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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)

MAJOR TRANSACTIONS IN RELATION TO THE PROPOSED ISSUANCE OF THE ABS AND THE EQUITY TRANSFER AGREEMENTS

THE PROPOSED ISSUANCE OF THE ABS

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.

THE 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.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the Equity Transfer Agreements shall be aggregated together as these transactions are 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 thereunder 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.

A circular containing, among other things, details of the proposed issuance of the ABS, the Equity Transfer Agreements and the transactions contemplated thereunder, is expected to be despatched to the Shareholders on or before 31 October 2025, as additional time is required to prepare and finalize the information to be contained in the circular.

THE 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 not 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 "Underlying assets of the Asset-backed Special

Program” in this announcement) 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 estimated based on the value of the equity interests in and outstanding liabilities of the Target Companies.

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.

EQUITY TRANSFER AGREEMENTS

For the purpose of the proposed issuance 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 RMB162.63 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 “Appraised values under the Valuation Reports and profit forecast” in this announcement 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 “Appraised values under the Valuation Reports and profit forecast” in this announcement 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 “Appraised values under the Valuation Reports and profit forecast” in this announcement 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.

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.

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 the income approach

was adopted for the Valuations, the Valuations constitute profit forecast under Rule 14.61 of the Listing Rules. This announcement is made by the Company to disclose further details of the profit forecast in relation to the Valuations in compliance with Rule 14.60A 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 announcement.

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 assumptions on which the discounted future estimated cash flows and the Valuations are prepared.

The Directors confirm 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 II and Appendix III to this announcement, respectively.

Experts and Consents

The qualifications of the experts who have made representations or provided opinions in this announcement 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

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, each of the experts, being an Independent Third Party, had no direct or indirect shareholdings in any member of the Group, and had no direct or indirect rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the experts has given and has not withdrawn its written consent to the publication of this announcement with the inclusion herein of its letter, representations and/or opinions and references to its name in the context.

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 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:

$$\begin{array}{ll} \text{The forecasted income of the pertinent} & \times \\ \text{Project Company during the relevant} & \text{The performance guarantee index for} \\ \text{performance guarantee year/period} & \text{the relevant performance guarantee} \\ & \text{year/period i.e. 90\%} \end{array}$$

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.

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

$$\begin{array}{ll} \text{The Performance Guarantee Target for the} & - \\ \text{Project Companies for a relevant} & \text{The income of the Project Companies for} \\ \text{performance guarantee year/period} & \text{the relevant performance guarantee} \\ & \text{year/period} \end{array}$$

(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.

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

Upon completion under the Equity Transfer Agreements, 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.

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.

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 date of this announcement. Xinyou is principally engaged in wind power generation and supply of electricity.

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 <i>(RMB million)</i> <i>Approximately</i>	Year Ended 31 December 2024 <i>(RMB million)</i> <i>Approximately</i>
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 date of this announcement. Youyu is principally engaged in, among others, the development, production, operation and construction of wind power and renewable energy projects.

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 <i>(RMB million)</i> <i>Approximately</i>	Year Ended 31 December 2024 <i>(RMB million)</i> <i>Approximately</i>
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 date of this announcement. 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 <i>(RMB million)</i> <i>Approximately</i>	Year Ended 31 December 2024 <i>(RMB million)</i> <i>Approximately</i>
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 date of this announcement. 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.

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

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.

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.

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.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the Equity Transfer Agreements shall be aggregated together as these transactions are 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.

A circular containing, among other things, details of the proposed issuance of the ABS, the Equity Transfer Agreements and the transactions contemplated thereunder, is expected to be despatched to the Shareholders on or before 31 October 2025, as additional time is required to prepare and finalize the information to be contained in the circular.

The credit rating in relation to the ABS mentioned herein is strictly for information purposes only. Such rating does not constitute a recommendation to buy, sell or hold any securities of the Company.

Shareholders and potential investors of the Company are advised not to rely solely on the information contained herein and should exercise caution when dealing in the securities of the Company. When in doubt, the Shareholders and potential investors of the Company are advised to seek professional advice from their own professional or financial advisers.

