime Rate (LPR) published by the National Interbank Funding Center on the Valuation Benchmark Date. Taking into account the scale of the appraised asset construction, a reasonable construction period is determined, and the construction period capitals are calculated based on investment in equal instalments.

Replacement cost = construction and installation costs + preliminary and other expenses + capital costs

② Determination of residue rate

The assessment of the residue rate was determined using two methods: the intact score rate method and the straight-line depreciation method. The weighted value of these two methods was taken as the comprehensive residue rate of the building.

1) Determination of residue rate under straight-line depreciation method

Residue rate under straight-line depreciation method = (economic life – years of use)/economic life × 100%

The economic life span is determined in accordance with the "Manual of Commonly Used Data and Parameters for Asset Valuation".

2) Determination of the residue rate under the survey method

To determine the residue rate under the survey method, first classify the main factors affecting the condition of the building. Based on the proportion of each category in the construction cost, determine the standard scores for each factor of different structural forms. Then, based on the actual conditions observed during the on-site inspection, determine the intact scores for each category. Finally, use these scores to determine the residue rate under the survey method. Calculation formula:

Residue rate under survey method(%) = (intact score/ standard score) × 100%

3) Determination of comprehensive residue rate

Comprehensive residue rate = residue rate under straight-line depreciation method × 40% + residue rate under survey method × 60%

(2) Fixed assets in form of machinery and equipment

Including machinery, equipment, and vehicles. In accordance with the purpose of this valuation, based on the principle of continued use and market prices, and taking into account the characteristics of the equipment to be assessed and the information collected, the cost approach was used to assess the machinery, equipment, and vehicles.

The cost approach refers to various valuation methods that first estimate the replacement cost of the asset being valued, then estimate the various depreciation factors that already exist for the asset being valued, and deduct them from the replacement cost to obtain the value of the asset being valued.

Appraised value = replacement cost × comprehensive residue rate

① Determination of replacement cost

The purchase price of standard sets of machinery and equipment is determined through market channels. Transportation and handling fees, installation and commissioning fees, and necessary accessory and ancillary equipment fees incurred in bringing the equipment to a usable state are added. Based on the current market charging standards in the region where the appraised assets are located, pre-construction engineering costs, other expenses, and capital costs are calculated. In accordance with relevant national tax regulations, the replacement cost is determined.

The purchase price of office electronic equipment and other equipment is determined through market inquiries, excluding tax, in order to determine the replacement cost.

Replacement cost = purchase price + transportation and handling charges + installation and commissioning fees + basic costs + preliminary and other expenses + capital costs

The replacement cost of vehicle is determined by market quotation plus purchase tax, and other expenses.

Replacement cost = purchase price + purchase tax + other expenses – input tax

② Determination of residue rate

Determination of the residue rate of major machinery and equipment:

Residue rate under straight-line depreciation method = (economic life – years of use)/economic life × 100%

The economic life span of machinery and equipment is determined in accordance with the "Manual of Commonly Used Data and Parameters for Asset Valuation";

Years of use: Determined based on the time from the date of installation to the Valuation Benchmark Date, combined with the equipment's operating rate;

Residue rate under survey method = ∑ technical observation analysis score × score weight of each component unit × 100%

Comprehensive residue rate = residue under straight-line depreciation method × 40% + residue rate under survey method × 60%

Determination of the residue rate of general or low-value equipment:

Residue rate = (economic life – years of use)/economic life × 100%

Since similar types of equipment, electronics, and other devices are no longer available on the market, the assessed value is determined directly based on the market price of similar types of second-hand equipment excluding tax.

Determination of residue rate of vehicle:

According to the "Regulations on the Mandatory Scrapping Standards for Motor Vehicles", the residue rate is calculated using the age method or mileage method depending on the type of vehicle. The lower of the two rates is used to determine the theoretical residue rate, which is then combined to form the comprehensive residue rate. The formula is as follows:

Residue rate under straight-line depreciation method (with mandatory scrappage age) = (mandatory scrappage age – years of use)/mandatory scrappage age × 100%

Residue rate under straight-line depreciation method (without mandatory scrappage age) = (economic life span – years of use)/economic life span × 100%

Mileage-based residue rate = (guideline scrappage mileage – mileage driven)/guideline scrapping mileage × 100%

Comprehensive residue rate = MIN (residue rate under straight-line depreciation method, residue rate under mileage method) + correction factor

The correction factor is used to conduct necessary inspections and appraisals of the vehicle to be assessed. If the results of the inspection and appraisal differ significantly from the residue rate determined using the above method, appropriate correction shall be made. If the two results are comparable, no adjustments shall be made.

(3) Construction in progress

Construction in progress is land compensation costs, and the assessed value is determined based on the verified book value.

(4) Intangible assets

For purchased software, based on the characteristics of the economic activities corresponding to the purpose of this valuation and the business operation data collected at the valuation site, after analysing the applicability of the income approach, market approach, and cost approach, the asset appraisal professionals concluded that the various management application software programmes do not have profit-making capabilities on their own, and that there are comparable sales prices for similar software programmes on the market in the near term. Therefore, the market approach was used to determine the appraisal value. Formula for appraisal value under market approach is as follows:

Appraisal value = purchase price of the asset ÷ (1 + input tax rate).

(5) Other non-current assets

The other non-current assets on the balance sheet as of the Valuation Benchmark Date mainly consist of value-added tax (input tax) and prepayments for construction-in-progress projects. Investigations on the accounting content and reasons for the formation of other non-current assets shall be conducted. The valuation of other non-current assets was determined by the appraisers based on the verified book value.

3. Liabilities

For the assessment of accounts payable, employee compensation payable, taxes payable and other payables in current liabilities, non-current liabilities due within one year, and long-term payables in non-current liabilities, based on the detailed items provided by the enterprise, the audited figures after examination, verification, and confirmation procedures serve as its assessed value.

(4) INTRODUCTION TO INCOME APPROACH

The income approach used in this valuation calculates the assessed value by converting the expected future net cash flow of the assets into present value using an appropriate discount rate. Its applicable basic conditions are: the enterprise has the foundation and conditions for on-going operation, there is a relatively stable correlation between asset operation and income, and future income and risks can be predicted and quantified.

1. Valuation model:

Enterprise free cash flow model in the discounted future earnings method is intended to be used for this valuation.

2. Formula

Total shareholder equity value = Total enterprise value – Interest-bearing debt

Total enterprise value = value of operating assets + surplus assets + value of non-operating assets

Among them: the value of operating assets is determined according to the following formula

Discounted value of free cash flow of an enterprise = present value of free cash flow during the specified forecast period + present value of free cash flow after the specified forecast period

The specified forecast period refers to the period from the Valuation Benchmark Date to the date when the enterprise reaches a relatively stable operating condition.

3. Determination of forecast period

Based on the actual conditions and operational scale of Xinjiang Xinyou New Energy Power Generation Co., Ltd. (新疆信友新能源發電有限公司), and considering the economic lifespan of the power plant and the validity period of the power business licence, the company's revenue period is determined to be a limited term. The appraised asset group achieved full-capacity grid connection as of 31 December 2020, and the validity period of the power business licence extends until 30 December 2040. Therefore, this forecast period spans from the forecast benchmark date to 31 December 2040.

4. Determination of revenue period

Based on the economic life span of the power plant and the validity period of the power business licence, the company's revenue period is determined to be a limited term. The appraised asset group achieved full-capacity grid connection as of 31 December 2020, and the validity period of the power business licence extends until 30 December 2040. Therefore, this forecast period spans from the forecast benchmark date to 31 December 2040.

5. Determination of free cash flow

The company's free cash flow is used for this valuation, the formula of free cash flow is as follows:

Free cash flow (annualised for the forecast period) = profit before interest and taxes × (1 – income tax rate) + depreciation and amortisation – capital expenditure – additional working capital

6. Determination of future value

Free cash flow = profit before interest and taxes × (1 – income tax rate) + depreciation and amortisation – capital expenditure – additional working capital + proceeds from disposal of matured assets.

7. Considerations for year-end discounting

Considering that free cash flow occurs throughout the year, this valuation assumes that cash inflows and outflows are evenly distributed, and therefore the discount period for free cash flow is calculated on a mid-term discounting basis.

8. Determination of discount rate

The discount rate, also known as the expected rate of return on investment, is an important parameter for determining the assessed value based on the income approach. In this valuation, the expected rate of return on investment of the assessed entity was estimated using a method that selected Tonghua Shun iFinD information technology services for analysis and calculation. To this end, the first step is to determine the systematic risk coefficient β (levered beta) of Tonghua Shun iFinD information technology services. The second step is to use the industry β and the capital structure of the company being evaluated to estimate the expected rate of return on investment for the entity being evaluated, and use this as the discount rate.

(1) Determination of weighted average cost of capital (WACC)

WACC (Weighted Average Cost of Capital) represents the expected total return on investment. It is the weighted average of the expected return on equity and the return on debt after income tax adjustments.

When calculating the total return on investment, the first step is to calculate the return on equity capital and the return on debt capital using publicly available market data as of the Valuation Benchmark Date. The second step is to calculate the weighted average return on equity and the weighted average return on debt.

① Determination of return on equity

To determine the return on equity, we use the Capital Asset Pricing Model (CAPM). CAPM is a method commonly used to estimate investor return requirements and thereby calculate a company's return on equity. It can be expressed by the following formula:

$$Re = Rf + \beta \times ERP + Rs$$

Among them:

Re – return on equity

Rf – risk-free rate of return

β – risk factor

ERP – market risk excess return rate

Rs – company-specific risk excess return rate

To analyse CAPM, we take the following steps:

Step 1: determine the risk-free rate of return

Government bond yields are generally considered risk-free because the risk of default on the bond at maturity is negligible and can be ignored.

The risk-free rate of return reflects the basic value of funds when there is no default risk on the principal and the expected income is guaranteed. For this valuation, the 10-year government bond yield of 1.68% announced by the China Central Depository & Clearing Co., Ltd. on the Valuation Benchmark Date was selected as the risk-free rate of return.

Step 2: Determine the equity risk return rate

MRP is the Market Risk Premium, which refers to the yield spread between equity assets and risk-free assets. It typically refers to the portion by which the average yield of the constituent stocks of a typical securities market index exceeds the average risk-free yield (typically the long-term government bond yield) (Rm-Rf1). The CSI 300 Index aligns well with international standards, as its 300 constituent stocks effectively reflect the condition of China's stock market. In this assessment, the evaluators used the Tonghua Shun iFinD software to calculate the average yield of each component stock in the CSI 300 Index. The calculation results show that the average yield (geometric average yield, calculated on a weekly basis, using logarithmic yields) over a 20-year period (2005–2024) was 9.04%, corresponding to an average risk-free rate of return (Rf1) of 3.27% over the 20-year period (2005–2024). Therefore, the market risk premium (Rm-Rf1) in this assessment is set at 5.76%.

Step 3: Determine the industry's relative risk coefficient β (Levered beta) relative to the stock market.

The average beta value of four comparable listed companies over the past 100 weeks, excluding the capital structure factor, is 0.7863. The calculation process is shown in the table below:

No.	Name of comparable company	Stock Code	interest-bearing liabilities(D)	Equity fair market value (E)	Equity value ratio	β with capital structure factor (Levered β)	β without capital structure factor (Unlevered β)	income tax rate (T)
1	CECEP Wind-power Corporation Co., Ltd.	601016.SH	2,309,963.72	2,052,167.29	112.56%	1.2036	0.6526	25.00%
2	Jiangsu New Energy Development Co., Ltd	603693.SH	603,978.84	878,103.74	68.78%	1.4250	0.9401	25.00%
3	Sichuan New Energy Power Company Limited	000155.SZ	975,308.88	1,971,707.79	49.47%	1.3633	0.9944	25.00%
4	Ningxia Jiaze Renewables Corporation Limited	601619.SH	1,086,469.38	808,204.92	134.43%	1.1209	0.5582	25.00%

Step 4: Determine the capital structure ratio of the entity being evaluated

The evaluators analyzed the significant differences between the evaluated entity and comparable companies in terms of financing capabilities and financing costs. In this case, they combined the target company's financing situation in future years and used the target company's own capital structure to calculate the beta value using an iterative method.

Step 5: Estimate the levered beta of the entity being valued under the capital structure ratio determined above

We substitute the capital structure ratio of the entity being evaluated that has been determined into the following formula to calculate the levered beta of the entity being evaluated:

Levered Beta = Unlevered Beta × [1 + (1 − T) D/E]

In the formula: D: Debt value;

E: Equity value;

T: Applicable income tax rate;

Step 6: Estimate the company's specific rate of risked return (Rs)

Specific risks also include market risk, scale risk, talent risk, and financial risk. After comprehensive consideration and analysis, it is believed that the company's specific risks are moderate, its qualifications are not high, and there is a certain risk of timely capital return. The company's specific rate of risked return (Rs) is determined to be 2%.

No.	Additional Information	Description	Value (%)
1	Company size	Medium-sized wind power company	0.50%
2	Historical operating results	Profit-making position in recent years	0.50%
3	Corporate financial risk	As of the benchmark date, there were external borrowings but no external investments	0.40%
4	Distribution of business operations, products, and regions	Mainly targeting certain regions within China	0.40%
5	Internal management and control mechanisms within the enterprise	Internal management and control mechanisms are well established	0.05%
6	Management experience and qualifications	Management personnel with extensive experience	0.05%
7	Dependence on major customers and suppliers	Not dependent on major customers and suppliers	0.10%
	Total		**2.00%**

Step 7: Calculate the current return on equity

By substituting the appropriate data into the CAPM formula, we can calculate the expected return on equity for the entity being evaluated.

② Determination of the rate of return on debt

In assessing the return on debt, we selected the actual bank lending rate of the enterprise as the cost of capital.

③ Determination of the weighted average return on total capital

The expected return on equity and the return on debt can be calculated using a weighted average method to determine the weighted average return on total capital. The weights are assessed based on the actual proportion of equity and debt in the capital structure. The weighted average return on total capital is calculated using the following formula:

Formula: $$WACC = \frac{Re}{1+D/E} + (Rd - \frac{Rd}{1+D/E}) \times (1 - T)$$

In the formula: Re: cost of equity capital

Rd: cost of debt capital

T: income tax rate

D/E: Capital structure of the entity being evaluated

9. Determination of surplus asset value

Surplus assets refer to assets that exceed the needs of the enterprise's production and operations as of the Valuation Benchmark Date and are not included in the enterprise's free cash flow forecast after the Valuation Benchmark Date.

10. Determination of the value of non-operating assets and liabilities

Non-operating assets and liabilities refer to assets and related liabilities that are not related to the production and operation of the entity being evaluated and are not included in the scope of income forecast.

11. Determination of the value of interest-bearing debt

Interest-bearing debt mainly refers to loans borrowed by the company from financial institutions or other entities and individuals, as well as related interest. In this assessment, finance leases and borrowings are treated as interest-bearing liabilities and assessed using the cost method.

VIII. IMPLEMENTATION AND CIRCUMSTANCES OF VALUATION PROCEDURES

The entire valuation is divided into four stages.

(1) PRELIMINARY PREPARATIONS, ACCEPTANCE OF ENGAGEMENT

We first understand the principal, the entity being appraised, and other users of the asset valuation report other than the principal, the purpose of the valuation, the appraisal subject and scope, the type of value, the Valuation Benchmark Date, the scope of use of the asset valuation report, the deadline and method for submitting the asset valuation report, the valuation service fee and payment method, as well as the collaborations among the principal, other relevant parties, and the asset appraisal institution and its professional appraisers as well as other important matters that required to be clarified. After clarifying the basic matters of the engagement and conducting a comprehensive analysis and evaluation of professional competence, independence, and business risks, we enter into an asset appraisal engagement contract with the principal. After obtaining the introduction of the enterprise situation and the history and current status of the assets to be appraised by the relevant personnel of the appraised entity, an asset appraisal plan shall be prepared based on the specific circumstances of the asset appraisal business, and an asset appraisal project team shall be established.

(2) ON-SITE INVESTIGATION AND DATA COLLECTION

Asset appraisal professionals commenced on-site inspections on 2 June 2025. Utilizing the asset and liability inventory assessment detail sheets submitted by the appraised entity, they conducted on-site investigations into the appraisal subjects and their associated assets and liabilities through methods including inquiries, confirmation, reconciliation, inventory supervision, site inspections, and examinations. Based on the specific circumstances of the asset appraisal engagement, materials necessary for the appraisal were collected. The collected and utilized appraisal materials were verified through observation, inquiry, document review, on-site investigation, inquiry, confirmation, and review. The current status of the appraisal subject was ascertained through on-site investigation and the collected appraisal materials, with particular attention paid to the legal ownership of the appraisal subject and its associated assets. The project team concluded its on-site inspections on 5 June 2025.

(3) ORGANIZING DATA, EVALUATION AND ESTIMATION

Asset appraisal professionals conduct independent market research based on the specific circumstances of the appraisal engagement, collect relevant information and materials, and perform necessary screening, analysis, summarization, and organization of the gathered appraisal data to form the basis for valuation estimates and the preparation of the asset appraisal report. Based on the appraisal objective, the entity being appraised, value type, and data collection circumstances, they analyze the applicability of the three fundamental asset valuation methods—market approach, income approach, and asset-based approach—to select the appropriate methodology. The appraisal project team then applies the chosen method by selecting corresponding formulas and parameters for analysis, calculation, and judgment to derive the valuation results.

(4) DRAWING CONCLUSION AND SUBMITTING REPORT

Asset appraisal professionals conduct a comprehensive analysis of the valuation results to form an appraisal conclusion. After determining and estimating the conclusion, they prepare a preliminary asset appraisal report. Subsequently, the preliminary asset valuation report undergoes internal review in accordance with laws, administrative regulations, asset valuation standards, and the internal quality control system of this valuation institution. After necessary communication with the principal or other relevant parties approved by the principal regarding the contents of the valuation report, without compromising the independent judgment of the valuation conclusion, the formal asset valuation report is issued and submitted to the principal.

IX. VALUATION ASSUMPTION

Changes in the operating environment of the company and various changing factors that affect asset value highlight a necessity of setting up numerous assumptions for the appraiser to make value judgement on assets and fully support our valuation conclusion. This valuation is based on the following premises and assumptions:

I. GENERAL ASSUMPTION

1. Going Concern Over A Limited Period Assumption

Going concern over a limited period assumption represents an assumption that the appraised company is lawful and there's no unforeseen factors will prevent its continued operation. The appraised assets will continue to be used for their current purpose at their current locations until the end of the forecast period in accordance with the business objectives.

2. Transaction Assumption

Transaction assumption represents an assumption that all assets subject to valuation are in the process of being transacted. The appraiser values the assets by simulating market conditions based on the transaction terms of the assets to be appraised. Transaction assumption is a fundamental prerequisite for asset valuation.

3. Open Market Assumption

Open market assumption represents that assets transacted or intended for transaction on the market are exchanged between parties with equal status and sufficient access to market information and time to make informed judgments regarding the assets' functions, uses, and transaction prices. Open market assumption is based on the premise that the assets can be bought and sold on the open market.

4. Continuous Use of Assets Assumption

Continuous use of assets assumption represents that the appraised asset will be used legally and effectively on an ongoing basis according to its planned purpose, usage method, scale, frequency, environmental conditions, and will not undergo significant changes during the foreseeable period of use.

II. SPECIAL ASSUMPTION

1. It is assumed that the national macroeconomic situation and current relevant laws, regulations, and policies will not undergo significant changes; no major changes will occur in the political, economic, and social environment of the regions where the parties to this transaction are located.

2. It is assumed that the industry in which the appraised entity operates will maintain a stable development trajectory, with no major changes in industry policies, management systems, or relevant regulations.

3. It is assumed that there will be no significant changes in national credit interest rates, tax bases and tax rates, or policy-related levies and fees.

4. It is assumed that no other force majeure events or unforeseen factors will occur that could materially adversely affect the company.

5. It is assumed that all parameters used in this valuation assessment are based on the current price system, and the impact of inflation after the Valuation Benchmark Date has not been considered.

6. It is assumed that the appraised entity's production and business operations will continue in their current state, with no material changes in its operating conditions occurring within the foreseeable operating period.

7. It is assumed that future management personnel will be diligent and that the company will continue to operate under its existing operational management model.

8. Continuous use of assets assumption represents that the appraised assets will continue to be used legally and effectively on an ongoing basis according to their current purposes, methods, scale, frequency, and environmental conditions, with no major changes occurring within their foreseeable useful lives.

9. It is assumed that the general information on business operations, property rights documentation, policy documents, and other relevant materials of the company provided by the principal and the appraised entity are authentic and valid.

10. It is assumed that the acquisition, procurement, and construction processes of all assets involved with the appraised target comply with relevant national laws and regulations.

11. It is assumed that there are no material differences between the accounting policies used in the historical financial data provided by the appraised entity and those used for the income projections.

12. It is assumed that the appraised company's future business strategies and cost controls will not undergo significant changes.

13. Within the foreseeable operating period, non-recurring gains and losses that the appraised company may incur have not been considered, including but not limited to the following items: gains and losses from disposal of fixed assets, intangible assets, other long-term assets, and other non-operating income or expenses.

14. It is assumed that after the Valuation Benchmark Date, the appraised entity's cash inflows and outflows will occur evenly.

15. Through analysis of the historical period's national subsidy income and accounts receivable, the settlement cycle of the appraised entity's national subsidy income is approximately 3 years. It is assumed that the recovery period of the appraised entity's national subsidy electricity fees receivable during the forecast period in this valuation report is 3 years.

16. It is assumed that the co-built assets used in the production and operation of the company can be used normally during the foreseeable operating period.

X. VALUATION CONCLUSION

As of the Valuation Benchmark Date of December 31 2024, the valuation conclusion of the entire shareholders' equity interests of Xinjiang Xinyou New Energy Power Generation Co., Ltd. was as follow:

I. VALUATION CONCLUSIONS UNDER ASSET-BASED APPROACH

As of the Valuation Benchmark Date of December 31, 2024, on the basis of ongoing concerns, the book value of audited total assets of Xinjiang Xinyou New Energy Power Generation Co., Ltd. was RMB680,649,200, the appraised value was RMB636,104,900, and the appraised value depreciation was RMB44,544,300, with a depreciation rate of 6.54%; the book value of liabilities was RMB568,901,400, the appraised value was RMB568,901,400, and the appraised value appreciation was RMB0.00, with an appreciation rate of 0%; the book value of net assets was RMB111,747,800, the appraised value was RMB67,203,500, and the appraised value depreciation was RMB44,544,300, with a depreciation of 39.86%. Details set out in the following table:

Summary Table of Assets Valuation Results

Appraised Entity: Xinjiang Xinyou New Energy Power Generation Co., Ltd.

Amount Unit: RMB0'000

Item		Book Value A	Appraised Value B	Appreciation/ Depreciation Amount C=B-A	Appreciation (Depreciation) Rate % D=C/A×100%
Current assets	1	34,174.78	34,174.78	0.00	0.00
Non-current assets	2	33,890.14	29,435.71	-4,454.43	–13.14
Including: Long-term equity interests investment	3	0.00	0.00	0.00	
Investment properties	4	0.00	0.00	0.00	
Fixed Assets	5	30,537.47	25,972.07	–4,565.40	–14.95
Construction in progress	6	21.53	21.53	0.00	0.00
Oil and gas assets	7	0.00	0.00	0.00	
Intangible Assets	8	34.29	145.25	110.96	323.59
Including: Land-use rights	9	0.00	105.43	105.43	
Other non-current assets	10	3,296.85	3,296.86	0.01	0.00
Total Assets	11	68,064.92	63,610.49	-4,454.43	–6.54
Current Liabilities	12	26,104.37	26,104.37	0.00	0.00
Non-current Liability	13	30,785.77	30,785.77	0.00	0.00
Total Liabilities	14	56,890.14	56,890.14	0.00	0.00
Net Assets	15	11,174.78	6,720.35	–4,454.43	–39.86

For detailed valuation conclusions, please refer to the valuation breakdown table.

II. VALUATION CONCLUSION OF INCOME BASED APPROACH

As of the Valuation Benchmark Date of December 31 2024, on the basis of ongoing concerns and using the income based approach, the valuation result of the value of the entire shareholders' equity interests of Xinjiang Xinyou New Energy Power Generation Co., Ltd. was RMB137,490,000, and the appreciation was RMB25,752,200, with an appreciation rate of 23.04%.

III. COMPARISON OF THE RESULTS FROM THE TWO DIFFERENT VALUATION APPROACHES AND THE SELECTION OF VALUATION CONCLUSION

1. Comparison of the Results from the Two Different Valuation Approaches

The comparison between the asset-based valuation results and the income-based valuation results is shown in the table below:

Comparison Table of Asset-Based Approach and Income Approach Valuation Results Amount

Unit: RMB0'000

Item	Appraised Value under Asset-based Approach A	Appraised Value under Income Approach B	Difference Amount C=B-A	Discrepancy Ratio D=(B-A)/A ×100%
Appraised Value of Entire Shareholders' Equity Interest	6,720.35	13,749.00	7,028.65	104.59

The difference of the valuation result under income approach and the asset-based approach is RMB70,286,500, representing a discrepancy ratio of 104.59%. The principal reason for such discrepancy are:

The principle reason for the discrepancy in the valuation conclusions of the two approaches is that they adopt different perspectives. The asset-backed approach considers the methods of reacquiring the assets, reflecting the replacement value of the existing company assets. The income approach considers the future earning capacity, reflecting the comprehensive profitability of each of the company asset, resulting in the discrepancy between the two methods.

