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If you have sold or transferred all your shares in **China Shuifa Singyes Energy Holdings Limited**, you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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China Shuifa Singyes Energy Holdings Limited
中國水發興業能源集團有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 750)

MAJOR TRANSACTION
ACQUISITION OF 100% EQUITY INTEREST IN TARGET COMPANY

Terms defined in the section headed "Definitions" in this circular shall have the same meaning when used in this cover page, unless the context otherwise requires.

A letter from the Board is set out on pages 5 to 77 of this circular.

30 April 2026

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

"Acquisition"	the acquisition of the Target Equity Interest
"Announcement"	the announcement of the Company dated 21 October 2025 in relation to the Equity Transfer Agreement and the transactions contemplated thereunder
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	China Shuifa Singyes Energy Holdings Limited (中國水發興業能源集團有限公司), an exempted company incorporated in Bermuda with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 750)
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Equity Transfer Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration for the Acquisition in the sum of RMB600,000,000, comprising (1) the cash consideration for the Target Equity Interest of RMB216,025,300; and (2) the sum of RMB383,974,700 for the repayment of the Debt of the Target Company owing to the Vendors
"Debts"	outstanding debts of the Target Company (being interests, dividends and account payable) in the aggregate amount of RMB383,974,700 due to the Vendors
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the acquisition of the Target Equity Interest upon Completion
"EPC"	engineering, procurement and construction

"EPC Documents"	the EPC transaction documents entered into between, amongst others, Vendor A, Shuifa Green Energy and the Target Company in respect of, amongst others, the provision of EPC services by the Group to the Target Company, as amended and supplemented from time to time
"Equity Transfer Agreement"	the equity transfer agreement dated 21 October 2025 and entered into between the Company, the Vendors and the Target Company in relation to the Acquisition, as amended and supplemented from time to time
"First Valuation Date"	30 September 2024
"First Valuation Report"	the valuation report prepared by the Valuer on the fair market value of the Target Equity Interest as at the First Valuation Date (i.e. 30 September 2024)
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	29 April 2026, being the latest practicable date prior to the publication of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Litigation"	the litigation instigated by Vendor A and the Target Company (as plaintiffs) against Shuifa Green Energy (as defendant) in relation to alleged breaches of the EPC Documents
"Liupanshui Project"	the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project (六盤水市汪家寨100MW光伏電站項目) undertaken by the Target Company
"PRC"	the People's Republic of China which, for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan region
"RMB"	Renminbi, the lawful currency of the PRC

"Second Valuation Date"	31 October 2025
"Second Valuation Report"	the valuation report prepared by the Valuer on the fair market value of the Target Equity Interest as at the Second Valuation Date (i.e. 31 October 2025)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Share(s)"	ordinary share(s) of US$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Shuifa Green Energy"	Shuifa Green Energy Co., Ltd.* (水發綠色能源股份有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Guizhou Xingye Green Energy Technology Co., Ltd.* (貴州興業綠色能源科技有限公司), a company established in the PRC with limited liability
"Target Equity Interest"	registered capital in the amount of RMB232 million in the Target Company held by the Vendors (representing 100% of the equity interest in the Target Company) immediately before Completion
"Valuer"	China United Assets Appraisal Group (Shandong) Co., Ltd.* (中聯資產評估集團山東有限公司), an independent qualified PRC valuer
"Vendor A"	Beijing Jingyuntong Technology Co., Ltd.* (北京京運通科技股份有限公司), a joint stock company established in the PRC with limited liability, and which is listed on the Shanghai Stock Exchange (stock code: 601908)
"Vendor B"	Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd.* (北京盛宇運通光伏科技有限公司), a company established in the PRC with limited liability
"Vendors"	collectively, Vendor A and Vendor B

"%"	per cent.