DEFINITIONS

In this announcement, unless the context specifies otherwise, the following defined expressions have the following meanings:

“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

“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 date of this announcement
“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
“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)
“Director(s)”	the director(s) of the Company
“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)
“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
“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 date of this announcement
“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)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified 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 date of this announcement
“percentage ratio”	has the meaning ascribed to it 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 announcement 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

“SGM”	the special general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among other things, the Equity Transfer Agreements and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the share(s) of the Company
“SSE”	The Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“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
“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 date of this announcement
“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 date of this announcement
“%”	per cent

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

Hong Kong, 22 August 2025

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman) and Mr. Lu Zhenwei; the non-executive directors of the Company are Mr. Liu Guoxi, Mr. Su Yongjian, Mr. Li Hao, Mr. Huang Jiao and Mr. Wang Cheng; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Mr. Zhu Jianbiao, Mr. Zeng Ming and Mr. Liu Jingwei.

* For identification purpose only

APPENDIX I – VALUATION CONCLUSIONS AND PRINCIPAL ASSUMPTIONS OF THE VALUATIONS UNDER THE VALUATION REPORTS

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 Centre 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:

$$\text{Residue rate under survey method(\%)} = (\text{intact score} / \text{standard score}) \times 100\%$$

3) Determination of comprehensive residue rate

$$\text{Comprehensive residue rate} = \text{residue rate under straight-line depreciation method} \times 40\% + \text{residue rate under survey method} \times 60\%$$

(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.

$$\text{Appraised value} = \text{replacement cost} \times \text{comprehensive residue rate}$$

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 = $(\text{economic life} - \text{years of use}) / \text{economic life} \times 100\%$

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 = $\sum \text{technical observation analysis score} \times \text{score weight of each component unit} \times 100\%$

Comprehensive residue rate = $\text{residue under straight-line depreciation method} \times 40\% + \text{residue rate under survey method} \times 60\%$

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

Residue rate = $(\text{economic life} - \text{years of use}) / \text{economic life} \times 100\%$

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 scrapping age) = (mandatory scrapping age – years of use)/mandatory scrapping age × 100%
residue rate under straight-line depreciation method (without mandatory scrapping age) = (economic life span – years of use)/economic life span × 100%
mileage-based residue rate = (guideline scrapping 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 $\div$ (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 $\times$ (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 $\times$ (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 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:

$$R_e = R_f + \beta$$

$$\text{Among them : } P = \sum_{i=1}^n \left[A_i \times (1+R)^{-i} \right] + B$$

R_e – return on equity

R_f – risk-free rate of return

β – risk factor

ERP – market risk excess return rate

R_s – 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) ($R_m - R_{f1}$). 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 (R_{f1}) of 3.27% over the 20-year period (2005–2024). Therefore, the market risk premium ($R_m - R_{f1}$) 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	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:

$$\text{Levered Beta} = \text{Unlevered Beta} \times [1 + (1 - T) D/E]$$

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 generally low, 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:

$$\text{Formula: WACC} = \frac{R_e}{1 + D/E} + (R_d - \frac{R_d}{1 + D/E}) \times (1 - T)$$

In the formula: R_e : cost of equity capital

R_d : 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.

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	Appraised	Difference	Discrepancy
	Value under	Value under		
	Asset-based	Income		
	Approach	Approach		
	A	B	C=B-A	D=(B-A)/A×100 %
	(RMB)	(RMB)	(RMB)	(%)
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 Centre 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 = 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 × 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.

(6) 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.