2. Analysis on the Selection of the Result of Income Approach as Valuation Conclusions

After analyzing the results from two valuation approaches, the valuation conclusions of the income approach is adopted given the following:

The asset-based approach only appraises individual tangible assets and partially quantifiable intangible assets, which fails to fully capture the contribution of individual asset combinations to the overall enterprise value or adequately measure the synergistic effects arising from the interaction and organic combination of each of individual asset, whereas the valuation conclusion of the income approach inherently includes the value of intangible assets that are difficult to quantify separately, which reflects the overall earning capacity resulting from the combined effect of all external environmental factors and internal conditions.

The appraised company operates in the wind power generation industry and holds an electricity business license, indicating relatively stable future earnings.

By reason of the foregoing, after considering the respective advantages and limitations of the asset-based approach and income approach, and analyzing the impact of each approach on the valuation result of the project, the valuation result of the income approach is deemed more conducive to reflecting the value of the appraised target for this particular economic transaction.

The valuation result of the income approach is adopted as the final valuation conclusion after comprehensive analysis.

IV. VALUATION CONCLUSION

Subject to the relevant national asset valuation laws and regulations, North Asia Assets Assessment Co., Ltd. appraised all of the shareholders' equity interest of Xinjiang Xinyou New Energy Power Generation Co., Ltd. on the Valuation Benchmark Date based on the principle of independence, objectivity and impartiality with necessary valuation process. The valuation was conducted using both the asset-based approach and the income approach. After analysing the conclusions of both methods, the income approach was ultimately adopted for this valuation. The total equity interests of Xinjiang Xinyou New Energy Power Generation Co., Ltd. is RMB137,490,000 (in words: One hundred and thirty-seven million four hundred ninety thousand yuan).

V. ANALYSIS OF VALUE APPRECIATION AND DEPRECIATION

1. Analysis of Factors Affecting Changes in Valuation Results of the Asset-backed Approach

The depreciation appraisal using the asset-backed approach is mainly for fixed assets, which is mainly due to the overall reduction in the cost of wind power stations in 2024 as a result of a significant decline in wind power component prices.

2. Analysis of Factors Affecting Changes in Valuation Results of Income Approach

The book value of the appraised target reflects the historical cost value of all of shareholders' equity interest calculated in accordance with accounting policies. The value of total shareholders' equity determined using the income approach reflects the comprehensive value system of the company's overall profitability in its future ongoing operations, including off-balance-sheet potential resources and asset values comprising of the value of the company's operational management, customer resources, human resources, and other intangible assets that cannot be aggregated or listed. However, such resources and asset values cannot be reliably measured using accounting policies. This results in the income approach valuation showing an appreciation in value.

XI. SPECIAL MATTERS

The user of this valuation report should pay attention to the impact of the special matter on the valuation conclusions.

I. USE OF REPORTS ISSUED BY OTHER INSTITUTIONS

In conducting this assessment, we obtained the following professional reports through legal channels and carefully referred and utilized the relevant content of these professional reports.

This valuation report refers to the standard unqualified audit report (Grant Thornton Shen Zi (2025) No.110C016842)issued by Grant Thornton Zhitong Certified Public Accountants LLP.

The types and amounts of assets listed in the asset valuation report have been audited by Grant Thornton Zhitong Certified Public Accountants LLP, which issued a special audit report with the reference number: Grant Thornton Shen Zi (2025) No.110C016842. The opinion expressed in the audit report is as follows: "We have audited the financial statements of Xinjiang Xinyou New Energy Power Generation Co., Ltd., including the balance sheet as of 31 December 2024, the income statement, statements of cash flow, statements of changes in equity, and related notes to the financial statements for the year ended 31 December 2024. We believed that the accompanying financial statements have been prepared in accordance with the provisions of the Enterprise Accounting Standards in all material respects and fairly presented the financial positions of Xinjiang Xinyou New Energy Power Generation Co., Ltd. as of 31 December 2024, as well as its operating results and cash flows for the year ended 31 December 2024". Asset valuation professionals analysed and evaluated the use of financial statements in accordance with the valuation methods adopted, but it was not their responsibility to express a professional opinion on whether the relevant financial statements fairly reflected the financial position and current operating results and cash flows of the company as of the Valuation Benchmark Date.

II. CIRCUMSTANCES OF INCOMPLETE OR DEFECTIVE OWNERSHIP INFORMATION

1. The buildings appraised in this valuation were based on the asset valuation declaration form after verification of the relevant certificates. The valuation agency did not organize a specialized agency or personnel to conduct on-site measurements. For buildings that have not yet formally obtained a property ownership certificate as of the Valuation Benchmark Date, if the area measured by the statutory agency is inconsistent with the area used in this valuation report when applying for the relevant property ownership certificate, the area measured by the statutory agency shall prevail, and the valuation conclusion shall be adjusted accordingly.

   As at the Valuation Benchmark Date, the following buildings of the appraised entity have not yet obtained property ownership certificates. The cost required for the certificates has not been considered in this valuation. For details, please refer to the following table:

No.	Certificate No.	Name of Buildings	Structure	Date of Completion	Building Area (m^2)
1	Nil	Integrated colour steel panel house	Colour Steel	December 2022	27.00
2	Nil	Storehouse	Hybrid structure	June 2021	55.00
3	Nil	Comprehensive production house	Framework	June 2021	1,003.30
4	Nil	SVG Room No.1 and No.2	Framework	June 2021	217.50

No.	Certificate No.	Name of Buildings	Structure	Date of Completion	Building Area (m^2)
5	Nil	SVG Room No.3 and No.4	Framework	June 2021	217.50
6	Nil	SVG Room No.5 and No.6	Framework	June 2021	217.50
7	Nil	35kv power distribution room	Framework	June 2021	249.52
8	Nil	220kv GIS Room	Framework	June 2021	502.10
9	Nil	110kv GIS Room	Framework	June 2021	881.96
10	Nil	Security Room	Brick and reinforced concrete	June 2021	60.48
11	Nil	Ancillary room and pump room	Framework	June 2021	324.90
12	Nil	Deluge valve room	Framework	June 2021	32.76

This valuation report is based on the assumption that there are no property rights dispute regarding these buildings, and does not consider the costs that will be incurred when applying for property ownership certificates in the future.

III. CONDITIONS OF VALUATION PROCEDURE WITH LIMITATION

Nil.

IV. CONDITIONS OF DEFICIENCIES IN VALUATION INFORMATION

Nil.

V. UNDECIDED MATTERS OF EXISTING LAWS AND ECONOMIES ON THE VALUATION BENCHMARK DAY

Nil.

VI. RELATIONSHIP BETWEEN MATTERS OF GUARANTEES, LEASES AND ITS CONTINGENT ASSETS' LIABILITIES AND THE APPRAISED TARGET

Nil.

VII. MATTERS THAT MAY AFFECT THE VALUATION CONCLUSION BETWEEN THE VALUATION BENCHMARK DATE AND THE VALUATION REPORT DATE

During the period between the Valuation Benchmark Date and the date of this valuation report, both the principal and the appraised entity did not file a report regarding the significant events after the reporting period. and the appraisers were not aware of any significant events after the reporting period.

VIII. DEFICIENCIES THAT MAY SIGNIFICANTLY IMPACT THE VALUATION CONCLUSION ARISING FROM THE CORRESPONDING ECONOMIC TRANSACTIONS FOR THE PURPOSE OF THIS ASSET VALUATION.

Nil.

IX. OTHER MATTERS TO BE ADDRESSED

1. This valuation report is prepared in accordance with the principles of independence, objectivity and impartiality, and complied with relevant laws, administrative regulations, and asset valuation standards. Our firm and all professionals involved in the valuation have no special interests with the principal or other parties concerned. The appraisers adhere to professional ethics throughout the entire appraisal process.

2. The general information, property rights documentation, policy documents, and related materials regarding business operations referenced in this valuation report are provided by the principal and the appraised entity. The principal and the appraised entity are solely responsible for the authenticity and legality of such information and materials, and shall bear all legal liabilities arising therefrom. The purpose of asset valuation professionals in conducting asset valuation services is to estimate the value of the appraised target and issue professional opinions. Confirming or issuing opinions on the legal ownership of the appraised target exceeded the scope of asset valuation practice. Therefore, the valuation institution does not provide any guarantees regarding the legal ownership of the appraised target.

3. For any defects that may affect the asset valuation value of a company, if the company does not make any special statements when commissioning the valuation and the asset valuation professionals have performed the valuation procedures but are still unable to obtain the relevant information, the asset valuation institution and the asset valuation professionals shall not bear any related responsibility.

4. According to the "Cooperation Agreement for the Joint Construction of 110kV Booster Station and Outbound Transmission Lines between Yue Hydropower and Xinyou" (《粵水電、信友110千伏升壓站及送出線路合作共建協議》) entered into between the appraised entity and Qitai County Yue Hydropower Energy Co., Ltd. (奇台縣粵水電能源有限公司), the 110kV booster station, the construction site of the transmission line and the relevant building ownership belong to Qitai County Yue Hydropower Energy Co., Ltd., but the relevant asset rights were shared equally by both parties at 50% each. This valuation calculates the assessed value of the jointly constructed assets based on the equity ratio specified in the agreement that the appraised entity is entitled to.

According to the Wujiaqu Xinte Electric Power Beita Shanxi 220kV Booster and Collection Station Investment Sub-Agreement (《五家渠新特電力北塔山西220kv升壓彙集站投資分攤協議》) entered into between the appraised entity and Xinjiang Zhonghui Tianhe Energy Saving and Environmental Protection Technology (新疆中惠天合節能環保科技有限公司), Wujiaqu Poly Investment Promotion United New Energy Co., Ltd. (五家渠保利招商聯合新能源有限公司), Qitai County Yue Hydropower Energy Co., Ltd., Wujiaqu Huafeng Huineng Power Generation Co., Ltd. (五家渠華風匯能發電有限公司), Qitai County Jingxin Energy Development Co., Ltd. (奇台縣晶鑫能源開發有限公司), Wujiaqu Xiexin Photovoltaic Power Co., Ltd. (五家渠協鑫光伏電力有限公司), Qitai County Xinke Wind Energy Co., Ltd. (奇台縣新科風能有限責任公司) and Qitai County Xiexin Energy Power Generation Co., Ltd. (奇台縣協鑫能源發電有限公司), all parties share the construction costs and interests based on their grid capacity. Xinjiang Xinyou New Energy Power Generation Co., Ltd. holds 8.33% of the interests. This valuation calculates the assessed value of the jointly constructed assets of the appraised entity based on the equity ratio specified in the agreement that the appraised entity is entitled to.

5. The valuation report appendices are only valid when used in conjunction with the main body of the report.

XII. STATEMENT OF RESTRICTION ON THE USE OF ASSET VALUATION REPORT

1. SCOPE OF APPLICATION OF THIS ASSET VALUATION REPORT:

(1) This valuation report may only be used by the principal specified in the asset valuation report or other user of the asset valuation report.

(2) This valuation report can only be used for the valuation purposes and uses specified in the asset valuation report.

(3) The whole or part of the contents in this valuation report shall not be subject to abstraction, quotation and disclosure in public media, except as otherwise provided by laws and regulations, or agreed upon between the principal and this asset valuation institution or relevant parties.

(4) The valuation conclusion of this asset valuation report remains valid within one year after the Valuation Benchmark Date, and the validity period of this asset valuation report is from the Valuation Benchmark Date to December 30 2025.

2. The asset valuation institution and its professionals in asset valuation do not assume any liabilities in case that the principal or other users of the asset valuation report fail to use the asset valuation report in accordance with the provisions of laws and administrative regulations and the scope of use specified in the asset appraisal report.

3. Except for the principal, other users of the asset valuation report specified in the asset valuation engagement contract, and users of the asset valuation report specified by laws and administrative regulations, no other institution or individual may be a user of the asset valuation report.

4. Users of the asset valuation report shall have a correct understanding of the valuation conclusion. The valuation conclusion does not equal to achievable price of the appraised target, and therefore it shall not be treated as a guarantee of the achievable price of the appraised target.

XIII. THE REPORTING DATE OF THE ASSET VALUATION REPORT

The valuation report date is the date on which the asset valuation professionals reached their conclusion. The valuation report date for this report is 20 August 2025.

XIV. SIGNATURE OF THE PROFESSIONALS OF THE ASSET VALUATION AND SEAL OF THE INSTITUTION OF THE ASSET VALUATION

North Asia Assets Assessment Co., Ltd.
(Seal)

Asset Appraiser:
Signature and Seal

Asset Appraiser:
Signature and Seal

20 August 2025

APPENDICES

1. Documents of Economic Transactions;

2. Primary Ownership Certificates Related to the Appraised Target;

3. Letter of Commitment from the Principal and Other Related Parties;

4. Business License of an Asset Valuation Institution;

5. Asset Appraisal Qualification Certificate of Asset Valuation Institutions;

6. Securities and Futures Related Business Evaluation Qualification Certificate;

7. Practicing Certificate Registration Record for Certified Public Appraiser;

8. Asset Valuation Schedule;

9. Audit Report: Grant Thornton Shen Zi (2025) No.110C016842 issued by Grant Thornton Zhitong Certified Public Accountants LLP;

10. Commission Contract of Asset Valuation;

11. Letter of Commitment Signed by Asset Appraiser.

This report has been prepared in accordance with Chinese asset valuation standards

THE ASSET VALUATION REPORT IN RELATION TO ALL SHAREHOLDER EQUITY INTERESTS OF YOUYU COUNTY SINENG WIND POWER CO., LTD. VALUATION PROJECTS INVOLVING THE PROPOSED TRANSFER OF 100% OF THE EQUITY INTERESTS OF YOUYU COUNTY SINENG WIND POWER CO., LTD. BY BEI ENERGY DEVELOPMENT (BEIJING) CO., LTD.

North Asia Ping Bao Zi [2025] No. 01-0866

北方亚事
—NORTH ASSET—

20 August 2025

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STATEMENT

(1) This asset valuation report is prepared in accordance with the Basic Asset Appraisal Standards issued by the Ministry of Finance and the Asset Appraisal Practice Standards and Code of Professional Ethics issued by the China Appraisal Society.

(2) The principal or other users of the asset valuation report shall use the asset valuation report in accordance with the provisions of laws and administrative regulations and within the scope specified in the asset valuation report; the asset valuation institution and its professional personnel shall not be liable for any misuse of the asset valuation report by the principal or other users in violation of the aforementioned provisions.

The asset valuation report is intended solely for use by the principal, other users agreed in the asset valuation engagement contracts, and users specified by laws and administrative regulations; no other institutions or individuals shall be deemed users of the asset valuation report.

Users of the asset valuation report shall correctly understand the valuation conclusion. The valuation conclusion does not equate to the realizable price of the valuation subject and shall not be construed as a guarantee of the realizable price of the valuation subject.

(3) The asset valuation institution and its professional personnel adhere to laws, administrative regulations, and asset valuation standards, uphold the principles of independence, objectivity, and impartiality, and bear legal responsibility for the issued asset valuation report.

(4) The asset and liability list related to the valuation subject is declared by the principal and the appraised entity and confirmed by their signatures, seals, or other legally permissible methods; the principal and other relevant parties are legally responsible for the authenticity, completeness, and legality of the information provided.

(5) The asset valuation institution and its professional personnel have no existing or anticipated interest relationships with the valuation subject in the asset valuation report; they also have no existing or anticipated interest relationships with relevant parties and are free from bias toward them.

(6) The professional personnel have conducted on-site investigations on the valuation subject in the asset valuation report and its related assets; they have paid necessary attention to the legal ownership status of the valuation subject and its related assets, verified the legal ownership documents, truthfully disclosed any identified issues, and have requested the principal and other relevant parties to perfect the property rights to meet the requirements for issuing the asset valuation report.

(7) The analyses, judgments, and conclusions in the asset valuation report issued by the asset valuation institution are subject to the assumptions and limiting conditions stated in the asset valuation report. Users of the asset valuation report should make sufficient consideration to the assumptions, limiting conditions, special notes and their impacts on the valuation conclusions stated in the valuation report.

EXTRACTS OF THE ASSET VALUATION REPORT IN RELATION TO ALL SHAREHOLDER EQUITY INTERESTS OF YOUYU COUNTY SINENG WIND POWER CO., LTD. VALUATION PROJECTS INVOLVING THE PROPOSED TRANSFER OF 100% OF THE EQUITY INTERESTS OF YOUYU COUNTY SINENG WIND POWER CO., LTD. BY BEI ENERGY DEVELOPMENT (BEIJING) CO., LTD.

North Asia Ping Bao Zi [2025] No. 01-0866

North Asia Assets Assessment Co., Ltd. was commissioned by BEI Energy Development (Beijing) Co., Ltd. to conduct a valuation of the market value of the entire shareholders' interests in Youyu County Sineng Wind Power Co., Ltd. as of the Valuation Benchmark Date. The valuation was conducted in accordance with laws, administrative regulations and asset valuation standards while adhering to the principles of independence, objectivity and fairness. The asset-based approach and income approach were adopted, following the necessary valuation procedures. The summary of the valuation report is as follows:

1. Purpose of valuation: Proposed transfer of 100% of the equity interests of Youyu County Sineng Wind Power Co., Ltd. by BEI Energy Development (Beijing) Co., Ltd., and a valuation of all of the involved equity interest values of Youyu County Sineng Wind Power Co., Ltd. is required, so as to provide a value reference for this economic activity.

2. Valuation subject and valuation scope: The valuation subject are all of the equity interests of Youyu County Sineng Wind Power Co., Ltd. The valuation scope are all assets and liabilities of Youyu County Sineng Wind Power Co., Ltd.

3. Valuation type: Market value.

4. Valuation Benchmark Date: 31 December 2024.

5. Valuation methods: The asset-based approach and the income approach.

6. Valuation conclusion: This valuation report adopts the valuation conclusion of the income approach, details of which are as follows:

In accordance with the relevant laws of the state regarding asset valuation, as well as the rules and regulations of other relevant state departments, and adhering to the principles of independence, impartiality, science, and objectivity, and after completing the necessary valuation procedures, North Asia Assets Assessment Co., Ltd. conducted a valuation of the total equity interests of Youyu County Sineng Wind Power Co., Ltd. using both the income approach and the asset-based approach. After analyzing the valuation results of both methods, the current assessment ultimately adopted the income approach, namely as of 31 December 2024, which was the Valuation Benchmark Date, the assessed value of the entire shareholders' equity interests of Youyu County Sineng Wind Power Co., Ltd. was RMB344,090,000, with a book value of RMB256,240,000, resulting in an assessed appreciation of RMB87,850,000, representing an appreciation rate of 34.28%.

7. Validity period of valuation conclusion: The validity period of this valuation conclusion is one year from the Valuation Benchmark Date, being effective from the period of 31 December 2024 to 30 December 2025, and re-valuation will be required after the one-year validity period.

8. Special notes that pose impacts on valuation conclusion:

1. DEFECTS IN ASSET OWNERSHIP

The appraised buildings were based on the asset valuation submission form, which was verified against the relevant title certificates. The valuation institution did not organize a specialized institution or personnel to conduct on-site measurements. For properties that had not yet obtained formal building ownership certificates as of the Valuation Benchmark Date, if there was a discrepancy between the area measured by the authorized institution and the area used in this valuation report when applying for the relevant building ownership certificates, the area measured by the authorized institution shall prevail, and the valuation conclusion shall be adjusted accordingly.

As of the Valuation Benchmark Date, the following buildings of the assessed subject have not obtained the building ownership certificates yet. The costs associated with obtaining such certificates have not been considered in this valuation, details of which are in the following table:

Serial No.	Title Certificate No.	Building	Structure	Date of Completion	Floor Area (m^2)
1	Nil	35KV power distribution equipment room	Framework	September 2018	143.59
2	Nil	Reactive power compensation equipment room	Framework	September 2018	91.14

This valuation report was based on the assumption that there were no property rights disputes regarding these buildings, and did not take into account the costs that will be incurred when applying for building ownership certificates in the future.

2. As of the Valuation Benchmark Date, the appraised entity had not been issued with real estate rights certificates, no contract of land transfer had been signed and no land premium had been paid, which is subject to the final approval of the land administration department and subject to the final amount of the signed transfer contract. The appraised entity has reserved land charges in its books. This valuation has not considered the impact of the above matters on the results of the valuation.

3. OTHER ISSUES TO BE ADDRESSED

No other special matters that pose impacts to the valuation conclusion had been identified in this assessment.

9. Asset Valuation Report Date: This valuation report is dated 20 August 2025.

The above has been extracted from the full text of the asset valuation report. In order to fully understand the valuation and have a correct understanding of the valuation conclusion, you should read the full text of the asset valuation report seriously. Users of the valuation report are requested to pay attention to the assumptions, limitations, special notes and their impact on the valuation conclusions stated in the valuation report.

FULL TEXTS OF THE ASSET VALUATION REPORT IN RELATION TO ALL SHAREHOLDER EQUITY INTERESTS OF YOUYU COUNTY SINENG WIND POWER CO., LTD. VALUATION PROJECTS INVOLVING THE PROPOSED TRANSFER OF 100% OF THE EQUITY INTERESTS OF YOUYU COUNTY SINENG WIND POWER CO., LTD. BY BEI ENERGY DEVELOPMENT (BEIJING) CO., LTD.

North Asia Ping Bao Zi [2025] No. 01-0866

BEI Energy Development (Beijing) Co., Ltd.:

North Asia Assets Assessment Co., Ltd. was commissioned by the Company to conduct a valuation of the market value as of the Valuation Benchmark Date of the entire shareholders' equity interests in Youyu County Sineng Wind Power Co., Ltd., by adopting the asset-based approach and income approach and required appraisal procedures in compliance with the laws, administrative regulations and asset appraisal standards, and adhering to the principles of independence, objectivity and fairness. The asset appraisal is hereby reported as follows:

I. PRINCIPAL AND OTHER USERS OF THE ASSET VALUATION REPORT

The principal for this valuation is BEI Energy Development (Beijing) Co., Ltd., and the appraised entity is Youyu County Sineng Wind Power Co., Ltd.

(1) BRIEF INFORMATION OF THE PRINCIPAL

Company name	:	BEI Energy Development (Beijing) Co., Ltd.
Unified social credit code	:	91110106MA006CYK2N
Legal representative	:	Zhu Jun
Registered capital	:	RMB10,000,000,000
Company type	:	limited liability company (Hong Kong, Macao, and Taiwan investment, not solely owned)
Registered address	:	No. 5375-20131, Logistics Base 5, Pinggu Park, Zhongguancun Science Park, Pinggu District, Beijing (Cluster Registration)

Business scope	:	Licensed Projects: Power generation business, power transmission business, and power supply (distribution) business. (Projects that require approval in accordance with the law must be approved by the relevant authorities before operations can commence. The specific scope of operations shall be subject to the approval documents or licenses issued by the relevant authorities.) General Projects: Heat production and supply; power generation technical services; solar power generation technical services; wind power generation technical services; energy storage technical services; energy conservation management services; research and development of emerging energy technologies; research and development of carbon reduction, carbon conversion, carbon capture, and carbon sequestration technologies; research and development of offshore wind power-related systems; research and development of key technologies for waste heat power generation; research and development of technologies for the utilization of waste heat, waste pressure, and waste gas; research and development of wind farm-related systems; technical services, technical development, technical consulting, technical exchange, technical transfer, and technical promotion; information technology consulting services; safety consulting services; engineering management services; operation of electric vehicle charging infrastructure; supply chain management services; contract energy management. (Except for projects that must be approved in accordance with the law, the company may engage in business activities in accordance with the law based on its business license.) (The company may not engage in business activities related to projects prohibited or restricted by national and municipal industrial policies.)

(2) BRIEF INFORMATION OF THE APPRAISED ENTITY

1. Certified information

Company name	:	Youyu County Sineng Wind Power Co., Ltd.
Unified social credit code	:	91140623MA0H2KQF66
Legal representative	:	Wang Ruotao
Date of establishment	:	27 December 2016
Registered capital	:	RMB220,000,000
Company type	:	limited liability company (solely owned by a legal entity not invested in or controlled by a natural person)
Registered address	:	Yanjiayao Village, Weiyuan Town, Youyu County, Shuozhou City, Shanxi Province
Business scope	:	Development, production, operation, and construction of wind power and renewable energy projects; electricity business; power generation business; electricity supply; electricity sales business; equipment maintenance; related technology consulting services (Projects that require approval in accordance with the law must be approved by the relevant authorities before operations can commence.)