* *The English translation of the Chinese name of the relevant company included in this circular is prepared for identification purpose only. In the event of any inconsistency, the Chinese name shall prevail.*

China Shuifa Singyes Energy Holdings Limited
中國水發興業能源集團有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 750)

Executive Directors:
Mr. Zhou Guangyan *(Vice-Chairman)*
Mr. Guo Peidong *(President)*
Mr. Chen Fushan

Non-executive Directors:
Ms. Wang Suhui
Mr. Hu Xiao

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Mr. Wang Jin
Dr. Tan Hongwei

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30 April 2026

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF 100% EQUITY INTEREST IN TARGET COMPANY

INTRODUCTION

Reference is made to the Announcement in relation to the Equity Transfer Agreement and the transactions contemplated thereunder, which constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

The Company has obtained written approval for the Acquisition and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from Water Development (HK) Holding Co., Limited, being the beneficial owner of 1,687,008,585 Shares, representing approximately 66.92% of the issued share capital of the Company. To the best of

the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has any material interest in the Acquisition and the transactions contemplated thereunder, and hence none of them would be required to abstain from voting on the resolution approving the Acquisition and the transactions contemplated thereunder if the Company were to convene a general meeting. Accordingly, no general meeting will be held by the Company for approving the Acquisition and the transactions contemplated thereunder as is permitted under Rule 14.44 of the Listing Rules.

The primary purpose of this circular is to provide the Shareholders with, amongst others, further details of the Equity Transfer Agreement and the transactions contemplated thereunder, and other information required to be included under the requirements of the Listing Rules.

On 21 October 2025 (after trading hours), the Company, the Vendors and the Target Company entered into the Equity Transfer Agreement, pursuant to which (1) the Company has agreed to acquire, and the Vendors have agreed to sell, an aggregate of 100% equity interest in the Target Company at the consideration of RMB216,025,300 in cash; and (2) the Company has agreed to assume and repay the Debts of the Target Company owing to the Vendors in the total amount of RMB383,974,700 to the Vendors in cash. The total Consideration for the Acquisition is therefore RMB600,000,000.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

Date

21 October 2025 (after trading hours)

Parties

(i) Purchaser	:	the Company
(ii) Vendor A	:	Beijing Jingyuntong Technology Co., Ltd.* (北京京運通科技股份有限公司)
(iii) Vendor B	:	Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd.* (北京盛宇運通光伏科技有限公司)
(iv) Target Company	:	Guizhou Xingye Green Energy Technology Co., Ltd.* (貴州興業綠色能源科技有限公司)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Vendors and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Subject matter

Pursuant to the Equity Transfer Agreement, (1) the Company has agreed to acquire, and the Vendors have agreed to sell, 100% equity interest in the Target Company free from pledge, lien or other encumbrances at the cash consideration of RMB216,025,300; and (2) the Company has agreed to assume and repay the Debts of the Target Company owing to the Vendors in the total amount of RMB383,974,700 to the Vendors in cash.

As at the date of the Equity Transfer Agreement (i.e. 21 October 2025), the amount of the debts owing to the Vendors was approximately RMB530.7 million, comprising (a) amount due to Vendor A of approximately RMB529.7 million (amongst which, approximately RMB389.3 million was amount due (account current), RMB29.0 million was interest payable and approximately RMB111.5 million was dividends payable); and (b) dividends due to Vendor B of approximately RMB0.97 million. After deducting the debts waived by the Vendors in the amount of RMB133.1 million, the Company assumed payment obligations of the net amount of Debts of the Target Company of RMB397.6 million (i.e. RMB530.7 million – RMB133.1 million). The amount due to the Vendors of RMB389.3 million was advances made by the Vendors to the Target Company for the repayment of the rental fees under a finance lease entered into by the Target Company.

Consideration

The total Consideration for the Acquisition is RMB600,000,000, comprising (1) the cash consideration for the Target Equity Interest of RMB216,025,300; and (2) the amount of RMB383,974,700 for the repayment of the Debts of the Target Company owing to the Vendors.