(7) 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 $\times$ (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 $\times$ (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:

$$Re = R_f + \beta \times ERP + R_s$$

Among them :

Re – return on equity

Rf – risk-free rate of return

β – risk factor

ERP – market risk excess return rate

R_s – 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) ($R_m - R_{f1}$). 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 (R_{f1}) of 3.27% over the 20-year period (2005–2024). Therefore, the market risk premium ($R_m - R_{f1}$) 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	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:

$$\text{Levered Beta} = \text{Unlevered Beta} \times [1 + (1 - T) D/E]$$

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 generally low, 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.

$$Re = R_f + \beta \times ERP + R_s = 1.68\% + 1.3962 \times 5.76\% + 1\% = 10.73\%$$

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 entity being evaluated

$$WACC = 10.73\% \times (1/(1+103.41\%)) + 2.3\% \times (1-1/(1+103.41\%)) \times (1-25\%) = 6.15\%$$

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	Appraised	Difference Amount C=B-A (RMB)	Discrepancy Ratio D=(B-A)/A×100% (%)
	Value under	Value under		
	Asset-based	Income		
	Approach A (RMB)	Approach B (RMB)		
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 Centre 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 X 40% + residue rate under survey method X 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 = $(\text{economic life} - \text{years of use}) / \text{economic life} \times 100\%$

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 = $\sum \text{technical observation analysis score} \times \text{score weight of each component unit} \times 100\%$

Comprehensive residue rate = residue under straight-line depreciation method $\times 40\%$ + residue rate under survey method $\times 60\%$

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

$$\text{Residue rate} = (\text{economic life} - \text{years of use}) / \text{economic life} \times 100\%$$

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:

$$\text{Land price} = (\text{land acquisition costs and related taxes} + \text{land development costs} + \text{interest} + \text{profit} + \text{land appreciation gains}) \times (1 \pm \text{location adjustment factor}) \times \text{term adjustment factor}$$

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 $\times$ (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 $\times$ (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:

$$R_e = R_f + \beta \times ERP + R_s$$

Among them:

R_e – return on equity

R_f – risk-free rate of return

β – risk factor

ERP – market risk excess return rate

R_s – 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) ($R_m - R_{f1}$). 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 (R_{f1}) of 3.27% over the 20-year period (2005–2024). Therefore, the market risk premium ($R_m - R_{f1}$) 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 Energy Group Company 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:

$$\text{Levered Beta} = \text{Unlevered Beta} \times [1 + (1 - T) D/E]$$

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 generally low, 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.

$$Re = Rf + \beta \times ERP + Rs = 1.68\% + 1.7067 \times 5.76\% + 2\% = 13.52\%$$

$$Re = Rf + \beta \times ERP + Rs = 1.68\% + 1.5634 \times 5.76\% + 2\% = 12.69\%$$

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:

$$\text{Formula: WACC} = \frac{R_e}{1 + D/E} + (R_d - \frac{R_d}{1 + D/E}) \times (1 - T)$$

In the formula: R_e : cost of equity capital

R_d : cost of debt capital

T : income tax rate

D/E : Capital structure of the entity
being evaluated

$$\text{WACC} = 13.52\% \times 100\% + 3.6\% \times 163.00\% \times (1 - 12.5\%) = 7.09\%$$

$$\text{WACC} = 12.69\% \times 100\% + 3.6\% \times 163.00\% \times (1 - 25\%) = 6.50\%$$

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	Appraised Value under Income Approach	Difference Amount	Discrepancy Ratio
	A	B	C=B-A	D=(B-A)/A×100%
	(RMB)	(RMB)	(RMB)	(%)
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.

In compliance with Rule 14.60A of the Listing Rules, the text of the letter from Grant Thornton to the Directors confirming it has examined the calculations of the discounted future estimated cash flows for the Valuation Reports, and the letter from the Board confirming that the Valuation Reports have been made after due and careful enquiry, both dated 22 August 2025, for the purpose of, among others, inclusion in this announcement are reproduced below:

APPENDIX II – LETTER FROM GRANT THORNTON

The following is the text of a report from the Company's reporting accountants, Grant Thornton Hong Kong Limited, for inclusion in this announcement.

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 Northern Asia Asset Appraisal Co., Ltd. (北方亞事資產評估有限責任公司) in respect of the 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

APPENDIX III – LETTER FROM THE BOARD IN RELATION TO THE PROFIT FORECAST

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