2. History

(1) Establishment

Pursuant to the resolution of the shareholders' meeting, Youyu County Sineng Wind Power Co., Ltd. was established on 27 December 2016, established with investment from Shanghai Sineng Investment Co., Ltd., and the company has a registered capital of RMB20,000,000.

Upon the establishment of the company, the equity structure is as follows:

Amount unit: RMB0'000

Number	Name of Shareholder	Capital Commitment	Paid-in Capital	Shareholding Ratio
1	Shanghai Sineng Investment Co., Ltd.	2,000.00	2,000.00	100%
	Total	**2,000.00**	**2,000.00**	**100%**

(2) The first capital increase

Pursuant to the resolution of the shareholders' meeting, the registered capital of Youyu County Sineng Wind Power Co., Ltd. was increased to RMB220,000,000 in December 2017. The equity structure following this capital increase is as follows:

Amount unit: RMB0'000

Number	Name of Shareholder	Capital Commitment	Paid-in Capital	Shareholding Ratio
1	Shanghai Sineng Investment Co., Ltd.	22,000.00	22,000.00	100%
	Total	**22,000.00**	**22,000.00**	**100%**

(3) The first equity change

Pursuant to the resolution of the shareholders' meeting, in July 2022, Shanghai Sineng Investment Co., Ltd. transferred its equity interest in Youyu County Sineng Wind Power Co., Ltd. to BEI Energy Development (Beijing) Co., Ltd. (formerly known as Beijing United Rongbang New Energy Technology Co., Ltd.).

As at the Valuation Benchmark Date, the equity structure is as follows:

Amount unit: RMB0'000

Number	Name of Shareholder	Capital Commitment	Paid-in Capital	Shareholding Ratio
1	BEI Energy Development (Beijing) Co., Ltd.	22,000.00	22,000.00	100%
	Total	**22,000.00**	**22,000.00**	**100%**

3. Business performance

The financial position of the appraised entity as of the Valuation Benchmark Date and for the previous two years is set out in the table below:

BALANCE SHEET

Unit: RMB0'000

Item/Year	31 December 2022	31 December 2023	31 December 2024
Current assets:			
Monetary funds	14,583.78	320.11	324.98
Financial assets held for trading	/	/	/
Bills receivables	/	/	/
Account receivables	14,313.56	7,136.99	10,582.00
Prepayments	1.85	26.66	27.72
Interest receivables	/	/	/
Dividends receivables	/	/	/
Other receivables	1,975.93	15,186.98	13,067.38
Inventories	/	/	/
Other current assets	1,244.94	1,408.83	1,213.71
Total current assets	**32,120.06**	**24,079.58**	**25,215.78**
Non-current assets:			
Available-for-sale financial assets	/	/	/
Held-to-maturity investments	/	/	/
Long-term receivables	/	/	/
Long-term equity investments	/	/	/
Investment properties	/	/	/
Fixed assets	52,262.47	48,971.16	45,867.63
Construction in progress	/	/	/
Intangible assets	205.64	193.18	180.71
Long-term deferred expenses	760.68	711.07	661.46
Deferred income tax assets	336.20	324.99	324.99
Other non-current assets	3,486.96	2,519.52	1,862.87
Total non-current assets	**57,051.95**	**52,719.91**	**48,897.66**
Total assets	**89,172.00**	**76,799.49**	**74,113.44**

Item/Year	31 December 2022	31 December 2023	31 December 2024
Current liabilities:			
Short-term borrowings	/	/	/
Financial liabilities held-for-trading	/	/	/
Bills payables	/	/	/
Accounts payables	267.37	475.44	372.84
Advances	/	/	/
Contract liabilities	/	/	/
Employee compensation payables	/	/	/
Taxes payables	412.33	194.15	0.72
Other payables	20,764.93	916.80	8,468.04
Non-current liabilities due within one year	4,037.43	4,040.02	4,063.84
Other current liabilities	/	/	/
Total current liabilities	**25,482.06**	**5,626.40**	**12,905.44**
Non-current liabilities:			
Long-term borrowings	36,825.00	39,656.00	35,584.00
Bonds payables	/	/	/
Long-term payables	/	/	/
Specific payables	/	/	/
Lease liabilities	/	/	/
Deferred income tax liabilities	/	/	/
Other non-current liabilities	/	/	/
Total non-current liabilities	**36,825.00**	**39,656.00**	**35,584.00**
Total liabilities	**62,307.06**	**45,282.40**	**48,489.44**
Owners' equity:			
Paid-in capital	22,000.00	22,000.00	22,000.00
Capital reserves	/	/	/
Less: Treasury shares	/	/	/
Specific reserve	4.08	13.22	/
Surplus reserves	1,516.25	1,952.63	2,119.77
Undistributed profits	3,344.62	7,551.24	1,504.23
Total owners' equity	**26,864.95**	**31,517.09**	**25,624.00**
Total liabilities and owners' equity	**89,172.00**	**76,799.49**	**74,113.44**

The operating conditions of the appraised entity as of the Valuation Benchmark Date and for the previous two years is set out in the table below:

INCOME STATEMENT

Unit: RMB0'000

Item/Year	2022	2023	2024
1. Operating income	9,574.77	10,943.23	8,361.82
Less: Operating costs	3,571.97	4,578.30	4,634.93
Operating taxes and surcharges	51.30	59.24	3.97
Selling expenses	/	/	/
Management expenses	6.86	305.07	305.07
Research and development expenses	/	/	/
Finance expenses	1,960.27	1,326.88	1,177.40
Other income	75.88	421.79	/
Investment income (losses expressed with "–")	/	/	/
Credit impairment losses (losses expressed with "–")	/	/	/
Asset impairment losses (losses expressed with "–")	/	/	/
2. Operating profit	4,060.24	5,095.53	2,240.44
Add: Non-operating income	/	/	/
Less: Non-operating expenses	/	/	/
3. Total profit	4,060.24	5,095.53	2,240.44
Less: Income tax expenses	513.73	731.73	569.07
4. Net profit	3,546.52	4,363.80	1,671.37

Note: The above data for 2022-2024 has been audited by Grant Thornton Zhitong Certified Public Accountants LLP and an audit report (Grant Thornton Shen Zi (2023) No. 110C006521, Grant Thornton Shen Zi (2024) No. 110C011138 and Grant Thornton Shen Zi (2025) No. 110C015860) has been issued.

(3) MAJOR BUSINESS OPERATIONS OF THE COMPANY

Youyu County Sineng Wind Power Co., Ltd. primarily engages in wind power generation, with a project-installed capacity of 99.50MW. The project is located in Yanjiayao Village, Weiyuan Town, Youyu County, Shuozhou City, Shanxi Province. It was first grid-connected on 30 March 2018, and achieved full-capacity grid connection on 10 October 2018.

According to the Supplementary Notice on Relevant Matters of the Several Opinions on Promoting the Healthy Development of Non-hydro Renewable Energy Power Generation (Cai Jian [2020] No. 426), the reasonable utilization hours over the full lifecycle for wind power projects in Class I, II, III, and IV resource areas are 48,000 hours, 44,000 hours, 40,000 hours, and 36,000 hours, respectively. Youyu' s wind power project is located in a Class IV resource area, with a subsidy reasonable utilization hours over the full lifecycle of 36,000 hours and a subsidy period of 20 years. The duration of national subsidies is determined by whichever is shorter between 20 years and the reasonable utilization hours over the full lifecycle. As of the benchmark date, 14,747.31 hours of national subsidies have been utilized, leaving 21,252.69 hours remaining.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Value-Added Tax Policy for Wind Power Generation (Cai Shui [2015] No. 74), starting from 1 July 2015, taxpayers selling self-produced electricity products generated from wind power will be subject to a 50% value-added tax refund policy.

(4) RELATIONSHIP BETWEEN THE PRINCIPAL AND THE APPRAISED ENTITY

The principal for this project is BEI Energy Development (Beijing) Co., Ltd., and the appraised entity is Youyu County Sineng Wind Power Co., Ltd., which is a wholly-owned subsidiary of BEI Energy Development (Beijing) Co., Ltd.

(5) OTHER USERS OF ASSET VALUATION REPORT SPECIFIED IN THE ASSET VALUATION COMMISSION CONTRACT

Other users of the valuation report include: in addition to the principal and the appraised entity, other users of the valuation report are relevant parties involved in this valuation project and other users of the valuation report as specified by national laws and regulations.

II. PURPOSE OF THE VALUATION

Pursuant to the Resolution of the Shareholders' Meeting of BEI Energy Development (Beijing) Co., Ltd., BEI Energy Development (Beijing) Co., Ltd. intends to transfer its 100% equity interest in Youyu County Sineng Wind Power Co., Ltd. This economic transaction has been approved by the relevant authorities. The purpose of this valuation is that BEI Energy Development (Beijing) Co., Ltd. intends to transfer its equity interests in Youyu County Sineng Wind Power Co., Ltd. Therefore, it is necessary to evaluate the total equity value of the shareholders of Youyu County Sineng Wind Power Co., Ltd. to provide a value reference basis for this economic transaction.

III. VALUATION OBJECT AND SCOPE

(1) VALUATION OBJECT AND SCOPE

The valuation object of this project is the value of the entire shareholders' equity interests of Youyu County Sineng Wind Power Co., Ltd.

The scope of the valuation covers all assets and liabilities of Youyu County Sineng Wind Power Co., Ltd. as of 31 December 2024. The assets within the scope of the valuation include current assets and non-current assets, with a total asset value of RMB741,134,400. The liabilities consist of current liabilities and non-current liabilities, with a total book value of RMB484,894,400; The book value of net assets is RMB256,240,000.

The valuation object and scope of this valuation are consistent with those involved in the economic activities. As of the Valuation Benchmark Date, the book values of assets and liabilities within the valuation scope have been audited by Grant Thornton Zhitong Certified Public Accountants LLP, which issued Grant Thornton Audit Report No. Shen Zi (2025) 110C015860.

Below is the status of the major assets:

1. There are a total of 6 items of buildings and structures with a book value of RMB18,877,944.84. The buildings and structures assets included in this valuation scope are located within the Company's factory premises. Among them, the buildings primarily consist of the 35KV power distribution facility room and reactive power compensation facility room; the structures mainly comprise fencing and flooring, station area roads and plazas, as well as other production support and auxiliary facilities. All buildings and structures were constructed in 2017. As of the Valuation Benchmark Date, the following buildings within the evaluated unit had not yet obtained property ownership certificates. Specific details are provided in the table below:

Serial no.	Ownership certificate no.	Name of building	Structure	Completed in	Gloss floor area (m^2)
1	Nil	35KV power distribution equipment room	Framework	September 2018	143.59
2	Nil	Reactive power compensation equipment room	Framework	September 2018	91.14

Although the above properties have not been registered with property ownership certificates, the Company pledges that these properties belong to the Company and are free from any property disputes or related debts. The property rights belong to Youyu County Sineng Wind Power Co., Ltd.

2. Machinery and equipment total 46 items with a book value of RMB439,798,314.84. These primarily consist of power generation equipment and supporting facilities for a 99.50 MW wind farm, including wind turbine generators, 35KV collection lines, unit transformers, and other components. The equipment was acquired in 2017. An on-site inspection of the machinery and equipment assets confirmed their good condition, capable of meeting current production requirements.

3. The intangible assets recorded on the Company's books are land compensation expenses.

IV. TYPE OF VALUE

In accordance with the requirements for achieving the valuation objectives and considering constraints such as the valuation subject's inherent functions, usage patterns, and utilization status, market value was selected as the type of value for this valuation.

Market value refers to the estimated amount of value of the valuation subject that would be realized in an arm's-length transaction between a willing buyer and a willing seller, each acting rationally and without compulsion, on the Valuation Benchmark Date.

V. VALUATION BENCHMARK DATE

The Valuation Benchmark Date of this project is 31 December 2024.

(1) The Valuation Benchmark Date is close to the date of economic realization, thereby better reflecting the condition of the assets being evaluated.

(2) The Valuation Benchmark Date is determined by the principal. This date corresponds to the month-end reporting date for the financial statements of Youyu County Sineng Wind Power Co., Ltd. and also serves as the audit cut-off date for the audit report. This facilitates asset verification and ensures accurate presentation of the book values of assets and liabilities within the valuation scope.

VI. BASIS OF VALUATION

(1) ECONOMIC BEHAVIOUR BASIS

1. The Resolution of the Shareholders' Meeting of BEI Energy Development (Beijing) Co., Ltd.

(2) LEGAL AND REGULATORY BASIS

1. "Asset Valuation Law of the People's Republic of China" (Adopted at the 21st Meeting of the Standing Committee of the Twelfth National People's Congress on 2 July 2016);

2. "Company Law of the People' s Republic of China" (Second Revision at the 7th Meeting of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. "Corporate Income Tax Law of the People' s Republic of China" (Second Revision at the 7th Meeting of the Standing Committee of the 13th National People's Congress on 29 December 2018);

4. "Land Administration Law of the People's Republic of China" (Third Revision at the 12th Meeting of the Standing Committee of the 13th National People's Congress on 26 August 2019, effective as of 1 January 2020);

5. "The Civil Code of the People' s Republic of China" (Adopted by the Third Session of the 13th National People's Congress on 28 May 2020, and effective as of 1 January 2021);

6. "The Enterprise State-owned Asset Law of the People' s Republic of China" (Adopted at the 5th Meeting of the Standing Committee of the Eleventh National People's Congress on 28 October 2008);

7. "Measures for the Administration of State-owned Asset Valuation" (No. 91 order of the State Council, revised by No. 732 order of the State Council);

8. "Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises" (No. 378 order of the State Council, revised by No. 709 order of the State Council);

9. "Notice on Issuing the Implementation Rules for the Administration Measures for the Valuation of State-owned Assets" (Guo Zi Ban Fa [1992] No. 36);

10. "Rules for Certain Issues of the Administration of State-owned Asset Valuation" (No. 14 order of the Ministry of Finance);

11. "Interim Measures for the Administration of the Valuation of State-owned Assets of Enterprise" (Guo Zi Wei order No. 12);

12. "Measures for the Supervision and Administration of State-owned Asset Transactions of Enterprises" (No. 32 order of Guo Zi Wei and the Ministry of Finance);

13. Circular on Strengthening the Administration of Valuation of State-owned Assets of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274);

14. Circular on Matters regarding the Review of the Valuation Reports on State-owned Assets of Enterprises (Guo Zi Chan Quan [2009] No. 941);

15. Notice of the General Office of the State Council Forwarding the Ministry of Finance's Opinions on "Reforming the Administrative Management of State-owned Assets Valuation and Strengthening the Supervision and Management of Asset Valuation" (31 December 2001, Guo Ban Fa [2001] No. 102);

16. "Notice on Matters Concerning the Establishment of a Public Disclosure System for Central Enterprise Asset Valuation Projects" (Guo Zi Fa Chan Quan [2016] No. 41);

17. "Notice on Strengthening the Management of the Reserve Pool of Central Enterprise Appraisal Institutions" (Guo Zi Fa Chan Quan [2016] No. 42);

18. "Notice on Matters Related to the Transfer of State-owned Assets of Enterprises" (Guo Zi Fa Chan Quan Gui [2022] No. 39);

19. "Measures for the Financial Supervision and Administration of the Asset Appraisal Industry" (Ministry of Finance Order No. 86 of 21 April 2017, revised by Ministry of Finance of the PRC Order No. 97 of 2019);

20. "Notice of the Ministry of Finance on Issuing the Measures for the Administration of the Filing of State-owned Asset Appraisal Projects (Cai Qi [2001] No. 802);

21. "Notice on Issuing the Guidelines for the Filing of State-owned Asset Appraisal Projects" (Guo Zi Fa Chan Quan [2013] No. 64);

22. "Interim Measures for the Administration of Enterprises' State-owned Assets Appraisal in Beijing Enterprises" (Jing Guo Zi Fa [2008] No. 5);

23. "Opinions on Implementing the Measures for the Supervision and Administration of State-owned Asset Transactions of Enterprises" (Jing Guo Zi Fa [2017] No. 10);

24. "Notice on Matters Concerning the Deepening of Reforms in the Management of State-owned Enterprise Asset Valuation" (Jing Guo Zi Fa [2019] No. 2);

25. "Notice of the Beijing Municipal State-owned Assets Supervision and Administration Commission on Further Deepening the Reform of State-owned Enterprise Assets Appraisal Management" (Jing Guo Zi Fa [2020] No. 9);

26. Notice on Issuing the " Rules for Handling State-owned Asset Property Rights Registration for Enterprises in Beijing" (Jing Guo Zi Chan Quan Zi [2005] No. 78);

27. "Beijing Municipal Regulations on Property Rights Trading Management" (Government Decree [2005] No. 159);

28. "Notice on Issuing the Interim Provisions on the Review and Management of State-owned Enterprise Asset Appraisal Approval Projects in Beijing" (Jing Guo Zi Fa [2012] No. 32);

29. "Implementation Opinions of the Beijing Municipal People's Government on Reforming and Improving the State-owned Asset Management System" (Jing Zheng Fa [2017] No. 3)

30. "Notice on Issuing the Guidelines for the Management of State-Owned Property Rights in Municipal Enterprises (2024 Edition)" (Jing Guo Zi Fa [2024] No. 18);

31. "The Vehicle Purchase Tax Law of the People's Republic of China" (Adopted at the seventh session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

32. Ministry of Finance Order No. 97, " Measures for the Supervision and Administration of the Asset Appraisal Industry by the Ministry of Finance";

33. Ministry of Finance Order No. 33, " Enterprise Accounting Standards – Basic Standards," and Ministry of Finance Order No. 76, " Decision of the Ministry of Finance on Amending the Enterprise Accounting Standards – Basic Standards";

34. Ministry of Finance [2006] Order No. 41, " General Rules for Enterprise Finance";

35. Other relevant laws and regulations.

(3) VALUATION CRITERIA BASIS

1. Basic Standards for Asset Valuation (Cai Zi [2017] No. 43);

2. Code of Ethics for Asset Valuation (Zhong Ping Xie [2017] No. 30);

3. Practicing Standards for Asset Valuation – Asset Valuation Methods (Zhong Ping Xie [2019] No. 35);

4. Practicing Standards for Asset Valuation – Asset Valuation Reports (Zhong Ping Xie [2018] No. 35);

5. Practicing Standards for Asset Valuation – Asset Valuation Procedures (Zhong Ping Xie [2018] No. 36);

6. Practicing Standards for Asset Valuation – Asset Valuation Files (Zhong Ping Xie [2018] No. 37);

7. Practicing Standards for Asset Valuation – Corporate Values (Zhong Ping Xie [2018] No. 38);

8. Practicing Standards for Asset Valuation – Asset Valuation Engagement Contracts (Zhong Ping Xie [2017] No. 33);

9. Practicing Standards for Asset Valuation – Engagement of Experts and Relevant Reports (Zhong Ping Xie [2017] No. 35);

10. Practicing Standards for Asset Valuation – Real Estate (Zhong Ping Xie [2017] No. 38);

11. Practicing Standards for Asset Valuation – Machinery Equipment (Zhong Ping Xie [2017] No. 39);

12. Guidelines for Valuation Reports on State-owned Assets of Enterprises (Zhong Ping Xie [2017] No. 42);

13. Guidelines for Business Quality Control of Asset Valuation Institutions (Zhong Ping Xie [2017] No. 46);

14. Guiding Opinions on Types of Values for Asset Valuation (Zhong Ping Xie [2017] No. 47);

15. Guiding Opinions on Legal Ownership of the Subjects of Valuation (Zhong Ping Xie [2017] No. 48);

16. Measures for the Filing Management of Asset Appraisal Business by China Association of Appraisers (Zhong Ping Xie [2021] No. 30).

(4) OWNERSHIP BASIS

1. Business license of Youyu County Sineng Wind Power Co., Ltd.;

2. Articles of Association of Youyu County Sineng Wind Power Co., Ltd.;

3. Other title documents provided by the entity being evaluated (such as contracts and invoices).

(5) BASIS FOR PRICING

1. Financial statements and audit reports for previous years provided by the enterprise;

2. Relevant national industrial policies, industry analysis data, parameter data, etc.

3. Profit forecast provided by Youyu County Sineng Wind Power Co., Ltd.;

4. The Loan Prime Rate (LPR) published by the National Interbank Funding Center;

5. WIND Information, Tonghua Shun iFinD Data;

6. Other documents related to the acquisition and use of assets by the enterprise, such as contracts and accounting vouchers;

7. Other information related to this asset valuation.

(6) OTHER REFERENCES

1. The audit report (Zhitong Shen Zi (2025) No. 110C015860) issued by Grant Thornton Zhitong Certified Public Accountants LLP;

2. The "Asset Valuation Declaration Form" provided by the entity being evaluated;

3. Asset appraisal professionals' on-site investigation forms and other collected and organized materials;

4. The latest edition of the Handbook of Commonly Used Methods and Parameters for Asset Valuation;

5. Guidelines for Assets Appraisal Experts No. 8 – Verification in Valuation (Zhong Ping Xie [2019] No. 39);

6. Guidelines for Assets Appraisal Experts No. 12 – Measurement of Discount Rates in the Valuation of Enterprise Value by the Income Approach (Zhong Ping Xie [2020] No. 38);

7. Other information related to the valuation.

VII. VALUATION METHOD

(1) SELECTION OF VALUATION METHODS

According to the provisions of asset valuation standards, enterprise value assessment can be conducted using three methods: the income approach, the market approach, and the asset-based approach.

The income approach is a valuation method that capitalizes or discounts expected income to determine the value of the appraised object. Commonly used specific methods of the income approach include the dividend discount method and the cash flow discount method.

The market approach is a valuation method that compares the appraised object with comparable listed companies or comparable transaction cases to determine the value of the appraised object. The two commonly used specific methods of the market approach are the listed company comparison method and the transaction case comparison method.

The asset-based approach is an appraisal method that uses the balance sheet of the appraised entity as of the Valuation Benchmark Date as a basis to appraise the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities, thereby determining valuation method for the value of the appraised object.

Based on the valuation objectives, appraisal object, value types, data collection status, and other relevant conditions, as well as the applicability of the three basic valuation methods, the valuation methods selected for this assessment are: the asset-based method and the income approach.

(2) THE REASONS FOR SELECTING THE VALUATION METHOD ARE AS FOLLOWS:

1. The asset-based approach reflects asset value from the perspective of re-acquiring the asset, i.e., by deducting various depreciation factors from the replacement cost of the asset. The prerequisites are: first, the asset being appraised is in a state of continued use or is assumed to be in a state of continued use; second, historical data should be available for use. The assets appraised in this assessment meet the above conditions.

2. For the market approach, it is difficult to find comparable transaction cases in the domestic market, making it challenging to use the market approach for valuation. Therefore, it is not appropriate to use the market approach for valuation.

3. For the income approach, since the enterprise is operated on an on-going basis, all of its production and operation data can be collected, and future operating income can be predicted. After interviewing the enterprise's management and conducting research and analysis, the appraisers believe that the conditions for the income approach are met. Therefore, the income approach can be used for the appraisal.

(3) INTRODUCTION TO ASSET-BASED APPROACH

The asset-based approach is an appraisal method that uses the balance sheet of the appraised entity as of the Valuation Benchmark Date as a basis to appraise the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities, thereby determining valuation method for the value of the appraised object.

1. Current assets

The scope of current asset valuation includes cash and cash equivalents, accounts receivable, prepayments, other receivables and other current assets.

(1) Cash and cash equivalents: includes bank deposits as well as other cash and cash equivalents. Its assessed value is determined based on verified values obtained by verifying bank statements, bank confirmations, etc.

(2) Accounts receivable: The assessed value of various accounts receivable is determined based on the amount that can be recovered for each item after verification. For accounts receivable that are reasonably expected to be fully recoverable, the assessed value is calculated based on the total amount receivable.

(3) Prepaid Accounts: The appraisers reviewed the financial statements, accounting ledgers, and accounting vouchers based on the detailed audited appraisal schedule provided by Youyu County Sineng Wind Power Co., Ltd.* (右玉縣斯能風電有限公司); they also performed necessary confirmation and alternative procedures to verify their authenticity, and the verification results were consistent with the submitted documentation. After analysing each prepaid item in terms of its age, amount, and business content, the appraised value of the expected recoverable assets was determined based on the audited book value.

(4) Other current assets: The appraisers verified other current assets by reviewing account statements, contracts, or vouchers, and the verified results matched the amounts in the accounts and statements. The appraised value was determined based on the verified book value.

2. Non-current assets

(1) Fixed assets in the form of buildings

For the company's own production facilities and related auxiliary facilities supporting production, based on the specific circumstances of the assets to be appraised, it is appropriate to use the cost approach to determine the appraised value based on the tax-exclusive value. The floor area shall be determined based on the results of the audited reporting materials.

The cost approach refers to various valuation methods that first estimate the replacement cost of the asset being valued, then estimate the various depreciation factors that already exist for the asset being valued, and deduct them from the replacement cost to obtain the value of the asset being valued.