Basis of the Consideration

The Consideration was determined between the Company and the Vendors after arm's length negotiations with reference to, among others, the following factors: (i) the appraised value of the Target Equity Interest in the amount of RMB246,025,300 as at the First Valuation Date (i.e. 30 September 2024) set out in the First Valuation Report prepared by the Valuer using income approach; (ii) the Equity Transfer Agreement represents a settlement proposal of the Litigation, through which the Company (after taking into account legal advice from the Group's PRC legal advisers) would be able to avoid damages payable by the Group and save costs; and (iii) the amount of the Debts due to the Vendors in the sum of RMB383,974,700 (taking into account the fact that the Debts represent the net amount of debts of the Target Company owing to the Vendors after deducting debts in the amount of RMB133,125,800 waived by the Vendors).

The Company has engaged the Valuer to prepare the Second Valuation Report with 31 October 2025 as the Second Valuation Date for the Shareholders' information. The appraised value of the Target Equity Interest as at the Second Valuation Date as set out in the Second Valuation Report prepared by the Valuer using income approach is

RMB380,000,000 (having taken into account the fact that the debts of the Target Company owing to the Vendors in the amount of RMB133,125,800 were waived by the Vendors).

Payment

The Consideration shall be payable by the Company to the Vendors in the following manner:

(1) After the effective date of the Equity Transfer Agreement, the Company shall pay RMB500,000,000 (the "**First Instalment**") into a custodian account maintained by the Company with a custodian bank, after which the Vendors shall transfer the Target Equity Interest to the Company.

(2) On the date of the commercial and industrial registration in respect of the transfer of the Target Equity Interest, the Vendors and the Company shall agree to the release of the First Instalment to the Vendors. In the event that the Vendors do not receive the First Instalment on 25 October 2025 released from the custodian account, the Vendors, the Company and the custodian bank shall conduct friendly negotiation; and each of the Vendors or the Company may terminate the Equity Transfer Agreement if the parties fail to reach a consent. On the date of release of the First Instalment, the Vendors shall pay interest fee of RMB4,000,000 to the Company by wiring transfer.

(3) Within 10 working days after the release of the First Instalment, the Vendors, the Target Company and Shuifa Green Energy shall lodge a written settlement agreement and application for release of preservation of assets in respect of the Litigation. The parties shall apply to the court for settlement and the release of all asset preservation measures against the cash accounts and equity interest held under the name of Shuifa Green Energy. In the event that the Vendors and the Target Company fail to lodge with the court a written settlement agreement and application, the Vendors shall return the First Instalment to the Company plus interest calculated at four (4) times of the loan prime rate.

(4) The remaining balance of RMB100,000,000 of the Consideration (the "**Balance**") shall be paid in instalments. Within three (3) working days after the Target Company's receipt of each sum of national tariffs, an amount equivalent to one-third of such national tariffs received shall be paid by the Company to the Vendors.

Amongst the total Consideration of RMB600,000,000, (i) the First Instalment has been partly settled with a loan from Shuifa Group Co., Ltd., a controlling shareholder of the Company (as to RMB400,000,000), and partly settled with the internal resources of the Group (as to RMB100,000,000); and (ii) the Balance of RMB100,000,000, if any, is expected to be settled with the internal resources of the Group (from the national tariff received by the Target Company).

The Vendors originally proposed that the Company shall pay the entire Consideration in one lump sum. After multiple rounds of negotiations and upon the insistence of the Company, the Vendors agreed to make concessions such that the payment schedule for the Balance would be linked to the progress of the receipt of national tariff, thereby minimizing the financial pressure. As at the benchmark date for the purpose of the Acquisition (i.e. 30 September 2024), the total amount of national tariff receivable was approximately RMB365 million. Using a broad-brush approach in the negotiation, one-third of the national tariff receivable was roughly close to RMB100 million, and hence it was agreed that the Balance (to which the receipt of national tariff is linked) should be set at RMB100 million. By reference to the one-third ratio, the settlement of the Balance would be proportional to the settlement of the national tariff receivable. For example, upon the receipt of RMB100 million of national tariff, around RMB33.3 million out of the Balance will be paid by the Company to the Vendors, so on and so forth.