Appraised value = replacement cost × comprehensive residue rate

① Determination of replacement cost

The appraisers conduct on-site inspections of buildings based on relevant documentation and analyse the actual conditions of the structures to calculate the quantities of work for each sub-project. Based on construction engineering budget standards, cost standards, and material price adjustment documents, they use the revised estimate (budget) method or the budget (final account) adjustment method to calculate the construction cost of typical buildings, and add the consumption of equipment, materials, and funds that must occur during the construction process. They calculate and determine the comprehensive construction cost of typical buildings according to the fee standards for building construction of the relevant authorities in the region and country where the assets are located, and use the analogy method to compare and determine the impact coefficients of the differences between other buildings on the comprehensive construction cost, thereby determining the tax-excluded comprehensive construction cost of other buildings, calculate other construction costs and capital costs, and ultimately determine the pre-tax replacement cost.

Other construction-related expenses are determined in accordance with relevant regulations and based on the actual expenses incurred by the enterprise, including project management fees, construction supervision fees, survey and design fees, etc.

Capital costs refer to the interest or opportunity costs incurred during the construction of a building. The loan interest rate is determined based on the Loan Prime Rate (LPR) published by the National Interbank Funding Center on the Valuation Benchmark Date. Taking into account the scale of the appraised asset construction, a reasonable construction period is determined, and the construction period capitals are calculated based on investment in equal instalments.

Replacement cost = construction and installation costs + preliminary and other expenses + capital costs

② Determination of residue rate

The assessment of the residue rate was determined using two methods: the intact score rate method and the straight-line depreciation method. The weighted value of these two methods was taken as the comprehensive residue rate of the building.

1) Determination of residue rate under straight-line depreciation method

Residue rate under straight-line depreciation method = (economic life – years of use)/economic life × 100%

The economic life span is determined in accordance with the "Manual of Commonly Used Data and Parameters for Asset Valuation".

2) Determination of the residue rate under the survey method

To determine the residue rate under the survey method, first classify the main factors affecting the condition of the building. Based on the proportion of each category in the construction cost, determine the standard scores for each factor of different structural forms. Then, based on the actual conditions observed during the on-site inspection, determine the intact scores for each category. Finally, use these scores to determine the residue rate under the survey method. Calculation formula:

Residue rate under survey method(%) = (intact score/ standard score) × 100%

3) Determination of comprehensive residue rate

Comprehensive residue rate = residue rate under straight-line depreciation method × 40% + residue rate under survey method × 60%

(2) Fixed assets in form of machinery and equipment

Including machinery and equipment. In accordance with the purpose of this valuation, based on the principle of continued use and market prices, and taking into account the characteristics of the equipment to be assessed and the information collected, the cost approach was used to assess the machinery and equipment.

The cost approach refers to various valuation methods that first estimate the replacement cost of the asset being valued, then estimate the various depreciation factors that already exist for the asset being valued, and deduct them from the replacement cost to obtain the value of the asset being valued.

Appraised value = replacement cost × comprehensive residue rate

① Determination of replacement cost

The purchase price of standard sets of machinery and equipment is determined through market channels. Transportation and handling fees, installation and commissioning fees, and necessary accessory and ancillary equipment fees incurred in bringing the equipment to a usable state are added. Based on the current market charging standards in the region where the appraised assets are located, pre-construction engineering costs, other expenses, and capital costs are calculated. In accordance with relevant national tax regulations, the replacement cost is determined.

The purchase price of office electronic equipment and other equipment is determined through market inquiries, excluding tax, in order to determine the replacement cost.

Replacement cost = purchase price + transportation and handling charges + installation and commissioning fees + basic costs + preliminary and other expenses + capital costs

② Determination of residue rate

Determination of the residue rate of major machinery and equipment:

Residue rate under straight-line depreciation method = (economic life – years of use)/economic life × 100%

The economic life span of machinery and equipment is determined in accordance with the "Manual of Commonly Used Data and Parameters for Asset Valuation";

Years of use: Determined based on the time from the date of installation to the Valuation Benchmark Date, combined with the equipment's operating rate;

Residue rate under survey method = ∑ technical observation analysis score × score weight of each component unit × 100%

Comprehensive residue rate = residue under straight-line depreciation method × 40% + residue rate under survey method × 60%

Determination of the residue rate of general or low-value equipment:

Residue rate = (economic life – years of use)/economic life × 100%

Since similar types of equipment, electronics, and other devices are no longer available on the market, the assessed value is determined directly based on the market price of similar types of second-hand equipment excluding tax.

(3) Intangible assets

Intangible assets are land compensation costs, and the assessed value is determined based on the verified book value.

(4) Long-term deferred expenses

As of the Valuation Benchmark Date, the book value of long-term deferred expenses primarily consisted of the amortized value of booster stations recorded in the accounts. After conducting investigations on the accounting content and reasons for the formation of long-term deferred expenses, the appraisers determined the assessed value of the long-term deferred expenses based on the verified book value.

(5) Deferred tax assets

The deferred tax assets on the balance sheet as of the Valuation Benchmark Date mainly consist of trial operation income recorded on the balance sheet. After conducting investigations on the accounting content and reasons for the formation of deferred tax assets, the appraisers determined the assessed value of the long-term deferred expenses based on the verified book value.

(6) Other non-current assets

The other non-current assets on the balance sheet as of the Valuation Benchmark Date mainly consist of value-added tax (input tax). Investigations on the accounting content and reasons for the formation of other non-current assets shall be conducted. The valuation of other non-current assets was determined by the appraisers based on the verified book value.

3. Liabilities

For the assessment of accounts payable, taxes payable and other payables in current liabilities, non-current liabilities due within one year, and long-term borrowings in non-current liabilities, based on the detailed items provided by the enterprise, the audited figures after examination, verification, and confirmation procedures serve as its assessed value.

(4) INTRODUCTION TO INCOME APPROACH

The income approach used in this valuation calculates the assessed value by converting the expected future net cash flow of the assets into present value using an appropriate discount rate. Its applicable basic conditions are: the enterprise has the foundation and conditions for on-going operation, there is a relatively stable correlation between asset operation and income, and future income and risks can be predicted and quantified.

1. Valuation model:

Enterprise free cash flow model in the discounted future earnings method is intended to be used for this valuation.

2. Formula

Total shareholder equity value = Total enterprise value – Interest-bearing debt

Total enterprise value = value of operating assets + surplus assets + value of non-operating assets

Among them: the value of operating assets is determined according to the following formula

Discounted value of free cash flow of an enterprise = present value of free cash flow during the specified forecast period + present value of free cash flow after the specified forecast period

The specified forecast period refers to the period from the Valuation Benchmark Date to the date when the enterprise reaches a relatively stable operating condition.

3. Determination of forecast period

Based on the actual conditions and operational scale of Youyu County Sineng Wind Power Co., Ltd.* (右玉縣斯能風電有限公司), and considering the economic lifespan of the power plant and the validity period of the power business licence, the company's revenue period is determined to be a limited term. The appraised asset group achieved full-capacity grid connection as of 10 October 2018, and the validity period of the power business licence extends until 9 October 2038. Therefore, this forecast period spans from the forecast benchmark date to 30 September 2038.

4. Determination of revenue period

Based on the economic life span of the power plant and the validity period of the power business licence, the company's revenue period is determined to be a limited term. The appraised asset group achieved full-capacity grid connection as of 10 October 2018, and the validity period of the power business licence extends until 9 October 2038. Therefore, this forecast period spans from the forecast benchmark date to 30 September 2038.

5. Determination of free cash flow

The company's free cash flow is used for this valuation, the formula of free cash flow is as follows:

Free cash flow (annualised for the forecast period) = profit before interest and taxes × (1 – income tax rate) + depreciation and amortisation – capital expenditure – additional working capital

6. Determination of future value

Free cash flow = profit before interest and taxes × (1 – income tax rate) + depreciation and amortisation – capital expenditure – additional working capital + proceeds from disposal of matured assets.

7. Considerations for year-end discounting

Considering that free cash flow occurs throughout the year, this valuation assumes that cash inflows and outflows are evenly distributed, and therefore the discount period for free cash flow is calculated on a mid-term discounting basis.

8. Determination of discount rate

The discount rate, also known as the expected rate of return on investment, is an important parameter for determining the assessed value based on the income approach. In this valuation, the expected rate of return on investment of the assessed entity was estimated using a method that selected Tonghua Shun iFinD information technology services for analysis and calculation. To this end, the first step is to determine the systematic risk coefficient β (levered beta) of Tonghua shun iFinD information technology services. The second step is to use the industry β and the capital structure of the company being evaluated to estimate the expected rate of return on investment for the entity being evaluated, and use this as the discount rate.

(1) Determination of weighted average cost of capital (WACC)

WACC (Weighted Average Cost of Capital) represents the expected total return on investment. It is the weighted average of the expected return on equity and the return on debt after income tax adjustments.

When calculating the total return on investment, the first step is to calculate the return on equity capital and the return on debt capital using publicly available market data as of the Valuation Benchmark Date. The second step is to calculate the weighted average return on equity and the weighted average return on debt.

① Determination of return on equity

To determine the return on equity, we use the Capital Asset Pricing Model (**CAPM**). CAPM is a method commonly used to estimate investor return requirements and thereby calculate a company's return on equity. It can be expressed by the following formula:

$$Re = Rf + \beta \times ERP + Rs$$

Among them：

Re – return on equity

Rf – risk-free rate of return

β – risk factor

ERP – market risk excess return rate

Rs – company-specific risk excess return rate

To analyse CAPM, we take the following steps:

Step 1: determine the risk-free rate of return

Government bond yields are generally considered risk-free because the risk of default on the bond at maturity is negligible and can be ignored.

The risk-free rate of return reflects the basic value of funds when there is no default risk on the principal and the expected income is guaranteed. For this valuation, the 10-year government bond yield of 1.68% announced by the China Central Depository & Clearing Co., Ltd. on the Valuation Benchmark Date was selected as the risk-free rate of return.

Step 2: Determine the equity risk return rate

MRP is the Market Risk Premium, which refers to the yield spread between equity assets and risk-free assets. It typically refers to the portion by which the average yield of the constituent stocks of a typical securities market index exceeds the average risk-free yield (typically the long-term government bond yield) (Rm-Rf1). The CSI 300 Index aligns well with international standards, as its 300 constituent stocks effectively reflect the condition of China's stock market. In this assessment, the evaluators used the Tonghua Shun iFinD software to calculate the average yield of each component stock in the CSI 300 Index. The calculation results show that the average yield (geometric average yield, calculated on a weekly basis, using logarithmic yields) over a 20-year period (2005–2024) was 9.04%, corresponding to an average risk-free rate of return (Rf1) of 3.27% over the 20-year period (2005–2024). Therefore, the market risk premium (Rm-Rf1) in this assessment is set at 5.76%.

Step 3: Determine the industry's relative risk coefficient β (Levered beta) relative to the stock market.

The average beta value of four comparable listed companies over the past 100 weeks, excluding the capital structure factor, is 0.7863. The calculation process is shown in the table below:

No.	Name of comparable company	Stock Code	interest-bearing liabilities (D)	Equity fair market value (E)	Equity value ratio	β with capital structure factor (Levered β)	β without capital structure factor (Unlevered β)	income tax rate (T)
1	CECEP Wind-power Corporation Co., Ltd.	601016.SH	2,309,963.72	2,052,167.29	112.56%	1.2036	0.6526	25.00%
2	Jiangsu New Energy Development Co., Ltd	603693.SH	603,978.84	878,103.74	68.78%	1.4250	0.9401	25.00%
3	Sichuan New Energy Power Company Limited	000155.SZ	975,308.88	1,971,707.79	49.47%	1.3633	0.9944	25.00%
4	Ningxia Jiaze Renewables Corporation Limited	601619.SH	1,086,469.38	808,204.92	134.43%	1.1209	0.5582	25.00%

Step 4: Determine the capital structure ratio of the entity being evaluated

The evaluators analyzed the significant differences between the evaluated entity and comparable companies in terms of financing capabilities and financing costs. In this case, they combined the target company's financing situation in future years and used the target company's own capital structure to calculate the beta value using an iterative method.

Step 5: Estimate the levered beta of the entity being valued under the capital structure ratio determined above

We substitute the capital structure ratio of the entity being evaluated that has been determined into the following formula to calculate the levered beta of the entity being evaluated:

Levered Beta = Unlevered Beta × [1+ (1 − T) D/E]

In the formula: D: Debt value;

E: Equity value;

T: Applicable income tax rate (i.e. 25%);

After calculation, the leveled Beta of Youyu County Sineng Wind Energy Co., Ltd. with capital structure factor equals to:

$\beta = 0.7863 \times [1 + (1 - 25\%) \times 103.41\%] = 1.3962$

Step 6: Estimate the company's specific rate of risked return (Rs)

Specific risks also include market risk, scale risk, talent risk, and financial risk. After comprehensive consideration and analysis, it is believed that the company's specific risks are moderate, and there is a certain risk of timely capital return. The company's specific rate of risked return (Rs) is determined to be 1%.

No.	Additional Information	Description	Value (%)
1	Company size	Large-sized wind power company	0.10%
2	Historical operating results	Profit-making position in recent years	0.10%
3	Corporate financial risk	As of the benchmark date, there were external borrowings but no external investments	0.20%
4	Distribution of business operations, products, and regions	Mainly targeting certain regions within China	0.40%
5	Internal management and control mechanisms within the enterprise	Internal management and control mechanisms are well established	0.05%
6	Management experience and qualifications	Management personnel with extensive experience	0.05%
7	Dependence on major customers and suppliers	Not dependent on major customers and suppliers	0.10%
	Total		1.00%

Step 7: Calculate the current return on equity

By substituting the appropriate data into the CAPM formula, we can calculate the expected return on equity for the entity being evaluated.

$$Re = Rf + \beta \times ERP + Rs = 1.68\% + 1.3962 \times 5.76\% + 1\% = 10.73\%$$

② Determination of the rate of return on debt

In assessing the return on debt, we selected the actual bank lending rate of the enterprise as the cost of capital, that is 2.3%.

③ Determination of the weighted average return on total capital

The expected return on equity and the return on debt can be calculated using a weighted average method to determine the weighted average return on total capital. The weights are assessed based on the actual proportion of equity and debt in the capital structure. The weighted average return on total capital is calculated using the following formula:

$$\text{Formula: } WACC = \frac{Re}{1 + D/E} + (Rd - \frac{Rd}{1 + D/E}) \times (1 - T)$$

In the formula: Re: cost of equity capital

Rd: cost of debt capital

T: income tax rate

D/E: Capital structure of the comparable company

WACC = 10.73% × (1/(1+103.41%))+2.3% × (1-1/(1+103.41%)) × (1-25%) = 6.15%

9. Determination of surplus asset value

Surplus assets refer to assets that exceed the needs of the enterprise's production and operations as of the Valuation Benchmark Date and are not included in the enterprise's free cash flow forecast after the Valuation Benchmark Date.

10. Determination of the value of non-operating assets and liabilities

Non-operating assets and liabilities refer to assets and related liabilities that are not related to the production and operation of the entity being evaluated and are not included in the scope of income forecast.

11. Determination of the value of interest-bearing debt

Interest-bearing debt mainly refers to loans borrowed by the company from financial institutions or other entities and individuals, as well as related interest.

VIII. IMPLEMENTATION AND CIRCUMSTANCES OF VALUATION PROCEDURES

The entire valuation is divided into four stages.

(1) PRELIMINARY PREPARATIONS, ACCEPTANCE OF ENGAGEMENT

We first understand the principal, the entity being appraised, and other users of the asset valuation report other than the principal, the purpose of the valuation, the appraisal subject and scope, the type of value, the Valuation Benchmark Date, the scope of use of the asset valuation report, the deadline and method for submitting the asset valuation report, the valuation service fee and payment method, as well as the collaborations among the principal, other relevant parties, and the asset appraisal institution and its professional appraisers as well as other important matters that required to be clarified. After clarifying the basic matters of the engagement and conducting a comprehensive analysis and evaluation of professional competence, independence, and business risks, we enter into an asset appraisal engagement contract with the principal. After obtaining the introduction of the enterprise situation and the history and current status of the assets to be appraised by the relevant personnel of the appraised entity, an asset appraisal plan shall be prepared based on the specific circumstances of the asset appraisal business, and an asset appraisal project team shall be established.

(2) ON-SITE INVESTIGATION AND DATA COLLECTION

Asset appraisal professionals commenced on-site inspections on 2 June 2025. Utilizing the asset and liability inventory assessment detail sheets submitted by the appraised entity, they conducted on-site investigations into the appraisal subjects and their associated assets and liabilities through methods including inquiries, confirmation, reconciliation, inventory supervision, site inspections, and examinations. Based on the specific circumstances of the asset appraisal engagement, materials necessary for the appraisal were collected. The collected and utilized appraisal materials were verified through observation, inquiry, document review, on-site investigation, inquiry, confirmation, and review. The current status of the appraisal subject was ascertained through on-site investigation and the collected appraisal materials, with particular attention paid to the legal ownership of the appraisal subject and its associated assets. The project team concluded its on-site inspections on 5 June 2025.

(3) ORGANIZING DATA, EVALUATION AND ESTIMATION

Asset appraisal professionals conduct independent market research based on the specific circumstances of the appraisal engagement, collect relevant information and materials, and perform necessary screening, analysis, summarization, and organization of the gathered appraisal data to form the basis for valuation estimates and the preparation of the asset appraisal report. Based on the appraisal objective, the entity being appraised, value type, and data collection circumstances, they analyze the applicability of the three fundamental asset valuation methods – market approach, income approach, and asset-based approach – to select the appropriate methodology. The appraisal project team then applies the chosen method by selecting corresponding formulas and parameters for analysis, calculation, and judgment to derive the valuation results.

(4) DRAWING CONCLUSION AND SUBMITTING REPORT

Asset appraisal professionals conduct a comprehensive analysis of the valuation results to form an appraisal conclusion. After determining and estimating the conclusion, they prepare a preliminary asset appraisal report. Subsequently, the preliminary asset valuation report undergoes internal review in accordance with laws, administrative regulations, asset valuation standards, and the internal quality control system of this valuation institution. After necessary communication with the principal or other relevant parties approved by the principal regarding the contents of the valuation report, without compromising the independent judgment of the valuation conclusion, the formal asset valuation report is issued and submitted to the principal.

IX. VALUATION ASSUMPTION

Changes in the operating environment of the company and various changing factors that affect asset value highlight a necessity of setting up numerous assumptions for the appraiser to make value judgement on assets and fully support our valuation conclusion. This valuation is based on the following premises and assumptions:

I. GENERAL ASSUMPTION

1. Going Concern Over A Limited Period Assumption

Going concern over a limited period assumption represents an assumption that the appraised company is lawful and there's no unforeseen factors will prevent its continued operation. The appraised assets will continue to be used for their current purpose at their current locations until the end of the forecast period in accordance with the business objectives.

2. Transaction Assumption

Transaction assumption represents an assumption that all assets subject to valuation are in the process of being transacted. The appraiser values the assets by simulating market conditions based on the transaction terms of the assets to be appraised. Transaction assumption is a fundamental prerequisite for asset valuation.

3. Open Market Assumption

Open market assumption represents that assets transacted or intended for transaction on the market are exchanged between parties with equal status and sufficient access to market information and time to make informed judgments regarding the assets' functions, uses, and transaction prices. Open market assumption is based on the premise that the assets can be bought and sold on the open market.

4. Continuous Use of Assets Assumption

Continuous use of assets assumption represents that the appraised asset will be used legally and effectively on an ongoing basis according to its planned purpose, usage method, scale, frequency, environmental conditions, and will not undergo significant changes during the foreseeable period of use.

II. SPECIAL ASSUMPTION

1. It is assumed that the national macroeconomic situation and current relevant laws, regulations, and policies will not undergo significant changes; no major changes will occur in the political, economic, and social environment of the regions where the parties to this transaction are located.

2. It is assumed that the industry in which the appraised entity operates will maintain a stable development trajectory, with no major changes in industry policies, management systems, or relevant regulations.

3. It is assumed that there will be no significant changes in national credit interest rates, tax bases and tax rates, or policy-related levies and fees.

4. It is assumed that no other force majeure events or unforeseen factors will occur that could materially adversely affect the company.

5. It is assumed that all parameters used in this valuation assessment are based on the current price system, and the impact of inflation after the Valuation Benchmark Date has not been considered.

6. It is assumed that the appraised entity's production and business operations will continue in their current state, with no material changes in its operating conditions occurring within the foreseeable operating period.

7. It is assumed that future management personnel will be diligent and that the company will continue to operate under its existing operational management model.

8. Continuous use of assets assumption represents that the appraised assets will continue to be used legally and effectively on an ongoing basis according to their current purposes, methods, scale, frequency, and environmental conditions, with no major changes occurring within their foreseeable useful lives.

9. It is assumed that the general information on business operations, property rights documentation, policy documents, and other relevant materials of the company provided by the principal and the appraised entity are authentic and valid.

10. It is assumed that the acquisition, procurement, and construction processes of all assets involved with the appraised target comply with relevant national laws and regulations.

11. It is assumed that there are no material differences between the accounting policies used in the historical financial data provided by the appraised entity and those used for the income projections.

12. It is assumed that the appraised company's future business strategies and cost controls will not undergo significant changes.

13. Within the foreseeable operating period, non-recurring gains and losses that the appraised company may incur have not been considered, including but not limited to the following items: gains and losses from disposal of fixed assets, intangible assets, other long-term assets, and other non-operating income or expenses.

14. It is assumed that the appraised entity will be able to renew the lease as normal upon expiration and continue to use the leased assets it operates.

15. It is assumed that after the Valuation Benchmark Date, the appraised entity's cash inflows and outflows will occur evenly.

16. Through analysis of the historical period's national subsidy income and accounts receivable, the settlement cycle of the appraised entity's national subsidy income is approximately 2 years. It is assumed that the recovery period of the appraised entity's national subsidy electricity fees receivable during the forecast period in this valuation report is 2 years.

X. VALUATION CONCLUSION

As of the Valuation Benchmark Date of December 31 2024, the valuation conclusion of the entire shareholders' equity interests of Youyu County Sineng Wind Power Co., Ltd. was as follow:

I. VALUATION CONCLUSIONS UNDER ASSET-BASED APPROACH

As of the Valuation Benchmark Date of December 31 2024, on the basis of ongoing concerns, the book value of audited total assets of Youyu County Sineng Wind Power Co., Ltd. was RMB741,134,400, the appraised value was RMB668,816,100, and the appraised value depreciation was RMB72,318,300, with a depreciation rate of 9.76%; the book value of liabilities was RMB484,894,400, the appraised value was RMB484,894,400 and the appraised value appreciation was RMB0.00, with an appreciation rate of 0%; the book value of net assets was RMB256,240,000, the appraised value was RMB183,921,700, and the appraised value depreciation was RMB72,318,300, with a depreciation of 28.22%. Details set out in the following table:

Summary Table of Assets Valuation Results

Appraised Entity: Youyu County Sineng Wind Power Co., Ltd. Amount Unit: RMB0'000

Item		Book Value A	Appraised Value B	Appreciation/ Depreciation Amount C=B-A	Appreciation (Depreciation) Rate % D=C/A x 100%
Current assets	1	25,215.78	25,215.78	0.00	0.00
Non-current assets	2	48,897.66	41,665.83	-7,231.83	-14.79
Including: Long-term equity interests investment	3	0.00	0.00	0.00	
Investment properties	4	0.00	0.00	0.00	
Fixed Assets	5	45,867.63	38,635.79	-7,231.84	-15.77
Construction in progress	6	0.00	0.00	0.00	
Oil and gas assets	7	0.00	0.00	0.00	
Intangible Assets	8	180.71	180.71	0.00	0.00
Including: Land-use rights	9	180.71	180.71	0.00	0.00
Other non-current assets	10	2,849.32	2,849.33	0.01	0.00
Total Assets	11	74,113.44	66,881.61	-7,231.83	-9.76
Current Liabilities	12	12,905.44	12,905.44	0.00	0.00
Non-current Liability	13	35,584.00	35,584.00	0.00	0.00
Total Liabilities	14	48,489.44	48,489.44	0.00	0.00
Net Assets	15	25,624.00	18,392.17	-7,231.83	-28.22

For detailed valuation conclusions, please refer to the valuation breakdown table.

II. VALUATION CONCLUSION OF INCOME BASED APPROACH

As of the Valuation Benchmark Date of December 31 2024, on the basis of ongoing concerns and using the income based approach, the valuation result of the value of the entire shareholders' equity interests of Youyu County Sineng Wind Power Co., Ltd. was RMB344,090,000, and the appreciation was RMB87,850,000, with an appreciation rate of 34.28%.

III. COMPARISON OF THE RESULTS FROM THE TWO DIFFERENT VALUATION APPROACHES AND THE SELECTION OF VALUATION CONCLUSION

1. Comparison of the Results from the Two Different Valuation Approaches

The comparison between the asset-based valuation results and the income-based valuation results is shown in the table below:

Comparison Table of Asset-Based Approach and Income Approach Valuation Results

Amount Unit: RMB0' 000

Item	Appraised Value under Asset-based Approach A	Appraised Value under Income Approach B	Difference Amount C=B-A	Discrepancy Ratio D=(B-A)/A x 100%
Appraised Value of Entire Shareholders' Equity Interest	18,392.17	34,409.00	16,016.83	87.09

The difference of the valuation result under income approach and the asset-based approach is RMB160,168,300, representing a discrepancy ratio of 87.09%. The principal reason for such discrepancy are:

The principle reason for the discrepancy in the valuation conclusions of the two approaches is that they adopt different perspectives. The asset-backed approach considers the methods of reacquiring the assets, reflecting the replacement value of the existing company assets. The income approach considers the future earning capacity, reflecting the comprehensive profitability of each of the company asset, resulting in the discrepancy between the two methods.

2. Analysis on the Selection of the Result of Income Approach as Valuation Conclusions

After analyzing the results from two valuation approaches, the valuation conclusions of the income approach is adopted given the following:

The asset-based approach only appraises individual tangible assets and partially quantifiable intangible assets, which fails to fully capture the contribution of individual asset combinations to the overall enterprise value or adequately measure the synergistic effects arising from the interaction and organic combination of each of individual asset, whereas the valuation conclusion of the income approach inherently includes the value of intangible assets that are difficult to quantify separately, which reflects the overall earning capacity resulting from the combined effect of all external environmental factors and internal conditions.

The appraised company operates in the wind power generation industry and holds an electricity business license, indicating relatively stable future earnings.

By reason of the foregoing, after considering the respective advantages and limitations of the asset-based approach and income approach, and analyzing the impact of each approach on the valuation result of the project, the valuation result of the income approach is deemed more conducive to reflecting the value of the appraised target for this particular economic transaction.

The valuation result of the income approach is adopted as the final valuation conclusion after comprehensive analysis.

IV. VALUATION CONCLUSION

Subject to the relevant national asset valuation laws and regulations, North Asia Assets Assessment Co., Ltd. appraised all of the shareholders' equity interest of Youyu County Sineng Wind Power Co., Ltd. on the Valuation Benchmark Date based on the principle of independence, objectivity and impartiality with necessary valuation process. The valuation was conducted using both the asset-based approach and the income approach. After analysing the conclusions of both methods, the income approach was ultimately adopted for this valuation. The total equity interests of Youyu County Sineng Wind Power Co., Ltd. is RMB344,090,000 (in words: Three hundred forty-four million and ninety thousand yuan).

V. ANALYSIS OF VALUE APPRECIATION AND DEPRECIATION

1. Analysis of Factors Affecting Changes in Valuation Results of the Asset-backed Approach

Valuation depreciation of fixed assets is mainly due to the overall reduction in the cost of wind power stations in 2024 as a result of a significant decline in wind power component prices.

2. Analysis of Factors Affecting Changes in Valuation Results of Income Approach

The book value of the appraised target reflects the historical cost value of all of shareholders' equity interest calculated in accordance with accounting policies. The value of total shareholders' equity determined using the income approach reflects the comprehensive value system of the company's overall profitability in its future ongoing operations, including off-balance-sheet potential resources and asset values comprising of the value of the company's operational management and other intangible assets that cannot be aggregated or listed. However, such resources and asset values cannot be reliably measured using accounting policies. This results in the income approach valuation showing an appreciation in value.

XI. SPECIAL MATTERS

The user of this valuation report should pay attention to the impact of the special matter on the valuation conclusions.

I. USE OF REPORTS ISSUED BY OTHER INSTITUTIONS

In conducting this assessment, we obtained the following professional reports through legal channels and carefully referred and utilized the relevant content of these professional reports.

This valuation report refers to the standard unqualified audit report (Grant Thornton Shen Zi (2025) No.110C015860) issued by Grant Thornton Zhitong Certified Public Accountants LLP.

The types and amounts of assets listed in the asset valuation report have been audited by Grant Thornton Zhitong Certified Public Accountants LLP, which issued an audit report with the reference number: Grant Thornton Shen Zi (2025) No.110C015860. The opinion expressed in the audit report is as follows: "We have audited the financial statements of Youyu County Sineng Wind Power Co., Ltd., including the balance sheet as of 31 December 2024, the income statement, statements of cash flow, statements of changes in equity, and related notes to the financial statements for the year ended 31 December 2024. We believed that the accompanying financial statements have been prepared in accordance with the provisions of the Enterprise Accounting Standards in all material respects and fairly presented the financial positions of Youyu County Sineng Wind Power Co., Ltd. as of 31 December 2024, as well as its operating results and cash flows for the year ended 31 December 2024". Asset valuation professionals analysed and evaluated the use of financial statements in accordance with the valuation methods adopted, but it was not their responsibility to express a professional opinion on whether the relevant financial statements fairly reflected the financial position and current operating results and cash flows of the company as of the Valuation Benchmark Date.

II. CIRCUMSTANCES OF INCOMPLETE OR DEFECTIVE OWNERSHIP INFORMATION

1. The buildings appraised in this valuation were based on the asset valuation declaration form after verification of the relevant certificates. The valuation agency did not organize a specialized agency or personnel to conduct on-site measurements. For buildings that have not yet formally obtained a property ownership certificate as of the Valuation Benchmark Date, if the area measured by the statutory agency is inconsistent with the area used in this valuation report when applying for the relevant property ownership certificate, the area measured by the statutory agency shall prevail, and the valuation conclusion shall be adjusted accordingly.

As at the Valuation Benchmark Date, the following buildings of the appraised entity have not yet obtained property ownership certificates. The cost required for the certificates has not been considered in this valuation. For details, please refer to the following table:

No.	Certificate No.	Name of Buildings	Structure	Date of Completion	Floor Area (m^2)
1	Nil	35KV power distribution equipment room	Framework	September 2018	143.59
2	Nil	Reactive power compensation equipment room	Framework	September 2018	91.14

This valuation report is based on the assumption that there are no property rights dispute regarding these buildings, and does not consider the costs that will be incurred when applying for property ownership certificates in the future.

2. As of the Valuation Benchmark Date, the appraised entity had not obtained a real estate ownership certificate for the project site, nor had it signed a land grant contract or paid the land grant fee. The payment of the land grant fee shall be determined based on the final amount approved by the land administration department and the final amount specified in the land grant contract. The appraised entity has reserved land-related expenses on its books. This valuation does not consider the impact of the aforementioned matters on the valuation results.

III. CONDITIONS OF VALUATION PROCEDURE WITH LIMITATION

Nil.

IV. CONDITIONS OF DEFICIENCIES IN VALUATION INFORMATION

Nil.

V. UNDECIDED MATTERS OF EXISTING LAWS AND ECONOMIES ON THE VALUATION BENCHMARK DAY

Nil.

VI. RELATIONSHIP BETWEEN MATTERS OF GUARANTEES, LEASES AND ITS CONTINGENT ASSETS' LIABILITIES AND THE APPRAISED TARGET

Pursuant to the Lease Agreement for Movable and Immovable Property of the Youyu Weiyuan 100MW Wind Power Project's Grid Connection to Wolongdong Wind Farm Step-up Substation entered into between the appraised entity and Shuozhou Pinglu Wolong Wind Power Co., Ltd., the Youyu Weiyuan Wind Power Project, the appraised entity, connects to the 220kV busbar of the Wolongdong Wind Farm Step-up Substation, and transmitted through the Wolongdong Wind Farm Step-up Substation's grid connection system. The connection term is 20 years, during which both parties shall jointly use the relevant immovable and movable property of the step-up substation. This valuation assumes that the appraised entity can sustainably and normally use the relevant immovable and movable property of the step-up substation throughout the income period.

VII. MATTERS THAT MAY AFFECT THE VALUATION CONCLUSION BETWEEN THE VALUATION BENCHMARK DATE AND THE VALUATION REPORT DATE

During the period between the Valuation Benchmark Date and the date of this valuation report, both the principal and the appraised entity did not file an report regarding the significant events after the reporting period, and the appraisers were not aware of any significant events after the reporting period.

VIII. DEFICIENCIES THAT MAY SIGNIFICANTLY IMPACT THE VALUATION CONCLUSION ARISING FROM THE CORRESPONDING ECONOMIC TRANSACTIONS FOR THE PURPOSE OF THIS ASSET VALUATION.

Nil.

IX OTHER MATTERS TO BE ADDRESSED

1. This valuation report is prepared in accordance with the principles of independence, objectivity and impartiality, and complied with relevant laws, administrative regulations, and asset valuation standards. Our firm and all professionals involved in the valuation have no special interests with the principal or other parties concerned. The appraisers adhere to professional ethics throughout the entire appraisal process.

2. The general information, property rights documentation, policy documents, and related materials regarding business operations referenced in this valuation report are provided by the principal and the appraised entity. The principal and the appraised entity are solely responsible for the authenticity and legality of such information and materials, and shall bear all legal liabilities arising therefrom. The purpose of asset valuation professionals in conducting asset valuation services is to estimate the value of the appraised target and issue professional opinions. Confirming or issuing opinions on the legal ownership of the appraised target exceeded the scope of asset valuation practice. Therefore, the valuation institution does not provide any guarantees regarding the legal ownership of the appraised target.

3. For any defects that may affect the asset valuation value of a company, if the company does not make any special statements when commissioning the valuation and the asset valuation professionals have performed the valuation procedures but are still unable to obtain the relevant information, the asset valuation institution and the asset valuation professionals shall not bear any related responsibility.

4. The valuation report appendices are only valid when used in conjunction with the main body of the report.

XII. STATEMENT OF RESTRICTION ON THE USE OF ASSET VALUATION REPORT

1. Scope of Application of this Asset Valuation Report:

(1) This valuation report may only be used by the principal specified in the asset valuation report or other user of the asset valuation report.

(2) This valuation report can only be used for the valuation purposes and uses specified in the asset valuation report.

(3) The whole or part of the contents in this valuation report shall not be subject to abstraction, quotation and disclosure in public media, except as otherwise provided by laws and regulations, or agreed upon between the principal and this asset valuation institution or relevant parties.

(4) The valuation conclusion of this asset valuation report remains valid within one year after the Valuation Benchmark Date, and the validity period of this asset valuation report is from the Valuation Benchmark Date to December 30 2025.

2. The asset valuation institution and its professionals in asset valuation do not assume any liabilities in case that the principal or other users of the asset valuation report fail to use the asset valuation report in accordance with the provisions of laws and administrative regulations and the scope of use specified in the asset appraisal report.

3. Except for the principal, other users of the asset valuation report specified in the asset valuation engagement contract, and users of the asset valuation report specified by laws and administrative regulations, no other institution or individual may be a user of the asset valuation report.

4. Users of the asset valuation report shall have a correct understanding of the valuation conclusion. The valuation conclusion does not equal to achievable price of the appraised target, and therefore it shall not be treated as a guarantee of the achievable price of the appraised target.

XIII. THE REPORTING DATE OF THE ASSET VALUATION REPORT

The valuation report date is the date on which the asset valuation professionals reached their conclusion. The valuation report date for this report is 20 August 2025.

XIV. SIGNATURE OF THE PROFESSIONALS OF THE ASSET VALUATION AND SEAL OF THE INSTITUTION OF THE ASSET VALUATION

North Asia Assets Assessment Co., Ltd.
(Seal)

Asset Appraiser:
Signature and Seal

Asset Appraiser:
Signature and Seal

20 August 2025

APPENDICES

1. Documents of Economic Transactions;

2. Primary Ownership Certificates Related to the Appraised Target;

3. Letter of Commitment from the Principal and Other Related Parties;

4. Business License of an Asset Valuation Institution;

5. Asset Appraisal Qualification Certificate of Asset Valuation Institutions;

6. Securities and Futures Related Business Evaluation Qualification Certificate;

7. Practicing Certificate Registration Record for Certified Public Appraiser;

8. Asset Valuation Schedule;

9 Audit Report: Grant Thornton Shen Zi (2025) No.110C015860 issued by Grant Thornton Zhitong Certified Public Accountants LLP;

10. Commission Contract of Asset Valuation;

11. Letter of Commitment Signed by Asset Appraiser.

This report has been prepared in accordance with Chinese asset valuation standards

THE ASSET VALUATION REPORT IN RELATION TO ALL SHAREHOLDER EQUITY INTERESTS OF LUAN HUAQIN NEW ENERGY CO., LTD. VALUATION PROJECTS INVOLVING THE PROPOSED TRANSFER OF 100% OF THE EQUITY INTERESTS OF LUAN HUAQIN NEW ENERGY CO., LTD. BY BEI ENERGY DEVELOPMENT (BEIJING) CO., LTD.

North Asia Ping Bao Zi [2025] No. 01-0865

北方亞事
—NORTH ASSET—

20 August 2025

CONTENTS

STATEMENT

(1) This asset valuation report is prepared in accordance with the Basic Asset Appraisal Standards issued by the Ministry of Finance and the Asset Appraisal Practice Standards and Code of Professional Ethics issued by the China Appraisal Society.

(2) The principal or other users of the asset valuation report shall use the asset valuation report in accordance with the provisions of laws and administrative regulations and within the scope specified in the asset valuation report; the asset valuation institution and its professional personnel shall not be liable for any misuse of the asset valuation report by the principal or other users in violation of the aforementioned provisions.

The asset valuation report is intended solely for use by the principal, other users agreed in the asset valuation engagement contracts, and users specified by laws and administrative regulations; no other institutions or individuals shall be deemed users of the asset valuation report.

Users of the asset valuation report shall correctly understand the valuation conclusion. The valuation conclusion does not equate to the realizable price of the valuation subject and shall not be construed as a guarantee of the realizable price of the valuation subject.

(3) The asset valuation institution and its professional personnel adhere to laws, administrative regulations, and asset valuation standards, uphold the principles of independence, objectivity, and impartiality, and bear legal responsibility for the issued asset valuation report.

(4) The asset and liability list related to the valuation subject is declared by the principal and the appraised entity and confirmed by their signatures, seals, or other legally permissible methods; the principal and other relevant parties are legally responsible for the authenticity, completeness, and legality of the information provided.

(5) The asset valuation institution and its professional personnel have no existing or anticipated interest relationships with the valuation subject in the asset valuation report; they also have no existing or anticipated interest relationships with relevant parties and are free from bias toward them.

(6) The professional personnel have conducted on-site investigations on the valuation subject in the asset valuation report and its related assets; they have paid necessary attention to the legal ownership status of the valuation subject and its related assets, verified the legal ownership documents, truthfully disclosed any identified issues, and have requested the principal and other relevant parties to perfect the property rights to meet the requirements for issuing the asset valuation report.

(7) The analyses, judgments, and conclusions in the asset valuation report issued by the asset valuation institution are subject to the assumptions and limiting conditions stated in the asset valuation report. Users of the asset valuation report should make sufficient consideration to the assumptions, limiting conditions, special notes and their impacts on the valuation conclusions stated in the valuation report.

EXTRACTS OF THE ASSET VALUATION REPORT IN RELATION TO ALL SHAREHOLDER EQUITY INTERESTS OF LUAN HUAQIN NEW ENERGY CO., LTD. VALUATION PROJECTS INVOLVING THE PROPOSED TRANSFER OF 100% OF THE EQUITY INTERESTS OF LUAN HUAQIN NEW ENERGY CO., LTD. BY BEI ENERGY DEVELOPMENT (BEIJING) CO., LTD.

North Asia Ping Bao Zi [2025] No. 01-0865

North Asia Assets Assessment Co., Ltd. was commissioned by BEI Energy Development (Beijing) Co., Ltd. and Luan Huaqin New Energy Co., Ltd. to conduct a valuation of the market value of the entire shareholders' interests in Luan Huaqin New Energy Co., Ltd. as of the Valuation Benchmark Date. The valuation was conducted in accordance with laws, administrative regulations and asset valuation standards while adhering to the principles of independence, objectivity and fairness. The asset-based approach was adopted, following the necessary valuation procedures. The summary of the valuation report is as follows:

1. Purpose of valuation: Proposed transfer of 100% of the equity interests of Luan Huaqin New Energy Co., Ltd. by BEI Energy Development (Beijing) Co., Ltd., and a valuation of all of the involved equity interest values of Luan Huaqin New Energy Co., Ltd. is required, so as to provide a value reference for this economic activity.

2. Valuation subject and valuation scope: The valuation subject are all of the equity interests of Luan Huaqin New Energy Co., Ltd. The valuation scope are all assets and liabilities of Luan Huaqin New Energy Co., Ltd.

3. Valuation type: Market value.

4. Valuation Benchmark Date: 31 December 2024.

5. Valuation methods: The asset-based approach.

6. Valuation conclusion: In accordance with the relevant laws of the state regarding asset valuation and regulations, and adhering to the principles of independence, objectivity and impartiality, and after completing the necessary valuation procedures, North Asia Assets Assessment Co., Ltd. conducted a valuation of the total equity interests of Luan Huaqin New Energy Co., Ltd. as at the Valuation Benchmark Date using the asset-based approach. After the valuation, the assessed value of the entire shareholders' equity interests of Luan Huaqin New Energy Co., Ltd. as of 31 December 2024, which was the Valuation Benchmark Date, was RMB162,634,800, with a book value of RMB85,164,800, resulting in an assessed appreciation of RMB77,470,000, representing an appreciation rate of 90.96%.

7. Validity period of valuation conclusion: The validity period of this valuation conclusion is one year from the Valuation Benchmark Date, being effective from the period of 31 December 2024 to 30 December 2025, and re-valuation will be required after the one-year validity period.

8. Special notes that pose impacts on valuation conclusion:

   No other special matters that pose impacts to the valuation conclusion had been identified in this assessment.

9. Asset Valuation Report Date: This valuation report is dated 20 August 2025.

The above has been extracted from the full text of the asset valuation report. In order to fully understand the valuation and have a correct understanding of the valuation conclusion, you should read the full text of the asset valuation report seriously. Users of the valuation report are requested to pay attention to the assumptions, limitations, special notes and their impact on the valuation conclusions stated in the valuation report.

FULL TEXTS OF THE ASSET VALUATION REPORT IN RELATION TO ALL SHAREHOLDER EQUITY INTERESTS OF LUAN HUAQIN NEW ENERGY CO., LTD. VALUATION PROJECTS INVOLVING THE PROPOSED TRANSFER OF 100% OF THE EQUITY INTERESTS OF LUAN HUAQIN NEW ENERGY CO., LTD. BY BEI ENERGY DEVELOPMENT (BEIJING) CO., LTD.

North Asia Ping Bao Zi [2025] No. 01-0865

BEI Energy Development (Beijing) Co., Ltd., Luan Huaqin New Energy Co., Ltd.:

North Asia Assets Assessment Co., Ltd. was commissioned by the Company to conduct a valuation of the market value as of the Valuation Benchmark Date of the entire shareholders' equity interests in Luan Huaqin New Energy Co., Ltd., by adopting the asset-based approach and required appraisal procedures in compliance with the laws, administrative regulations and asset appraisal standards, and adhering to the principles of independence, objectivity and fairness. The asset appraisal is hereby reported as follows:

I. PRINCIPAL AND OTHER USERS OF THE ASSET VALUATION REPORT

The principal 1 for this valuation is BEI Energy Development (Beijing) Co., Ltd., and the principal 2 and the appraised entity is Luan Huaqin New Energy Co., Ltd.

(1) Brief information of the principal 1

Company name	:	BEI Energy Development (Beijing) Co., Ltd.
Unified social credit code	:	91110106MA006CYK2N
Legal representative	:	Zhu Jun
Registered capital	:	RMB10,000,000,000
Company type	:	limited liability company (Hong Kong, Macao, and Taiwan investment, not solely owned)
Registered address	:	No. 5375-20131, Logistics Base 5, Pinggu Park, Zhongguancun Science Park, Pinggu District, Beijing (Cluster Registration)

Business scope	:	Licensed Projects: Power generation business, power transmission business, and power supply (distribution) business. (Projects that require approval in accordance with the law must be approved by the relevant authorities before operations can commence. The specific scope of operations shall be subject to the approval documents or licenses issued by the relevant authorities.) General Projects: Heat production and supply; power generation technical services; solar power generation technical services; wind power generation technical services; energy storage technical services; energy conservation management services; research and development of emerging energy technologies; research and development of carbon reduction, carbon conversion, carbon capture, and carbon sequestration technologies; research and development of offshore wind power-related systems; research and development of key technologies for waste heat power generation; research and development of technologies for the utilization of waste heat, waste pressure, and waste gas; research and development of wind farm-related systems; technical services, technical development, technical consulting, technical exchange, technical transfer, and technical promotion; information technology consulting services; safety consulting services; engineering management services; operation of electric vehicle charging infrastructure; supply chain management services; contract energy management. (Except for projects that must be approved in accordance with the law, the company may engage in business activities in accordance with the law based on its business license.) (The company may not engage in business activities related to projects prohibited or restricted by national and municipal industrial policies.)

(2) BRIEF INFORMATION OF THE PRINCIPAL 2 AND THE APPRAISED ENTITY

1. Certified information

Company name	:	Luan Huaqin New Energy Co., Ltd.
Unified social credit code	:	91341522MA2UJPYF9N
Legal representative	:	Du Wenyuan
Registered capital	:	RMB85,140,000
Company type	:	limited liability company (solely owned by a legal entity not invested in or controlled by a natural person)
Registered address	:	Room 107, Fengjing Town Government Office, Huoqiu County, Luan City, Anhui Province
Business scope	:	Construction and operation of photovoltaic power stations; research, development, manufacturing, and sales of photovoltaic ancillary products; electric bus and electric vehicle leasing; construction and operation of charging stations; sales of electric vehicle charging piles; sales of energy storage batteries; construction and operation of energy storage power stations; operation and management of photovoltaic agriculture. (Projects that require approval in accordance with the law must be approved by the relevant authorities before operations can commence.)

2. History

(1) Establishment

Pursuant to the resolution of the shareholders' meeting, Luan Huaqin New Energy Co., Ltd. was established on March 2020, established with investment from Anhui Hengrui New Energy Co., Ltd. (安徽恆瑞新能源股份有限公司) and Anhui Yirui Electric Co., Ltd. (安徽億瑞電氣有限公司) , and the company has a registered capital of RMB30,000,000.

Upon the establishment of the company, the equity structure is as follows:

Amount unit: RMB0'000

Number	Name of Shareholder	Capital Commitment	Paid-in Capital	Shareholding Ratio
1	Anhui Hengrui New Energy Co., Ltd.	300.00	300.00	30%
2	Anhui Yirui Electric Co., Ltd.	700.00	700.00	70%
	Total	1,000.00	1,000.00	100%

(2) The first equity change

Pursuant to the resolution of the shareholders' meeting, in December 2020, Anhui Hengrui New Energy Co., Ltd. and Anhui Yirui Electric Co., Ltd. transferred its equity interest in Luan Huaqin New Energy Co., Ltd. to Hefei Sungrow New Energy Technology Co., Ltd. (合肥陽光新能源科技有限公司). The equity structure following this change is as follows:

Amount unit: RMB0'000

Number	Name of Shareholder	Capital Commitment	Paid-in Capital	Shareholding Ratio
1	Hefei Sungrow New Energy Technology Co., Ltd.	1,000.00	1,000.00	100%
	Total	1,000.00	1,000.00	100%

(3) The first capital increase

Pursuant to the resolution of the shareholders' meeting, the registered capital of Luan Huaqin New Energy Co., Ltd. was increased to RMB85,140,000 in July 2021. The equity structure following this capital increase is as follows:

Amount unit: RMB0'000

Number	Name of Shareholder	Capital Commitment	Paid-in Capital	Shareholding Ratio
1	Hefei Sungrow New Energy Technology Co., Ltd.	8,514.00	8,514.00	100%
	Total	8,514.00	8,514.00	100%

(4) The second equity change

Pursuant to the resolution of the shareholders' meeting, in April 2022, Sungrow Renewables Development Co., Ltd (formerly known as Hefei Sungrow New Energy Technology Co., Ltd.) transferred its equity interest in Luan Huaqin New Energy Co., Ltd. to BEI Energy Development (Beijing) Co., Ltd. (formerly known as Beijing United Rongbang New Energy Technology Co., Ltd.).