The First Instalment in the amount of RMB500,000,000 has been paid by the Company to the Vendors on 24 October 2025 and the Balance has not been paid as at the Latest Practicable Date. The interest fee of RMB4,000,000 has been paid by the Vendors to the Company on 27 October 2025 by wiring transfer.

A written settlement agreement was entered into between, amongst others, Vendor A, Vendor B, the Target Company, Shuifa Green Energy and the Company on 3 November 2025 in respect of the Litigation. A civil litigation settlement decree (民事調解書) was issued by Beijing No. 2 Intermediate People's Court on 26 December 2025 confirming the said settlement agreement and that no claim shall be further instigated by the Vendors under the Litigation. All asset preservation measures against Shuifa Green Energy have been released as at the Latest Practicable Date. The remaining Balance of RMB100,000,000 of the Consideration shall be paid in instalments. Within three (3) working days after the Target Company's receipt of each sum of national tariffs, an amount equivalent to one-third of such national tariffs received shall be paid by the Company to the Vendors.

The Target Company (as supplier) and Liupanshui Power Supply Bureau, Guizhou Power Grid Co., Ltd. (貴州電網有限責任公司六盤水供電局) ("**Guizhou Power Grid Company**") (as purchaser) entered into an electricity sales agreement on 18 November 2016, pursuant to which it was agreed that the on-grid electricity price shall include the local on-grid electricity price at a rate promulgated by the government and the renewable energy national tariff (the "**Tariff Electricity Price**"). The total on-grid electricity price (comprising the Tariff Electricity Price and electricity price) shall be payable on a monthly basis. The payment of the Tariff Electricity Price by Guizhou Power Grid Company to the Target Company is subject to the allocation of funds by relevant government authorities to Guizhou Power Grid Company, which is in turn dependent on the treasury management of the Ministry of Finance of the PRC.

The amount of the national tariffs receivable of the Target Company as at 31 March 2026 was approximately RMB413.4 million, which is reflected as trade receivables of the Target Company.. The trade receivables of the Target Company of RMB402.0 million (as shown in note 14 to the accountants' report of the Target Company set out in Appendix II to this circular) had been long overdue mainly due to the outstanding national tariff for renewable energy.

An aging analysis of the national tariff receivable of the Target Company as at 31 March 2026 is set out as follows:

	RMB' million
Within 1 year	32.0
More than 1 year but within 2 years	41.7
More than 2 years but within 3 years	46.9
Over 3 years	292.9

The trade receivables of the Target Company had been long overdue mainly due to the outstanding national tariff for renewable energy. The initial approved capacity of the Liupanshui Project was 100MW in the registration obtained with the relevant authority. Following the dismantlement of the 35MW capacity, the actual capacity of the Liupanshui Project (i.e. 65MW) had become inconsistent with the approved capacity (i.e. 100MW) in the registration. Therefore, in order to resume payment of national tariff, the Target Company is required to pass a national tariff verification to ensure that the indicators of the Liupanshui Project satisfy the requirements in the registration. Before 2021 (i.e. roughly the time of the dismantlement of the 35MW capacity), the Target Company had received national tariff in respect of the Liupanshui Project. It is expected that, following the completion of the reconstruction of the 35MW capacity and the restoration of the installed capacity of the Liupanshui Project to 100MW (which is currently expected to fall in September 2026), the indicators of the Liupanshui Project will come to be in line with the requirements in the registration. By then, it is expected that there will be no material impediment to the passing of the national tariff verification and the subsequent resumption of payment of national tariff.

All national tariffs for electricity used in the Liupanshui Project prior to 2021 have been received on schedule. However, since the comprehensive review of national tariffs for new energy power plants jointly launched by the National Development and Reform Commission, the National Energy Administration and the Ministry of Finance in March 2022, the overall payment timeline of national tariffs for new energy projects has slowed down nationwide. New national tariffs for electricity have not yet been paid out thereafter. The slow progress of the national tariffs review is a common issue in the industry.