As at the Valuation Benchmark Date, the equity structure is as follows:

Amount unit: RMB0'000

Number	Name of Shareholder	Capital Commitment	Paid-in Capital	Shareholding Ratio
1	BEI Energy Development (Beijing) Co., Ltd.	8,514.00	8,514.00	100%
	Total	8,514.00	8,514.00	100%

3. Business performance

The financial position of the appraised entity as of the Valuation Benchmark Date and for the previous two years is set out in the table below:

BALANCE SHEET

Unit: RMB0'000

Item/Year	31 December 2022	31 December 2023	31 December 2024
Current assets			
Monetary funds	23.64	23.59	23.58
Other receivables	2,538.00	3,000.00	3,002.00
Total current assets	2,561.64	3,023.59	3,025.58
Non-current assets:			
Long-term equity investments	8,514.00	8,514.00	8,514.00
Total non-current assets	8,514.00	8,514.00	8,514.00
Total assets	11,075.64	11,537.59	11,539.58
Current liabilities:			
Other payables	2,563.10	3,023.10	3,023.10
Total current liabilities	2,563.10	3,023.10	3,023.10
Non-current liabilities:			
Total non-current liabilities	/	/	/
Total liabilities	2,563.10	3,023.10	3,023.10
Owners' equity:			
Paid-in capital	8,514.00	8,514.00	8,514.00
Capital reserves	/	/	/
Less: Treasury shares	/	/	/
Specific reserve	/	/	/
Surplus reserves	/	0.05	0.25
Undistributed profits	-1.46	0.44	2.23
Total owners' equity	8,512.54	8,514.49	8,516.48
Total liabilities and owners' equity	11,075.64	11,537.59	11,539.58

The operating conditions of the appraised entity as of the Valuation Benchmark Date and for the previous two years is set out in the table below:

INCOME STATEMENT

Unit: RMB0'000

Item/Year	2022	2023	2024
1. Operating income			
Less: Operating costs	/	/	/
Operating taxes and surcharges	/	/	/
Selling expenses	/	/	/
Management expenses	/	/	/
Research and development expenses	/	/	/
Finance expenses	0.07	0.05	0.01
Other income	/	/	/
Investment income (losses expressed with "–")	/	2.00	2.00
Credit impairment losses (losses expressed with "–")	/	/	/
Asset impairment losses (losses expressed with "–")	/	/	/
2. Operating profit	-0.07	1.95	1.99
Add: Non-operating income	/	/	/
Less: Non-operating expenses	/	/	/
3. Total profit	-0.07	1.95	1.99
Less: Income tax expenses	-0.02	/	/
4. Net profit	-0.04	1.95	1.99

Note: The above data for 2022-2024 has been audited by Grant Thornton Zhitong Certified Public Accountants LLP and an audit report (Grant Thornton Shen Zi (2023) No. 110C007922, Grant Thornton Shen Zi (2024) No. 110C012128 and Grant Thornton Shen Zi (2025) No. 110C016922) has been issued.

(3) MAJOR BUSINESS OPERATIONS OF THE COMPANY

Luan Huaqin New Energy Co., Ltd. primarily engages in the construction and operation of photovoltaic power stations. Its long-term equity investment, Huoqiu County Huaqin New Energy Co., Ltd. (霍邱縣華欽新能源有限公司) primarily engages in photovoltaic power generation business, with a project-installed capacity of 108MW. The project is located within Yaowu Village, Fengjing Town, Huoqiu County, Luan City, Anhui Province. It was first grid-connected on 18 October 2021, and achieved full-capacity grid connection on 15 January 2022.

(4) RELATIONSHIP BETWEEN THE PRINCIPAL AND THE APPRAISED ENTITY

The principal 2 and the appraised entity for this project is Luan Huaqin New Energy Co., Ltd., which is a wholly-owned subsidiary of the principal 1, BEI Energy Development (Beijing) Co., Ltd.

(5) OTHER USERS OF ASSET VALUATION REPORT SPECIFIED IN THE ASSET VALUATION COMMISSION CONTRACT

Other users of the valuation report include: in addition to the principal and the appraised entity, other users of the valuation report are relevant parties involved in this valuation project and other users of the valuation report as specified by national laws and regulations.

II. PURPOSE OF THE VALUATION

Pursuant to the Resolution of the Shareholders' Meeting of BEI Energy Development (Beijing) Co., Ltd., BEI Energy Development (Beijing) Co., Ltd. intends to transfer the equity interest in Luan Huaqin New Energy Co., Ltd. This economic transaction has been approved by the relevant authorities. The purpose of this valuation is that BEI Energy Development (Beijing) Co., Ltd. intends to transfer its 100% equity in Luan Huaqin New Energy Co., Ltd. Therefore, it is necessary to evaluate the total equity value of the shareholders of Luan Huaqin New Energy Co., Ltd. to provide a value reference basis for this economic transaction.

III. VALUATION OBJECT AND SCOPE

(1) VALUATION OBJECT AND SCOPE

The valuation object of this project is the value of the entire shareholders' equity interests of Luan Huaqin New Energy Co., Ltd.

The scope of the valuation covers all assets and liabilities of Luan Huaqin New Energy Co., Ltd. as of 31 December 2024. The assets within the scope of the valuation include current assets and non-current assets, with a total asset value of RMB115,395,800. The liabilities consist of current liabilities, with a total book value of liabilities of RMB30,231,000; The book value of net assets is RMB85,164,800.

The valuation object and scope of this valuation are consistent with those involved in the economic activities. As of the Valuation Benchmark Date, the book values of assets and liabilities within the valuation scope have been audited by Grant Thornton Zhitong Certified Public Accountants LLP, which issued Grant Thornton Audit Report No. Shen Zi (2025) 110C016922. Luan Huaqin New Energy Co., Ltd. has used the audit results as the basis for the asset valuation data submitted for this valuation. The audited book value is shown in the table below:

BALANCE SHEET AS AT 31 DECEMBER 2024

Amount denominated in: RMB

Item	Book value	Item	Book value
Total current assets	**30,255,813.25**	**Total current liabilities**	**30,231,000.00**
Monetary funds	235,813.25	Other payables	30,231,000.00
Other receivables	30,020,000.00	**Total non-current liabilities**	**0.00**
Total non-current assets	85,140,000.00	**Total liabilities**	**30,231,000.00**
Long-term equity investments	85,140,000.00	**Total owners' equity**	**85,164,813.25**
Total assets	**115,395,813.25**	**Total liabilities and owners' equity**	**115,395,813.25**

The appraisers, in accordance with the National Asset Appraisal Practice Standards and with the cooperation of the appraised entity, conducted a comprehensive verification and review of the book values, actual quantities, formation, existence, and usage status of the aforementioned assets and liabilities, as well as their ownership status.

Below is the status of the major assets:

Long-term equity investments total 1 entity. Details of long-term equity investments are as follows:

Amount denominated in: RMB

Serial no.	Name of the invested unit	Date of investment	Investment cost	Investment ratio	Book value
1	Huoqiu County Huaqin New Energy Co., Ltd.	March 2020	85,140,000.00	100.00%	85,140,000.00
	Total		85,140,000.00		85,140,000.00

Huoqiu County Huaqin New Energy Co., Ltd. primarily engages in photovoltaic power generation. The project has a registered installed capacity of 108MW and is located in Yaowu Village, Fengjing Town, Huoqiu County, Lu'an City, Anhui Province. It achieved its first grid connection on 18 October 2021, and attained full-capacity grid connection on 15 January 2022.

Pursuant to the provisions of the "Notice of the State Administration of Taxation on Implementing Corporate Income Tax Preferences for Key Supported Public Infrastructure Projects" (Guo Shui Fa [2009] No. 80), eligible enterprises engaged in investment and operation of projects specified in the "Catalogue of Corporate Income Tax Preferences for Public Infrastructure Projects" shall be exempt from corporate income tax for the first three years starting from the tax year in which the project generates its first production and operation income. Enterprises shall enjoy a 50% reduction in corporate income tax from the fourth to the sixth year. The tax incentive period commences in 2022, with a corporate income tax rate of 12.5% from 2025 to 2027 and 25% for 2028 and subsequent years.

IV. TYPE OF VALUE

In accordance with the requirements for achieving the valuation objectives and considering constraints such as the valuation subject's inherent functions, usage patterns, and utilization status, market value was selected as the type of value for this valuation.

Market value refers to the estimated amount of value of the valuation subject that would be realized in an arm's-length transaction between a willing buyer and a willing seller, each acting rationally and without compulsion, on the Valuation Benchmark Date.

V. VALUATION BENCHMARK DATE

The Valuation Benchmark Date of this project is 31 December 2024.

(1) The Valuation Benchmark Date is close to the date of economic realization, thereby better reflecting the condition of the assets being evaluated.

(2) The Valuation Benchmark Date is determined by the principal. This date corresponds to the month-end reporting date for the financial statements of Luan Huaqin New Energy Co., Ltd. and also serves as the audit cut-off date for the audit report. This facilitates asset verification and ensures accurate presentation of the book values of assets and liabilities within the valuation scope.

VI. BASIS OF VALUATION

(1) ECONOMIC BEHAVIOUR BASIS

1. The Resolution of the Shareholders' Meeting of BEI Energy Development (Beijing) Co., Ltd.

(2) LEGAL AND REGULATORY BASIS

1. "Asset Valuation Law of the People's Republic of China" (Adopted at the 21st Meeting of the Standing Committee of the Twelfth National People's Congress on 2 July 2016);

2. "Company Law of the People's Republic of China" (Second Revision at the 7th Meeting of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. "Corporate Income Tax Law of the People's Republic of China" (Second Revision at the 7th Meeting of the Standing Committee of the 13th National People's Congress on 29 December 2018);

4. "Urban Real Estate Administration Law of the People's Republic of China" (Third Revision at the 12th Meeting of the Standing Committee of the 13th National People's Congress on 26 August 2019, effective as of 1 January 2020);

5. "Land Administration Law of the People's Republic of China" (Third Revision at the 12th Meeting of the Standing Committee of the 13th National People's Congress on 26 August 2019, effective as of 1 January 2020);

6. "The Civil Code of the People's Republic of China" (Adopted by the Third Session of the 13th National People's Congress on 28 May 2020, and effective as of 1 January 2021);

7. "The Enterprise State-owned Asset Law of the People's Republic of China" (Adopted at the 5th Meeting of the Standing Committee of the Eleventh National People's Congress on 28 October 2008);

8. "Measures for the Administration of State-owned Asset Valuation" (No. 91 order of the State Council, revised by No. 732 order of the State Council);

9. "Interim Regulations on the Supervision and Administration of State-owned Assets of Enterprises" (No. 378 order of the State Council, revised by No. 709 order of the State Council);

10. "Notice on Issuing the Implementation Rules for the Administration Measures for the Valuation of State-owned Assets" (Guo Zi Ban Fa [1992] No. 36);

11. "Rules for Certain Issues of the Administration of State-owned Asset Valuation" (No. 14 order of the Ministry of Finance);

12. "Interim Measures for the Administration of the Valuation of State-owned Assets of Enterprise" (Guo Zi Wei order No. 12);

13. "Measures for the Supervision and Administration of State-owned Asset Transactions of Enterprises" (No. 32 order of Guo Zi Wei and the Ministry of Finance);

14. Circular on Strengthening the Administration of Valuation of State-owned Assets of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274);

15. Circular on Matters regarding the Review of the Valuation Reports on State-owned Assets of Enterprises (Guo Zi Chan Quan [2009] No. 941);

16. Notice of the General Office of the State Council Forwarding the Ministry of Finance's Opinions on "Reforming the Administrative Management of State-owned Assets Valuation and Strengthening the Supervision and Management of Asset Valuation" (31 December 2001, Guo Ban Fa [2001] No. 102);

17. "Notice on Matters Concerning the Establishment of a Public Disclosure System for Central Enterprise Asset Valuation Projects" (Guo Zi Fa Chan Quan [2016] No. 41);

18. "Notice on Strengthening the Management of the Reserve Pool of Central Enterprise Appraisal Institutions" (Guo Zi Fa Chan Quan [2016] No. 42);

19. "Notice on Matters Related to the Transfer of State-owned Assets of Enterprises" (Guo Zi Fa Chan Quan Gui [2022] No. 39);

20. "Measures for the Financial Supervision and Administration of the Asset Appraisal Industry" (Ministry of Finance Order No. 86 of 21 April 2017, revised by Ministry of Finance of the PRC Order No. 97 of 2019);

21. "Notice of the Ministry of Finance on Issuing the Measures for the Administration of the Filing of State-owned Asset Appraisal Projects (Cai Qi [2001] No. 802);

22. "Notice on Issuing the Guidelines for the Filing of Enterprises' State-owned Asset Appraisal Projects" (Guo Zi Fa Chan Quan [2013] No. 64);

23. "Interim Measures for the Administration of State-owned Assets Appraisal in Beijing Enterprises" (Jing Guo Zi Fa [2008] No. 5);

24. "Opinions on Implementing the Measures for the Supervision and Administration of State-owned Asset Transactions of Enterprises" (Jing Guo Zi Fa [2017] No. 10);

25. "Notice on Matters Concerning the Deepening of Reforms in the Management of State-owned Enterprise Asset Valuation" (Jing Guo Zi Fa [2019] No. 2);

26. "Notice of the Beijing Municipal State-owned Assets Supervision and Administration Commission on Further Deepening the Reform of State-owned Enterprise Assets Appraisal Management" (Jing Guo Zi Fa [2020] No. 9);

27. Notice on Issuing the "Rules for Handling State-owned Asset Property Rights Registration for Enterprises in Beijing" (Jing Guo Zi Chan Quan Zi [2005] No. 78);

28. "Beijing Municipal Regulations on Property Rights Trading Management" (Government Decree [2005] No. 159);

29. "Notice on Issuing the Interim Provisions on the Review and Management of State-owned Enterprise Asset Appraisal Approval Projects in Beijing" (Jing Guo Zi Fa [2012] No. 32);

30. "Implementation Opinions of the Beijing Municipal People's Government on Reforming and Improving the State-owned Asset Management System" (Jing Zheng Fa [2017] No. 3);

31. "Notice on Issuing the Guidelines for the Management of State-Owned Property Rights in Municipal Enterprises (2024 Edition)" (Jing Guo Zi Fa [2024] No. 18);

32. "The Vehicle Purchase Tax Law of the People's Republic of China" (Adopted at the seventh session of the Standing Committee of the 13th National People's Congress on 29 December 2018);

33. Ministry of Finance Order No. 97, "Measures for the Supervision and Administration of the Asset Appraisal Industry by the Ministry of Finance";

34. Ministry of Finance Order No. 33, "Enterprise Accounting Standards — Basic Standards," and Ministry of Finance Order No. 76, "Decision of the Ministry of Finance on Amending the Enterprise Accounting Standards — Basic Standards";

35. Ministry of Finance [2006] Order No. 41, "General Rules for Enterprise Finance";

36. Other relevant laws and regulations.

(3) VALUATION CRITERIA BASIS

1. Basic Standards for Asset Valuation (Cai Zi [2017] No. 43);

2. Code of Ethics for Asset Valuation (Zhong Ping Xie [2017] No. 30);

3. Practicing Standards for Asset Valuation – Asset Valuation Methods (Zhong Ping Xie [2019] No. 35);

4. Practicing Standards for Asset Valuation – Asset Valuation Reports (Zhong Ping Xie [2018] No. 35);

5. Practicing Standards for Asset Valuation – Asset Valuation Procedures (Zhong Ping Xie [2018] No. 36);

6. Practicing Standards for Asset Valuation – Asset Valuation Files (Zhong Ping Xie [2018] No. 37);

7. Practicing Standards for Asset Valuation – Corporate Values (Zhong Ping Xie [2018] No. 38);

8. Practicing Standards for Asset Valuation – Asset Valuation Engagement Contracts (Zhong Ping Xie [2017] No. 33);

9. Practicing Standards for Asset Valuation – Engagement of Experts and Relevant Reports (Zhong Ping Xie [2017] No. 35);

10. Practicing Standards for Asset Valuation – Real Estate (Zhong Ping Xie [2017] No. 38);

11. Practicing Standards for Asset Valuation – Machinery Equipment (Zhong Ping Xie [2017] No. 39);

12. Guidelines for Valuation Reports on State-owned Assets of Enterprises (Zhong Ping Xie [2017] No. 42);

13. Guidelines for Business Quality Control of Asset Valuation Institutions (Zhong Ping Xie [2017] No. 46);

14. Guiding Opinions on Types of Values for Asset Valuation (Zhong Ping Xie [2017] No. 47);

15. Guiding Opinions on Legal Ownership of the Subjects of Valuation (Zhong Ping Xie [2017] No. 48);

16. Measures for the Filing Management of Asset Appraisal Business by China Association of Appraisers (Zhong Ping Xie [2021] No. 30).

(4) OWNERSHIP BASIS

1. Business license of the entity being evaluated;

2. Articles of Association of the entity being evaluated;

3. State-owned land use rights certificate (or grant contract for state-owned land use rights);

4. Other title documents provided by the entity being evaluated (such as contracts and invoices).

(5) BASIS FOR PRICING

1. Financial statements and audit reports for previous years provided by the enterprise;

2. Relevant national industrial policies, industry analysis data, parameter data, etc.

3. Profit forecast provided by Luan Huaqin New Energy Co., Ltd.*;

4. The Loan Prime Rate (LPR) published by the National Interbank Funding Center;

5. WIND Information, Tonghua Shun iFinD Data;

6. Ministry of Finance [2016] Order No. 81, "Financial Rules for Capital Construction";

7. Code for real estate appraisal (GB/T50291-2015);

8. Standard for bills of quantities and valuation for construction works (GB50500-2013);

9. Glodon Cost Index Information;

10. Rating Standard for the Condition of Houses issued by the Ministry of Construction;

11. Circular of the Ministry of Finance and the State Administration of Taxation on Several Issues Concerning the Implementation of VAT Transformation Reform in China (Cai Shui [2008] No. 170);

12. Circular of the Ministry of Finance and the State Administration of Taxation on Launching the Pilot Program of Reforming from Business Tax to VAT in an All-round Way (Cai Shui [2016] No. 36);

13. Announcement on Policies Concerning Deepening Value Added Tax Reform (Announcement No. 39 of 2019 of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs);

14. The latest Mechanical & Electrical Product Price Handbook as of the Valuation Benchmark Date;

15. Related information on landchina.com;

16. Transaction case data of the land market as of the Valuation Benchmark Date;

17. Other documents related to the acquisition and use of assets by the enterprise, such as contracts and accounting vouchers;

18. Other information related to this asset valuation.

(6) OTHER REFERENCES

1. The audit report (Zhitong Shen Zi (2025) No. 110C016922) issued by Grant Thornton Zhitong Certified Public Accountants LLP;

2. The "Asset Valuation Declaration Form" provided by the entity being evaluated;

3. Asset appraisal professionals' on-site investigation forms and other collected and organized materials;

4. The latest edition of the Handbook of Commonly Used Methods and Parameters for Asset Valuation;

5. Regulations for valuation on urban land (GB/T18508-2014);

6. Regulations for gradation and classification on urban land (GB/T18507-2014);

7. Current land use classification (GB/T21010-2017);

8. Guidelines for Assets Appraisal Experts No. 8 – Verification in Valuation (Zhong Ping Xie [2019] No. 39);

9. Guidelines for Assets Appraisal Experts No. 12 – Measurement of Discount Rates in the Valuation of Enterprise Value by the Income Approach (Zhong Ping Xie [2020] No. 38);

10. Other information related to the valuation.

VII. VALUATION METHOD

(1) SELECTION OF VALUATION METHODS

According to the provisions of asset valuation standards, enterprise value assessment can be conducted using three methods: the income approach, the market approach, and the asset-based approach.

The income approach is a valuation method that capitalizes or discounts expected income to determine the value of the appraised object. Commonly used specific methods of the income approach include the dividend discount method and the cash flow discount method.

The market approach is a valuation method that compares the appraised object with comparable listed companies or comparable transaction cases to determine the value of the appraised object. The two commonly used specific methods of the market approach are the listed company comparison method and the transaction case comparison method.

The asset-based approach is an appraisal method that uses the balance sheet of the appraised entity as of the Valuation Benchmark Date as a basis to appraise the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities, thereby determining valuation method for the value of the appraised object.

Based on the valuation objectives, appraisal object, value types, data collection status, and other relevant conditions, as well as the applicability of the three basic valuation methods, the valuation methods selected for this assessment are: the asset-based method and the income approach.

(2) THE REASONS FOR SELECTING THE VALUATION METHOD ARE AS FOLLOWS:

1. The asset-based approach reflects asset value from the perspective of re-acquiring the asset, i.e., by deducting various depreciation factors from the replacement cost of the asset. The prerequisites are: first, the asset being appraised is in a state of continued use or is assumed to be in a state of continued use; second, historical data should be available for use. The assets appraised in this assessment meet the above conditions.

2. For the market approach, it is difficult to find comparable transaction cases in the domestic market, making it challenging to use the market approach for valuation. Therefore, it is not appropriate to use the market approach for valuation.

3. For the income approach, since Luan Huaqin New Energy Co., Ltd. (六安華欽新能源有限公司) serves as a holding platform company with no actual operating business and its primary asset is a long-term equity investment holding 100% equity in Huoqiu County Huaqin New Energy Co., Ltd. (霍邱縣華欽新能源有限公司), with no connected transactions between the parent and its subsidiaries, the equity value of this long-term equity investment was assessed using both the asset-based approach and the income approach. Therefore, it is inappropriate to apply the income approach for the valuation of Luan Huaqin New Energy Co., Ltd. (六安華欽新能源有限公司).

(3) INTRODUCTION TO ASSET-BASED APPROACH

The asset-based approach is an appraisal method that uses the balance sheet of the appraised entity as of the Valuation Benchmark Date as a basis to appraise the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities, thereby determining valuation method for the value of the appraised object.

1. Current assets

The scope of current asset valuation includes cash and cash equivalents and other receivables.

(1) Cash and cash equivalents: includes bank deposits. Its assessed value is determined based on verified values obtained by verifying bank statements, bank confirmations, etc.

(2) Accounts receivable: The assessed value of various accounts receivable is determined based on the amount that can be recovered for each item after verification. For accounts receivable that are reasonably expected to be fully recoverable, the assessed value is calculated based on the total amount receivable.

2. Non-current assets

Method for evaluating long-term equity investment:

In accordance with the valuation criteria and the operating conditions of the subsidiary, Huoqiu County Huaqin New Energy Co., Ltd.* (霍邱縣華欽新能源有限公司), the asset-based approach and income approach were selected for the overall valuation to determine the assessed value of the long-term equity investment. The reasons for selecting the valuation method are as follows:

The asset-based approach reflects asset value from the perspective of re-acquiring the asset, i.e., by deducting various depreciation factors from the replacement cost of the asset. The prerequisites are: first, the asset being appraised is in a state of continued use or is assumed to be in a state of continued use; second, historical data should be available for use. The assets appraised in this assessment meet the above conditions.

For the market approach, it is difficult to find comparable transaction cases in the domestic market, making it challenging to use the market approach for valuation. Therefore, it is not appropriate to use the market approach for valuation.

For the income approach, since the enterprise is operated on an on-going basis, all of its production and operation data can be collected, and future operating income can be predicted. After interviewing the enterprise's management and conducting research and analysis, the appraisers believe that the conditions for the income approach are met. Therefore, the income approach can be used for the appraisal.

(1) Introduction to long-term equity investment – asset-based approach

1) Current assets

The scope of current asset valuation includes cash and cash equivalents, accounts receivable, other receivables and other current assets.

Cash and cash equivalents: includes bank deposits. Its assessed value is determined based on verified values obtained by verifying bank statements, bank confirmations, etc.

Accounts receivable: The assessed value of various accounts receivable is determined based on the amount that can be recovered for each item after verification. For accounts receivable that are reasonably expected to be fully recoverable, the assessed value is calculated based on the total amount receivable.

Other current assets: The appraisers verified other current assets by reviewing account statements, contracts, or vouchers, and the verified results matched the amounts in the accounts and statements. The appraised value was determined based on the verified book value.

2) Non-current assets

Fixed assets in the form of buildings

For its own facilities of the company that are mainly used for production and office space, based on the specific circumstances of the assets to be appraised, it is appropriate to use the cost approach to determine the appraised value based on the tax-exclusive value. The floor area shall be determined based on the results of the audited reporting materials.

The cost approach refers to various valuation methods that first estimate the replacement cost of the asset being valued, then estimate the various depreciation factors that already exist for the asset being valued, and deduct them from the replacement cost to obtain the value of the asset being valued.

Appraised value = replacement cost × comprehensive residue rate

① Determination of replacement cost

The appraisers conduct on-site inspections of buildings based on relevant documentation and analyse the actual conditions of the structures to calculate the quantities of work for each sub-project. Based on construction engineering budget standards, cost standards, and material price adjustment documents, they use the revised estimate (budget) method or the budget (final account) adjustment method to calculate the construction cost of typical buildings, and add the consumption of equipment, materials, and funds that must occur during the construction process. They calculate and determine the comprehensive construction cost of typical buildings according to the fee standards for building construction of the relevant authorities in the region and country where the assets are located, and use the analogy method to compare and determine the impact coefficients of the differences between other buildings on the comprehensive construction cost, thereby determining the tax-excluded comprehensive construction cost of other buildings, calculate other construction costs and capital costs, and ultimately determine the pre-tax replacement cost.

Other construction-related expenses are determined in accordance with relevant regulations and based on the actual expenses incurred by the enterprise, including project management fees, construction supervision fees, survey and design fees, etc.

Capital costs refer to the interest or opportunity costs incurred during the construction of a building. The loan interest rate is determined based on the Loan Prime Rate (LPR) published by the National Interbank Funding Center on the Valuation Benchmark Date. Taking into account the scale of the appraised asset construction, a reasonable construction period is determined, and the construction period capitals are calculated based on investment in equal instalments.

Replacement cost = construction and installation costs + preliminary and other expenses + capital costs

② Determination of residue rate

Based on the results of the on-site inspection and the specific conditions of the building, the comprehensive residue rate is determined by calculating the weighted average of the straight line depreciation method and the survey method according to their respective weights and then adding the totals.

Determination of residue rate under straight-line depreciation method

Residue rate under straight-line depreciation method = (economic life – years of use)/economic life × 100%. The economic life span is determined in accordance with the "Manual of Commonly Used Data and Parameters for Asset Valuation".

Determination of the residue rate under the survey method

To determine the residue rate under the survey method, first classify the main factors affecting the condition of the building. Based on the proportion of each category in the construction cost, determine the standard scores for each factor of different structural forms. Then, based on the actual conditions observed during the on-site inspection, determine the intact scores for each category. Finally, use these scores to determine the residue rate under the survey method. Calculation formula:

Residue rate under survey method(%) = (intact score/ standard score) × 100%.

Determination of comprehensive residue rate

Comprehensive residue rate = residue rate under straight-line depreciation method × 40% + residue rate under survey method × 60%

Fixed assets in form of machinery and equipment

Including machinery and equipment. In accordance with the purpose of this valuation, based on the principle of continued use and market prices, and taking into account the characteristics of the equipment to be assessed and the information collected, the cost approach was used to assess the machinery and equipment.

The cost approach refers to various valuation methods that first estimate the replacement cost of the asset being valued, then estimate the various depreciation factors that already exist for the asset being valued, and deduct them from the replacement cost to obtain the value of the asset being valued.

Appraised value = replacement cost × comprehensive residue rate

① Determination of replacement cost

The purchase price of standard sets of machinery and equipment is determined through market channels. Transportation and handling fees, installation and commissioning fees, and necessary accessory and ancillary equipment fees incurred in bringing the equipment to a usable state are added. Based on the current market charging standards in the region where the appraised assets are located, pre-construction engineering costs, other expenses, and capital costs are calculated. In accordance with relevant national tax regulations, the replacement cost is determined.

For self-made and non-standard equipment, the cost approach is used. After verifying the material and quantity of the equipment, the current tax-inclusive construction costs of various types of non-standard equipment are investigated. Based on the current market fee standards in the region where the appraised assets are located, the costs of the preliminary stage of construction projects, other expenses, and capital costs are calculated to determine the replacement cost.

Replacement cost = purchase price + transportation and handling charges + installation and commissioning fees + basic costs + preliminary and other expenses + capital costs

② Determination of residue rate

Determination of the residue rate of major machinery and equipment:

Residue rate under straight-line depreciation method = (economic life – years of use)/ economic life × 100%

The economic life span of machinery and equipment is determined in accordance with the "Manual of Commonly Used Data and Parameters for Asset Valuation";

Years of use: Determined based on the time from the date of installation to the Valuation Benchmark Date, combined with the equipment's operating rate;

Residue rate under survey method = Σ technical observation analysis score × score weight of each component unit × 100%

Comprehensive residue rate = residue under straight-line depreciation method × 40% + residue rate under survey method × 60%

Determination of the residue rate of general or low-value equipment:

Residue rate = (economic life – years of use)/economic life X 100%

Right-of-use assets

For enterprises, in accordance with the relevant provisions of the new leasing standards, the assessed value of the net book value of leased assets recognised in accordance with the leasing standards, such as leased assets after verification of market rent, shall be confirmed.

Intangible assets

Including: land use rights.

Intangible assets – the methods for assessing land use rights include the market comparison method, the income capitalisation method, the residual method, the cost approach method, and the benchmark land price coefficient adjustment method. The selection of assessment methods should comply with the technical regulations for land price assessment, taking into account the applicability and feasibility of various methods, as well as the specific characteristics of the project and the purpose of the assessment. To this end, after on-site inspections by appraisers and the collection, analysis, and organisation of data regarding the characteristics of the appraised object, appraisal objectives, and influencing factors of the plot's location, combined with the actual circumstances of the appraised object, the market approach and cost approach were selected to calculate the land prices of each plot under appraisal, thereby determining the land prices.

The market approach is a method of estimating the objective and reasonable price of land to be appraised based on the principle of substitution. It compares the land to be appraised with similar properties that are substitutable and have been traded in the market recently at the time of appraisal, and makes appropriate adjustments to the transaction prices of similar properties to estimate the objective and reasonable price of the land to be appraised. The formula is as follows:

P = M×A×B×C×D×E where:

P – Comparable price of the appraised object

M – Comparing sample prices

A – Appraised object transaction index/Comparative transaction index

B – Appraised object valuation date land price index/Comparison sample valuation date land price index

C – Appraised object regional factor condition index/Comparison sample regional factor condition index

D – Individual factor condition index for appraised objects/comparative sample individual factor condition index

E – Appraised object annual adjustment index/comparison sample annual adjustment index.

The cost approach is a method of determining land prices based primarily on the sum of all costs incurred in acquiring and developing the land, plus a certain amount of interest, profit, taxes payable, and land appreciation gains. The formula is as follows:

Land price = (land acquisition costs and related taxes + land development costs + interest + profit + land appreciation gains) × (1 ± location adjustment factor) × term adjustment factor

Long-term deferred expenses

As of the Valuation Benchmark Date, the book value of long-term deferred expenses primarily consisted of the amortized value of system software service technical maintenance fees. After conducting investigations on the long-term deferred expenses and reasons for the formation of long-term deferred expenses, the appraisers determined the assessed value of the long-term deferred expenses based on the verified book value.

Deferred tax assets

As of the Valuation Benchmark Date, the book value of deferred tax assets primarily consists of income tax assets arising from taxable temporary differences. The appraisers verified the consistency between the book records and financial statements of deferred tax assets, reviewed and understood the differences between the company's accounting policies and tax regulations, and obtained information regarding the causes, timing, and expected reversal periods of the assets. They also reviewed the audit procedures for the recognition of deferred tax assets and analysed and assessed whether the company will have sufficient taxable income in the future. In this assessment, the appraisers determined the assessed value based on the verified book value.

Other non-current assets

The other non-current assets on the balance sheet as of the Valuation Benchmark Date mainly consist of value-added tax (input tax). Investigations on the accounting content and reasons for the formation of other non-current assets shall be conducted. The valuation of other non-current assets was determined by the appraisers based on the verified book value.

3) Liabilities

For the assessment of accounts payable, taxes payable and other payables in current liabilities, non-current liabilities due within one year, and lease liabilities in non-current liabilities, based on the detailed items provided by the enterprise, the audited figures after examination, verification, and confirmation procedures serve as its assessed value.

(2) Introduction to long-term equity investments – income approach

The income approach used in this valuation calculates the assessed value by converting the expected future net cash flow of the assets into present value using an appropriate discount rate. Its applicable basic conditions are: the enterprise has the foundation and conditions for on-going operation, there is a relatively stable correlation between asset operation and income, and future income and risks can be predicted and quantified.

1) Valuation model:

Enterprise free cash flow model in the discounted future earnings method is intended to be used for this valuation.

2) Formula

Total shareholder equity value = Total enterprise value – Interest-bearing debt

Total enterprise value = value of operating assets + surplus assets + value of non-operating assets

Among them: the value of operating assets is determined according to the following formula

Discounted value of free cash flow of an enterprise = present value of free cash flow during the specified forecast period + present value of free cash flow after the specified forecast period

The specified forecast period refers to the period from the Valuation Benchmark Date to the date when the enterprise reaches a relatively stable operating condition.

3) Determination of forecast period

Based on the economic lifespan of the power plant and the validity period of the power business licence, the revenue period of the asset group is determined to be a limited term. The appraised asset group achieved full-capacity grid connection on 15 January 2022. The forecast period is based on the date of full-capacity grid connection and the economic life of the asset group of 25 years, i.e., the forecast period is from the Valuation Benchmark Date to January 2047.

4) Determination of revenue period

Based on the economic life span of the power plant and the validity period of the power business licence, the revenue period of the asset group is determined to be a limited term. The appraised asset group achieved full-capacity grid connection as of 15 January 2022, this forecast period is based on the date of full grid connection of the asset group and an economic life of 25 years for the asset group, i.e. the forecast period is from the Valuation Benchmark Date to January 2047.

5) Determination of free cash flow

The company's free cash flow is used for this valuation, the formula of free cash flow is as follows:

Free cash flow (annualised for the forecast period) = profit before interest and taxes × (1 – income tax rate) + depreciation and amortisation – capital expenditure – additional working capital

6) Determination of future value

Free cash flow = profit before interest and taxes × (1 – income tax rate) + depreciation and amortisation – capital expenditure – additional working capital + proceeds from disposal of matured assets.

7) Considerations for year-end discounting

Considering that free cash flow occurs throughout the year, this valuation assumes that cash inflows and outflows are evenly distributed, and therefore the discount period for free cash flow is calculated on a mid-term discounting basis.

8) Determination of discount rate

The discount rate, also known as the expected rate of return on investment, is an important parameter for determining the assessed value based on the income approach. In this valuation, the expected rate of return on investment of the assessed entity was estimated using a method that selected Tonghua Shun iFinD information technology services for analysis and calculation. To this end, the first step is to determine the systematic risk coefficient β (levered beta) of Tonghua shun iFinD information technology services. The second step is to use the industry β and the capital structure of the company being evaluated to estimate the expected rate of return on investment for the entity being evaluated, and use this as the discount rate.

(1) Determination of weighted average cost of capital (WACC)

WACC (Weighted Average Cost of Capital) represents the expected total return on investment. It is the weighted average of the expected return on equity and the return on debt after income tax adjustments.

When calculating the total return on investment, the first step is to calculate the return on equity capital and the return on debt capital using publicly available market data as of the Valuation Benchmark Date. The second step is to calculate the weighted average return on equity and the weighted average return on debt.

① Determination of return on equity

To determine the return on equity, we use the Capital Asset Pricing Model (CAPM). CAPM is a method commonly used to estimate investor return requirements and thereby calculate a company's return on equity. It can be expressed by the following formula:

$$Re = Rf + \beta \times ERP + Rs$$

Among them:

Re – return on equity

Rf – risk-free rate of return

β – risk factor

ERP – market risk excess return rate

Rs – company-specific risk excess return rate

To analyse CAPM, we take the following steps:

Step 1: determine the risk-free rate of return

Government bond yields are generally considered risk-free because the risk of default on the bond at maturity is negligible and can be ignored.

The risk-free rate of return reflects the basic value of funds when there is no default risk on the principal and the expected income is guaranteed. For this valuation, the 10-year government bond yield of 1.68% announced by the China Central Depository & Clearing Co., Ltd. on the Valuation Benchmark Date was selected as the risk-free rate of return.

Step 2: Determine the equity risk return rate

MRP is the Market Risk Premium, which refers to the yield spread between equity assets and risk-free assets. It typically refers to the portion by which the average yield of the constituent stocks of a typical securities market index exceeds the average risk-free yield (typically the long-term government bond yield) (Rm-Rf1). The CSI 300 Index aligns well with international standards, as its 300 constituent stocks effectively reflect the condition of China's stock market. In this assessment, the evaluators used the Tonghua Shun iFinD software to calculate the average yield of each component stock in the CSI 300 Index. The calculation results show that the average yield (geometric average yield, calculated on a weekly basis, using logarithmic yields) over a 20-year period (2005–2024) was 9.04%, corresponding to an average risk-free rate of return (Rf1) of 3.27% over the 20-year period (2005–2024). Therefore, the market risk premium (Rm-Rf1) in this assessment is set at 5.76%.

Step 3: Determine the industry's relative risk coefficient β (Levered beta) relative to the stock market.

The average beta value of five comparable listed companies over the past 100 weeks, excluding the capital structure factor, is 0.7034. The calculation process is shown in the table below:

No.	Name of comparable company	Stock Code	interest-bearing liabilities(D)	Equity fair market value (E)	Equity value ratio	β with capital structure factor (Levered β)	β without capital structure factor (Unlevered β)	income tax rate (T)
1	Zhejiang Provincial New Energy Investment Group Co., Ltd.	600032.SH	3,241,901.93	1,779,459.74	182.18%	1.3409	0.5666	25.00%
2	Nyocor Company Limited	600821.SH	2,488,282.98	1,078,522.26	230.71%	0.9935	0.3639	25.00%
3	Jinko Power Technology Co., Ltd.	601778.SH	1,933,248.50	1,007,013.83	191.98%	1.3271	0.5439	25.00%
4	Zhejiang Sunoren Solar Technology Co., Ltd.	603105.SH	187,846.99	450,505.80	41.70%	1.2284	0.9070	15.00%
5	Jiangsu Linyang Energy Co., Ltd.	601222.SH	326,109.43	1,456,539.59	22.39%	1.3519	1.1358	15.00%

Step 4: Determine the capital structure ratio of the entity being evaluated

The enterprise being evaluated in this assessment has interest-bearing debt and we used its own capital structure, D/E=163.00%

Step 5: Estimate the levered beta of the entity being valued under the capital structure ratio determined above

We substitute the capital structure ratio of the entity being evaluated that has been determined into the following formula to calculate the levered beta of the entity being evaluated:

Levered Beta = Unlevered Beta × [1 + (1-T) D/E]

In the formula: D: Debt value;

E: Equity value;

T: Applicable income tax rate (i.e. 12.5%, 25%);

After calculation, the levered Beta of Huoqiu County Huaqin New Energy Co., Ltd. with capital structure factor equals to:

$$\beta = 0.7034 \times [1 + (1\text{-}12.5\%) \times 163.00\%] = 1.7067$$

$$\beta = 0.7034 \times [1 + (1\text{-}25\%) \times 163.00\%] = 1.5634$$

Step 6: Estimate the company's specific rate of risked return (Rs)

Specific risks also include market risk, scale risk, talent risk, and financial risk. After comprehensive consideration and analysis, it is believed that the company's specific risks are moderate, and there is a certain risk of timely capital return. The company's specific rate of risked return (Rs) is determined to be 2%.

No.	Additional Information	Description	Value (%)
1	Company size	Large-scale company	0.30%
2	Historical operating results	Profit-making position in recent years	0.70%
3	Corporate financial risk	As of the benchmark date, there were external borrowings but no external investments	0.40%
4	Distribution of business operations, products, and regions	Mainly targeting certain regions within China	0.40%

No.	Additional Information	Description	Value (%)
5	Internal management and control mechanisms within the enterprise	Internal management and control mechanisms are well established	0.05%
6	Management experience and qualifications	Management personnel with extensive experience	0.05%
7	Dependence on major customers and suppliers	Not dependent on major customers and suppliers	0.10%
		Total	2.00%

Step 7: Calculate the current return on equity

By substituting the appropriate data into the CAPM formula, we can calculate the expected return on equity for the entity being evaluated.

$Re = Rf + \beta \times ERP + Rs = 1.68\% + 1.7067 \times 5.76\% + 2\% = 13.52\%$

$Re = Rf + \beta \times ERP + Rs = 1.68\% + 1.5634 \times 5.76\% + 2\% = 12.69\%$

② Determination of the rate of return on debt

In assessing the return on debt, we selected the actual bank lending rate of the enterprise as the cost of capital, that is 3.6% (see above).

③ Determination of the weighted average return on total capital

The expected return on equity and the return on debt can be calculated using a weighted average method to determine the weighted average return on total capital. The weights are assessed based on the actual proportion of equity and debt in the capital structure. The weighted average return on total capital is calculated using the following formula:

Formula: $$WACC = \frac{Re}{1+D/E} + (Rd - \frac{Rd}{1+D/E}) \times (1 - T)$$

In the formula: Re: cost of equity capital

Rd: cost of debt capital

T: income tax rate

D/E: Capital structure of the comparable company

WACC=13.52% x 100%+3.6% x 163.00% x (1-12.5%) = 7.09%

WACC=12.69% x 100%+3.6% x 163.00% x (1-25%) = 6.50%

9) Determination of surplus asset value

Surplus assets refer to assets that exceed the needs of the enterprise's production and operations as of the Valuation Benchmark Date and are not included in the enterprise's free cash flow forecast after the Valuation Benchmark Date.

10) Determination of the value of non-operating assets and liabilities

Non-operating assets and liabilities refer to assets and related liabilities that are not related to the production and operation of the entity being evaluated and are not included in the scope of income forecast.

11) Determination of the value of interest-bearing debt

Interest-bearing debt mainly refers to loans borrowed by the company from financial institutions or other entities and individuals, as well as related interest.

3. Liabilities

For the assessment of other payables in current liabilities, we used the audited figures after reviewing and verifying against the detailed statements provided by the company as the assessment value.

VIII. IMPLEMENTATION AND CIRCUMSTANCES OF VALUATION PROCEDURES

The entire valuation is divided into four stages.

(1) PRELIMINARY PREPARATIONS, ACCEPTANCE OF ENGAGEMENT

We first understand the principal, the entity being appraised, and other users of the asset valuation report other than the principal, the purpose of the valuation, the appraisal subject and scope, the type of value, the Valuation Benchmark Date, the scope of use of the asset valuation report, the deadline and method for submitting the asset valuation report, the valuation service fee and payment method, as well as the collaborations among the principal, other relevant parties, and the asset appraisal institution and its professional appraisers as well as other important matters that required to be clarified. After clarifying the basic matters of the engagement and conducting a comprehensive analysis and evaluation of professional competence, independence, and business risks, we enter into an asset appraisal engagement contract with the principal. After obtaining the introduction of the enterprise situation and the history and current status of the assets to be appraised by the relevant personnel of the appraised entity, an asset appraisal plan shall be prepared based on the specific circumstances of the asset appraisal business, and an asset appraisal project team shall be established.

(2) ON-SITE INVESTIGATION AND DATA COLLECTION

Asset appraisal professionals commenced on-site inspections on 2 June 2025. Utilizing the asset and liability inventory assessment detail sheets submitted by the appraised entity, they conducted on-site investigations into the appraisal subjects and their associated assets and liabilities through methods including inquiries, confirmation, reconciliation, inventory supervision, site inspections, and examinations. Based on the specific circumstances of the asset appraisal engagement, materials necessary for the appraisal were collected. The collected and utilized appraisal materials were verified through observation, inquiry, document review, on-site investigation, inquiry, confirmation, and review. The current status of the appraisal subject was ascertained through on-site investigation and the collected appraisal materials, with particular attention paid to the legal ownership of the appraisal subject and its associated assets. The project team concluded its on-site inspections on 5 June 2025.

(3) ORGANIZING DATA, EVALUATION AND ESTIMATION

Asset appraisal professionals conduct independent market research based on the specific circumstances of the appraisal engagement, collect relevant information and materials, and perform necessary screening, analysis, summarization, and organization of the gathered appraisal data to form the basis for valuation estimates and the preparation of the asset appraisal report. Based on the appraisal objective, the entity being appraised, value type, and data collection circumstances, they analyze the applicability of the three fundamental asset valuation methods—market approach, income approach, and asset-based approach—to select the appropriate methodology. The appraisal project team then applies the chosen method by selecting corresponding formulas and parameters for analysis, calculation, and judgment to derive the valuation results.

(4) DRAWING CONCLUSION AND SUBMITTING REPORT

Asset appraisal professionals conduct a comprehensive analysis of the valuation results to form an appraisal conclusion. After determining and estimating the conclusion, they prepare a preliminary asset appraisal report. Subsequently, the preliminary asset valuation report undergoes internal review in accordance with laws, administrative regulations, asset valuation standards, and the internal quality control system of this valuation institution. After necessary communication with the principal or other relevant parties approved by the principal regarding the contents of the valuation report, without compromising the independent judgment of the valuation conclusion, the formal asset valuation report is issued and submitted to the principal.

IX. VALUATION ASSUMPTION

Changes in the operating environment of the company and various changing factors that affect asset value highlight a necessity of setting up numerous assumptions for the appraiser to make value judgement on assets and fully support our valuation conclusion. This valuation is based on the following premises and assumptions:

I. GENERAL ASSUMPTION

1. Going Concern Over A Limited Period Assumption

Going concern over a limited period assumption represents an assumption that the appraised company is lawful and there's no unforeseen factors will prevent its continued operation. The appraised assets will continue to be used for their current purpose at their current locations until the end of the forecast period in accordance with the business objectives.

2. Transaction Assumption

Transaction assumption represents an assumption that all assets subject to valuation are in the process of being transacted. The appraiser values the assets by simulating market conditions based on the transaction terms of the assets to be appraised. Transaction assumption is a fundamental prerequisite for asset valuation.

3. Open Market Assumption

Open market assumption represents that assets transacted or intended for transaction on the market are exchanged between parties with equal status and sufficient access to market information and time to make informed judgments regarding the assets' functions, uses, and transaction prices. Open market assumption is based on the premise that the assets can be bought and sold on the open market.

4. Continuous Use of Assets Assumption

Continuous use of assets assumption represents that the appraised asset will be used legally and effectively on an ongoing basis according to its planned purpose, usage method, scale, frequency, environmental conditions, and will not undergo significant changes during the foreseeable period of use.

II. SPECIAL ASSUMPTION

1. It is assumed that the national macroeconomic situation and current relevant laws, regulations, and policies will not undergo significant changes; no major changes will occur in the political, economic, and social environment of the regions where the parties to this transaction are located.

2. It is assumed that the industry in which the appraised entity operates will maintain a stable development trajectory, with no major changes in industry policies, management systems, or relevant regulations.

3. It is assumed that there will be no significant changes in national credit interest rates, tax bases and tax rates, or policy-related levies and fees.

4. It is assumed that no other force majeure events or unforeseen factors will occur that could materially adversely affect the company.

5. It is assumed that all parameters used in this valuation assessment are based on the current price system, and the impact of inflation after the Valuation Benchmark Date has not been considered.

6. It is assumed that the appraised entity's production and business operations will continue in their current state, with no material changes in its operating conditions occurring within the foreseeable operating period.

7. It is assumed that future management personnel will be diligent and that the company will continue to operate under its existing operational management model.

8. Continuous use of assets assumption represents that the appraised assets will continue to be used legally and effectively on an ongoing basis according to their current purposes, methods, scale, frequency, and environmental conditions, with no major changes occurring within their foreseeable useful lives.

9. It is assumed that the general information on business operations, property rights documentation, policy documents, and other relevant materials of the company provided by the principal and the appraised entity are authentic and valid.

10. It is assumed that the acquisition, procurement, and construction processes of all assets involved with the appraised target comply with relevant national laws and regulations.

11. It is assumed that there are no material differences between the accounting policies used in the historical financial data provided by the appraised entity and those used for the income projections.

12. It is assumed that the appraised company's future business strategies and cost controls will not undergo significant changes.

13. Within the foreseeable operating period, non-recurring gains and losses that the appraised company may incur have not been considered, including but not limited to the following items: gains and losses from disposal of fixed assets, intangible assets, other long-term assets, and other non-operating income or expenses.

14. It is assumed that the appraised entity will be able to renew the lease as normal upon expiration and continue to use the leased assets it operates.

15. It is assumed that after the Valuation Benchmark Date, the appraised entity's cash inflows and outflows will occur evenly.

X.VALUATION CONCLUSION

As of the Valuation Benchmark Date of 31 December 2024, on the basis of ongoing concerns, the book value of audited total assets of Luan Huaqin New Energy Co., Ltd. was RMB115,395,800, the appraised value was RMB192,865,800, and the appraised value appreciation was RMB77,470,000, with an appreciation rate of 67.13%; the book value of liabilities was RMB30,231,000, the appraised value was RMB30,231,000, and the appraised value appreciation was RMB0.00, with an appreciation rate of 0%; the book value of net assets was RMB85,164,800, the appraised value was RMB162,634,800, and the appraised value appreciation was RMB77,470,000, with an appreciation of 90.96%. Details set out in the following table:

Summary Table of Assets Valuation Results

Appraised Entity: Luan Huaqin New Energy Co., Ltd. Amount Unit: RMB0'000

Item		Book Value A	Appraised Value B	Appreciation/ Depreciation Amount C=B-A	Appreciation (Depreciation) Rate % D=C/A×100%
Current assets	1	3,025.58	3,025.58	0.00	0.00
Non-current assets	2	8,514.00	16,261.00	7,747.00	90.99
Including: Long-term equity interests investment	3	8,514.00	16,261.00	7,747.00	90.99
Investment properties	4	0.00	0.00	0.00	
Fixed Assets	5	0.00	0.00	0.00	
Construction in progress	6	0.00	0.00	0.00	
Oil and gas assets	7	0.00	0.00	0.00	
Intangible Assets	8	0.00	0.00	0.00	
Including: Land-use rights	9	0.00	0.00	0.00	
Other non-current assets	10	0.00	0.00	0.00	
Total Assets	11	11,539.58	19,286.58	7,747.00	67.13
Current Liabilities	12	3,023.10	3,023.10	0.00	0.00
Non-current Liability	13	0.00	0.00	0.00	
Total Liabilities	14	3,023.10	3,023.10	0.00	0.00
Net Assets	15	8,516.48	16,263.48	7,747.00	90.96

For detailed valuation conclusions, please refer to the valuation breakdown table.

Subject to the relevant national asset valuation laws and regulations, North Asia Assets Assessment Co., Ltd. appraised all of the shareholders' equity interest of Luan Huaqin New Energy Co., Ltd. on the Valuation Benchmark Date based on the principle of independence, objectivity and impartiality with necessary valuation process. The total equity interests of Luan Huaqin New Energy Co., Ltd. after the valuation should be RMB162,634,800 (in words: One hundred sixty-two million six hundred thirty-four thousand eight hundred yuan).

Analysis of Factors Affecting Changes in Valuation Results of Asset-based Approach

The asset-based valuation method primarily reflects the appreciation of long-term equity investments. The book value of the appraised entity's long-term equity investments is the original investment value measured at cost. The investee units included in the valuation scope were individually appraised, and their post-valuation net asset values exceeded their book values.

XI. SPECIAL MATTERS

The user of this valuation report should pay attention to the impact of the special matter on the valuation conclusions.

I. USE OF REPORTS ISSUED BY OTHER INSTITUTIONS

In conducting this assessment, we obtained the following professional reports through legal channels and carefully referred and utilized the relevant content of these professional reports.

This valuation report refers to the standard unqualified audit report (Grant Thornton Shen Zi (2025) No.110C016922)issued by Grant Thornton Zhitong Certified Public Accountants LLP.

The types and amounts of assets listed in the asset valuation report have been audited by Grant Thornton Zhitong Certified Public Accountants LLP, which issued a special audit report with the reference number: Grant Thornton Shen Zi (2025) No.110C016922. The opinion expressed in the audit report is as follows: "We have audited the financial statements of Luan Huaqin New Energy Co., Ltd., including the balance sheet as of 31 December 2024, the income statement, statements of cash flow, statements of changes in equity, and related notes to the financial statements for the year of 2024. We believed that the accompanying financial statements have been prepared in accordance with the provisions of the Enterprise Accounting Standards in all material respects and fairly presented the financial positions of Luan Huaqin New Energy Co., Ltd. as of 31 December 2024, as well as its operating results and cash flows for the year of 2024". Asset valuation professionals analysed and evaluated the use of financial statements in accordance with the valuation methods adopted, but it was not their responsibility to express a professional opinion on whether the relevant financial statements fairly reflected the financial position and current operating results and cash flows of the company as of the Valuation Benchmark Date.

II. CIRCUMSTANCES OF INCOMPLETE OR DEFECTIVE OWNERSHIP INFORMATION

Nil.

III. CONDITIONS OF VALUATION PROCEDURE WITH LIMITATION

Nil.

IV. CONDITIONS OF DEFICIENCIES IN VALUATION INFORMATION

Nil.

V. UNDECIDED MATTERS OF EXISTING LAWS AND ECONOMIES ON THE VALUATION BENCHMARK DAY

Nil.

VI. RELATIONSHIP BETWEEN MATTERS OF GUARANTEES, LEASES AND ITS CONTINGENT ASSETS' LIABILITIES AND THE APPRAISED TARGET

The subsidiary of the appraised entity Huoqiu Huaqin New Energy Co., Ltd. has entered into lease agreements of land use rights with Huoqiu County Fengjing Town Sucun Village Committee and Huoqiu County Fengjing Town Yaowu Village Committee, for leasing areas comprise 411.8 mu in Susong Village and 1,754.66 mu in Yaowu Village, totaling 2,166.46 mu. The leased land is designated for the construction and operation of a photovoltaic power station. The lease term spans from November 2020 to November 2045. Both parties agree to execute the lease agreement in two phases: the first phase covers a 20-year term, automatically renewable for an additional 5 years upon expiration. Rent shall be paid as stipulated in the contract at an annual fee of 700 yuan per mu, with a 2% increase in rent every five years.

VII. MATTERS THAT MAY AFFECT THE VALUATION CONCLUSION BETWEEN THE VALUATION BENCHMARK DATE AND THE VALUATION REPORT DATE

During the period between the Valuation Benchmark Date and the date of this valuation report, both the principal and the appraised entity did not file a report regarding the significant events after the reporting period, and the appraisers were not aware of any significant events after the reporting period.

VIII. DEFICIENCIES THAT MAY SIGNIFICANTLY IMPACT THE VALUATION CONCLUSION ARISING FROM THE CORRESPONDING ECONOMIC TRANSACTIONS FOR THE PURPOSE OF THIS ASSET VALUATION.

Nil.

IX OTHER MATTERS TO BE ADDRESSED

1. This valuation report is prepared in accordance with the principles of independence, objectivity and impartiality, and complied with relevant laws, administrative regulations, and asset valuation standards. Our firm and all professionals involved in the valuation have no special interests with the principal or other parties concerned. The appraisers adhere to professional ethics throughout the entire appraisal process.

2. The general information, property rights documentation, policy documents, and related materials regarding business operations referenced in this valuation report are provided by the principal and the appraised entity. The principal and the appraised entity are solely responsible for the authenticity and legality of such information and materials, and shall bear all legal liabilities arising therefrom. The purpose of asset valuation professionals in conducting asset valuation services is to estimate the value of the appraised target and issue professional opinions. Confirming or issuing opinions on the legal ownership of the appraised target exceeded the scope of asset valuation practice. Therefore, the valuation institution does not provide any guarantees regarding the legal ownership of the appraised target.

3. For any defects that may affect the asset valuation value of a company, if the company does not make any special statements when commissioning the valuation and the asset valuation professionals have performed the valuation procedures but are still unable to obtain the relevant information, the asset valuation institution and the asset valuation professionals shall not bear any related responsibility.

4. The valuation report appendices are only valid when used in conjunction with the main body of the report.

XII. STATEMENT OF RESTRICTION ON THE USE OF ASSET VALUATION REPORT

1. Scope of Application of this Asset Valuation Report:

   (1) This valuation report may only be used by the principal specified in the asset valuation report or other user of the asset valuation report.

   (2) This valuation report can only be used for the valuation purposes and uses specified in the asset valuation report.

   (3) The whole or part of the contents in this valuation report shall not be subject to abstraction, quotation and disclosure in public media, except as otherwise provided by laws and regulations, or agreed upon between the principal and this asset valuation institution or relevant parties.

   (4) The valuation conclusion of this asset valuation report remains valid within one year after the Valuation Benchmark Date, and the validity period of this asset valuation report is from the Valuation Benchmark Date to 30 December 2025.

2. The asset valuation institution and its professionals in asset valuation do not assume any liabilities in case that the principal or other users of the asset valuation report fail to use the asset valuation report in accordance with the provisions of laws and administrative regulations and the scope of use specified in the asset appraisal report.

3. Except for the principal, other users of the asset valuation report specified in the asset valuation engagement contract, and users of the asset valuation report specified by laws and administrative regulations, no other institution or individual may be a user of the asset valuation report.

4. Users of the asset valuation report shall have a correct understanding of the valuation conclusion. The valuation conclusion does not equal to achievable price of the appraised target, and therefore it shall not be treated as a guarantee of the achievable price of the appraised target.

XIII. THE REPORTING DATE OF THE ASSET VALUATION REPORT

The valuation report date is the date on which the asset valuation professionals reached their conclusion. The valuation report date for this report is 20 August 2025.

XIV. SIGNATURE OF THE PROFESSIONALS OF THE ASSET VALUATION AND SEAL OF THE INSTITUTION OF THE ASSET VALUATION

North Asia Assets Assessment Co., Ltd.
(Seal)

Asset Appraiser:
Signature and Seal

Asset Appraiser:
Signature and Seal

20 August 2025

APPENDICES

1. Documents of Economic Transactions;

2. Primary Ownership Certificates Related to the Appraised Target;

3. Letter of Commitment from the Principal and Other Related Parties;

4. Business License of an Asset Valuation Institution;

5. Asset Appraisal Qualification Certificate of Asset Valuation Institutions;

6. Securities and Futures Related Business Evaluation Qualification Certificate;

7. Practicing Certificate Registration Record for Certified Public Appraiser;

8. Asset Valuation Schedule;

9. Audit Report: Grant Thornton Shen Zi (2025) No.110C016922 issued by Grant Thornton Zhitong Certified Public Accountants LLP;

10. Commission Contract of Asset Valuation;

11. Letter of Commitment Signed by Asset Appraiser.

The following is the text of a report from the Company's reporting accountants, Grant Thornton Hong Kong Limited, for inclusion in this circular.

The Board of Directors
Beijing Energy International Holding Co., Ltd.
Unit 1012, 10th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

22 August 2025

Dear Sirs

REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATIONS OF EQUITY INTEREST IN LUAN HUAQIN NEW ENERGY CO., LTD., YOUYU COUNTY SINENG WIND POWER CO., LTD. AND XINJIANG XINYOU NEW ENERGY POWER GENERATION CO., LTD.

To the board of directors of Beijing Energy International Holding Co., Ltd. (the "Company")

We have examined the calculations of the discounted future estimated cash flows on which the valuations dated 20 August 2025 prepared by North Asia Assets Assessment Co., Ltd. (北方亞事資產評估有限責任公司) in respect of the entire equity interest in Luan Huaqin New Energy Co., Ltd. (六安華欽新能源有限公司), Youyu County Sineng Wind Power Co., Ltd. (右玉縣斯能風電有限公司) and Xinjiang Xinyou New Energy Power Generation Co., Ltd. (新疆信友新能源發電有限公司) (the "**Target Companies**"), respectively as at 31 December 2024 is based (the "**Valuations**"). The Valuations based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and reference to the Valuations will be included in an announcement dated 22 August 2025 issued by the Company in connection with the proposed issuance of the asset-backed securities and the equity transfer of the Target Companies (the "**Announcement**").

Directors' Responsibilities

The directors of the Company are responsible for the reasonableness and validity of the assumptions as set out in the Announcement (the "**Assumptions**"), based on which the discounted future estimated cash flows and the Valuations are prepared.

Professional Ethics and Quality Management

We have complied with the ethical requirements in "Code of Ethics for Professional Accountants" issued by HKICPA. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuations are based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. The discounted future estimated cash flows does not involve the adoption of accounting policies. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in accordance with the Assumptions.

Our work does not constitute any valuation of the equity interests in the Target Companies. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuations and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects in accordance with the Assumptions.

Grant Thornton Hong Kong Limited
Certified Public Accountants

Hong Kong

22 August 2025

Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square
8 Connaught Place, Central, Hong Kong

Dear Sirs,

MAJOR TRANSACTIONS IN RELATION TO THE PROPOSED ISSUANCE OF THE ABS AND THE EQUITY TRANSFER AGREEMENTS

We refer to the announcement of Beijing Energy International Holding Co., Ltd. (the "**Company**") dated 22 August 2025 in relation to the captioned transactions (the "**Announcement**"). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings in this letter when used herein.

We refer to (i) the Valuation Report A dated 20 August 2025 prepared by North Asia Assets Assessment Co., Ltd. (the "**Independent Valuer**"), an independent valuer, which shows that the appraised value of the entire equity interest in Xinyou is approximately RMB137,490,000 based on the income approach; (ii) the Valuation Report B dated 20 August 2025 prepared by the Independent Valuer, which shows that the appraised value of the entire equity interest in Youyu is approximately RMB344,090,000 based on the income approach; and (iii) the Valuation Report C dated 20 August 2025 prepared by the Independent Valuer, which shows that the appraised value of the entire equity interest in Luan is approximately RMB162,634,800 based on the asset-based approach (with Luan's long-term equity investment in Huoqiu being valued by using the discounted cash flow method under the income approach). The aforesaid valuations of Xinyou, Youyu and Luan (the "**Valuations**") are deemed as profit forecasts under Rule 14.61 of the Listing Rules (the "**Forecasts**").

We hereby confirm that we have considered various aspects including the bases and assumptions based upon which the discounted cash flows in the Valuations have been prepared, and reviewed the Valuations for which the Independent Valuer is responsible. We have also reviewed the calculations for the discounted cash flows in the Valuation Reports. We have also considered the report from Grant Thornton Hong Kong Limited, the auditor of the Company, as set out in Appendix II to the Announcement regarding the calculations of the discounted cash flows in the Valuations upon which the Forecasts have been made.

On the basis of the foregoing, in accordance with the requirements of the Listing Rules, we confirmed that the Forecasts have been made after due and careful enquiry by us.

Yours faithfully,
For and on behalf of the Board
Beijing Energy International Holding Co., Ltd.
Zhang Ping
Chairman of the Board

1. 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 Group. 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.

2. DISCLOSURE OF INTERESTS

Interests of Directors and chief executives of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(a) Long positions in the Shares and Underlying Shares

Name of Director(s) or the chief executive(s) of the Company	Capacity/Nature of interest	Number of Shares/ underlying Shares held[3]	Total number of Shares/ underlying Shares held	Approximate percentage of the issued Shares[1]
Mr. Zhang Ping	Beneficial owner	944,000 792,000[2]	1,736,000	0.08%
Mr. Liu Guoxi	Beneficial owner	429,000[2]	429,000	0.02%
Mr. Zhu Jun	Beneficial owner	120,000 925,650[2]	1,045,650	0.05%

Notes:

1. These percentages are calculated based on 2,233,364,443 listed Shares in issue (including Shares held as Treasury Shares) as at the Latest Practicable Date.

2. These are the Shares underlying the share options were granted by the Company on 16 June 2022 under the share option scheme adopted by the Company on 15 June 2022.

3. As a result of the Share Consolidation effective on 1 November 2024, the number of Shares/underlying Shares held was adjusted.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests and short positions in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Mr. Lu Zhenwei, an executive Director, is a director and the chairman of the board of directors of China Merchants New Energy Group Limited, which is a non wholly-owned subsidiary of China Merchants Group Limited, the Company's substantial Shareholder, and the director of New Energy Exchange Limited, which is a party acting in concert with China Merchants New Energy Group Limited. Mr. Su Yongjian, a non-executive Director, is the head of energy investment department of BEH, the indirect controlling Shareholder. Mr. Huang Jiao, a non-executive Director, is a general manager of Investment and Mergers and Acquisitions Center of Qingdao Chengtou New Energy Group Co., Ltd.* (青島城投新能源集團有限公司), which is a subsidiary of the Company's substantial Shareholder, Qingdao City Construction Investment (Group) Co., Ltd.* (青島城市建設投資(集團)有限責任公司). Mr. Wang Cheng, a non-executive Director, is the chairman of the board of directors and a non-executive director of XinKong International Capital Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 993), and the deputy party committee secretary (presiding over committee's work) and general manager (acting as an executive director) of China CITIC Financial AMC International Holdings Limited, which are subsidiaries of the Company's substantial shareholder, China CITIC Financial Asset Management Co., Ltd., the shares of which are listed on the Stock Exchange (stock code: 2799).

3. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claim of material importance and there is no litigation or claim of material importance known to the Directors pending or threatened by or against any member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group and no Director was interested in any assets which have been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2024 (being the date of which the latest published audited financial statements of the Group were made up).

6. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

7. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of this circular and up to and including the Latest Practicable Date and are or may be material:

(a) the trust contract dated 17 July 2025 entered into between BEIED and China Industrial International Trust Limited* (興業國際信託有限公司), in relation to the formation of the trust and the transfer of the underlying assets for the purpose of the issuance of the asset-backed commercial papers by China Industrial International Trust Limited at the consideration of approximately RMB2,000 million;

(b) the trust contract dated 20 November 2024 entered into between BEIED and China Industrial International Trust Limited, in relation to the formation of the trust and the transfer of the underlying assets for the purpose of issuance of the asset-backed commercial papers by China Industrial International Trust Limited. The consideration under the trust contract amounted to approximately RMB3,000 million;

(c) the conditional scheme implementation agreement dated 28 March 2024 entered into between Wollar Solar Holding Pty Ltd and TPC Consolidated Limited ("**TPC**") in relation to the acquisition of the entire issued share capital of TPC Wollar Solar Holding Pty Ltd by means of a scheme of arrangement in the aggregate consideration of no more than AUD150 million;

(d) the conditional equity transfer agreements dated 29 December 2023 entered into among BEIED, Beijing Energy (Shenzhen) Energy Investment Co., Ltd.* (京能(深圳)能源投資有限責任公司), Shenzhen Ping An Phase I Infrastructure Industry Fund Partnership (Limited Partnership)* (深圳市平安一期基礎設施產業基金合夥企業(有限合夥)) and each of the Wulate Houqi Yuanhai New Energy Co., Ltd.* (烏拉特後旗源海新能源有限責任公司), Youyu County Sineng Wind Energy Co., Ltd.* (右玉縣斯能風電有限公司), Changji Yijing Photovoltaics Technology Co., Ltd.* (昌吉億晶光伏科技有限公司), Mulei County Tongchuan Fengguang New Energy Co., Ltd.* (木壘縣通川風光新能源有限公司) and Xinjiang Xinyou New Energy Power Co., Ltd.* (新疆信友新能源發電有限公司) (collectively, the "**Target Companies**") in relation to the disposals of the entire equity interest in each of the Target Companies in the aggregate consideration of approximately RMB790 million;

(e) the conditional equity transfer agreement dated 29 December 2023 entered into among BEIED, Beijing Energy (Shenzhen) Energy Investment Co., Ltd.* (京能(深圳)能源投資有限責任公司), Shenzhen Ping An Phase I Infrastructure Industry Fund Partnership (Limited Partnership)* (深圳市平安一期基礎設施產業基金合夥企業(有限合夥)), Haidong Ledu District Rongzhi New Energy Development Co., Ltd. * (海東市樂都區融智新能源開發有限公司) and Qinghai Sixun New Energy Co., Ltd.* (青海思迅新能源有限公司) in relation to the disposal of the entire equity interest in Haidong Ledu District Rongzhi New Energy Development Co., Ltd. * (海東市樂都區融智新能源開發有限公司) in the consideration of approximately RMB63 million;

(f) the conditional equity transfer agreement dated 20 December 2023 entered into among BEIED, ABC Financial Asset Investment Co., Ltd.* (農銀金融資產投資有限公司), Beijing Energy International Investment Limited* (北京能源國際投資有限公司), Silk Road New Energy (Changzhou) Co., Ltd.* (絲綢之路新能源(常州)有限公司) and BEJN International Holding Co., Ltd.* (北京京能國際控股有限公司)in relation to the acquisition of 42.01% of the issued share capital of BEIED in the consideration of RMB1 billion (subject to adjustment); and

(g) the sale and purchase agreement dated 14 December 2023 entered into among Wollar Solar Holding Pty Ltd, WSH Ludy Holding Pty Ltd, Beijing Energy International (Australia) Holding Pty Ltd and BJEI Ludy Holding Pty Ltd (collectively as the buyers), the Company (as the buyer guarantor), Lightsource Asset Holdings (Australia) Limited, West Wyalong HoldCo 1 Limited, Woolooga HoldCo 1 Limited and Lightsource Australia FinCo Holdings Limited (collectively as the sellers) and Lightsource Holdings 1 Limited (as the seller guarantor) in relation to the acquisition of the entire issued share capital in each of the LS Australia HoldCo 1 Pty Ltd, West Wyalong HoldCo 2 Pty Ltd, Woolooga HoldCo 2 Pty Ltd and LS Australia FinCo 2 Pty Ltd in the aggregate consideration of AUD813 million (subject to adjustments).

9. EXPERT AND CONSENTS

The qualifications of the experts who have given their statements in this circular are as follows:

Name	Qualification	Date of representation or opinion
North Asia Assets Assessment Co., Ltd. (北方亞事資產評估有限責任公司)	An independent valuer qualified in the PRC	20 August 2025
Grant Thornton Hong Kong Limited	Certified public accountants	22 August 2025
Octal Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)	13 November 2025

Each of the experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s) or report(s) in the form and context in which they are included.

As at the Latest Practicable Date, each of the Experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the Experts did not have any direct or indirect shareholding in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any asset which had been acquired, disposed of by or leased to any member of the Group, or was proposed to be acquired, disposed of by or leased to any member of the Group, since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up.

10. GENERAL

(a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda; and the principal place of business in Hong Kong is situated at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

(b) The Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The company secretary of the Company is Ms. Zhang Xiao, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

(d) This circular is prepared in English and Chinese. In the event of inconsistency, the English text shall prevail.

11. DOCUMENTS ON DISPLAY

Copy of the following documents will be published and displayed on the website of the HKEXnews (http://www.hkexnews.hk) and on the website of the Company (http://www.bjei.com) for a period of 14 days from the date of this circular (both days inclusive).

(a) the Valuation Report of Xinjiang Xinyou New Energy Power Generation Co., Ltd. from the Valuer, the summarised text of which is set out in Appendix IIIA of this circular;

(b) the Valuation Report of Youyu County Sineng Wind Power Co., Ltd. from the Valuer, the summarised text of which is set out in Appendix IIIB of this circular;

(c) the Valuation Report of Luan Huaqin New Energy Co., Ltd. from the Valuer, the summarised text of which is set out in Appendix IIIC of this circular;

(d) the letter from Grant Thornton Hong Kong Limited in relation to the Valuation Reports, the text of which is set out in Appendix IVA of this circular;

(e) the letter from the Board in relation to the profit forecast, the text of which is set out in Appendix IVB of this circular;

(f) the consent letters from the Experts referred to in the paragraph headed "9. Experts and Consents" in this appendix;

(g) the 2026-2028 Financial Services Framework Agreement;

(h) the 2025-2028 Finance Lease Business Framework Agreement; and

(i) the letter from Octal Capital, the Independent Financial Adviser, as set out on pages 48 to 65 of this circular.

北京能源國際控股有限公司
Beijing Energy International Holding Co., Ltd.
(Incorporated in Bermuda with limited liability)
(Stock code: 686)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the special general meeting (the "**SGM**") of Beijing Energy International Holding Co., Ltd. (the "**Company**") will be held at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, the PRC) on Friday, 28 November 2025 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification or amendment the following resolutions. Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as defined in the circular of the Company dated 13 November 2025 (the "**Circular**").

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the Equity Transfer Agreements to be entered into among BEIED, the Project Manager (acting on behalf of the Asset-backed Special Program) and the relevant Target Companies and the transactions contemplated thereunder be and are hereby approved; and

   (b) any one director of the Company be and is hereby authorised for and on behalf of the Company and/or its subsidiaries to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Equity Transfer Agreements and the transactions contemplated thereunder."

2. "**THAT**:

   (a) the 2026-2028 Financial Services Framework Agreement, a copy of which is marked "A" and initialled by the Chairman of the SGM for the purpose of identification, the terms, the transactions contemplated thereunder together with its proposed annual caps as set out in the Circular be and are hereby approved and confirmed; and

(b) any one director of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the 2026-2028 Financial Services Framework Agreement and the transactions contemplated thereunder."

3. "**THAT**:

(a) the 2025-2028 Finance Lease Business Framework Agreement, a copy of which is marked "B" and initialled by the Chairman of the SGM for the purpose of identification, the terms, the transactions contemplated thereunder together with its proposed annual caps as set out in the Circular be and are hereby approved and confirmed; and

(b) any one director of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the 2025-2028 Finance Lease Business Framework Agreement and the transactions contemplated thereunder."

For and on behalf of
Beijing Energy International Holding Co., Ltd.
Zhang Ping
Chairman of the Board

Hong Kong, 13 November 2025

Notes:

1. For the purpose of determining the entitlement for attending and voting at the SGM, the register of members of the Company will be closed from Tuesday, 25 November 2025 to Friday, 28 November 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to be qualified for attending and voting at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712- 1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 November 2025.

2. A member entitled to attend and vote at the SGM is entitled to appoint one or, if he holds two or more shares, more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.

3. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he/she/it so wish. In such event, the instrument appointing such a proxy shall be deemed to be revoked.

4. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding of the SGM or any adjournment thereof.

5. In the case of joint holders of shares, any one of such holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. Votes on the ordinary resolutions set out herein and are to be passed at the SGM will be taken by way of poll.

7. If Tropical Cyclone Warning Signal No.8 or above, black rainstorm warning or extreme conditions caused by super typhoons is in effect in Hong Kong after 8:00 a.m. on the date of the SGM, the SGM will be postponed. The Company will post an announcement on the website of the Company at http://www.bjei.com and on the website of the HKEXnews at http://www.hkexnews.hk to notify shareholders of the date, time and place of the rescheduled meeting.

8. As at the date hereof, the board of directors comprises:

Executive Directors:
Mr. Zhang Ping *(Chairman)*
Mr. Lu Zhenwei

Non-executive Directors:
Mr. Liu Guoxi
Mr. Su Yongjian
Mr. Li Hao
Mr. Huang Jiao
Mr. Wang Cheng
Ms. Xie Yi

Independent Non-executive Directors:
Ms. Jin Xinbin
Mr. Zhu Jianbiao
Mr. Zeng Ming
Mr. Liu Jingwei