Moreover, payment of national tariff is subject to the annual fund management of the Ministry of Finance in the PRC based on the principle of "expenditures determined by income", and the allocation of funds by relevant government authorities to local grid

companies is in turn based on the Ministry of Finance's annual budget and estimates. Taking into account the fact that national tariff is in nature amounts to be settled by government, consistent with industry practice, the Company considers that the national tariff receivable is recoverable in the future, despite the recovery time may be relatively long.

Under normal operating cycle, it takes a relatively long time for settlement of national tariff as the collection is subject to the allocation of funds by relevant government authorities to Guizhou Power Grid Company. As the tariff is ultimately funded by the PRC Government, and taking into account the specific arrangements for the settlement of renewable energy tariff stated in the "Notice on Issuing the Administrative Measures for Renewable Energy Electricity Price Surcharge Tariff Funds" and the "Administrative Measures for Renewable Energy Electricity Price Surcharge Funds" jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration in 2020, the Company considers the credit risk of the tariff receivable to be insignificant, and is confident that all the national tariff will be settled orderly and fully in the future.

In view of the above, in order to safeguard the Group's interest and taking into account liquidity and funding management of the Group, the Company has negotiated and agreed with the Vendors on the delayed payment schedule in respect of the Balance, such that the Balance will be paid in instalments in proportion to the amount of national tariffs actually received by the Target Company. Pursuant to the Equity Transfer Agreement, the Company is not required to pay the Balance if no national tariffs is received by the Target Company.

In view of the above, the Company considers that the relatively long recovery time of the tariff receivable (being amount to be funded by the PRC Government) would not materially and adversely affect the value of the Target Company. In addition, taking also into account the Balance of RMB100 million the payment of which by the Company is contingent upon the receipt of national tariff, the Company considers that extra measures have been taken to further address the credit risks (which is considered by the Company to be minimal), if any, associated with the national tariff receivables.

All in all, taking into account the Acquisition being part of the settlement proposal of the Litigation, the waiver of the debts owing to the Vendors in the amount of RMB133.1 million, the nature of the national tariff receivable and the contingent payment arrangement for the Balance, the Company believes that the Consideration represents a beneficial package to the Group in respect of the Acquisition.

Completion

Completion shall take place upon the completion of the commercial and industrial registration in respect of the transfer of the Target Equity Interest.

As at the Latest Practicable Date, the Completion has taken place.

Transition audit

An accounting firm shall be jointly appointed by the Vendors and the Company to conduct a Completion audit on the Target Company for the period from 30 September 2024 to the date of Completion, which shall be completed within 30 working days after the date of Completion. The profit and loss of the Target Company, to be determined based on the Completion audit, shall be vested in the Company. The Vendors have undertaken that if the Target Company incurs losses or expenses due to extraordinary operations during the transition period (i.e. 30 September 2024 to the date of Completion), the Vendors shall bear all such losses and expenses, and the Company shall have the right to offset such losses against any amount payable to the Vendors under the Equity Transfer Agreement. "Extraordinary operations" refer to external guarantees, loans, and asset disposals without the Company's written consent; entering into non-compliant major contracts; gratuitous or unreasonable transfer of assets or unreasonable profit distribution; losses arising from litigation or administrative penalties; and other unfair or unreasonable transactions or actions or transactions not entered into in the ordinary course of business of the Target Company. As the Target Company is currently in the process of reconstruction of the 35MW portion of the Liupanshui Project using existing equipment from the previously dismantled facilities, the Group intends to finalise the Completion audit upon completion of the reconstruction exercise so as to ensure that the Completion audit would cover all potential losses that may be suffered by the Target Company (including those relating to the existing equipment). Any damaged, missing or unusable photovoltaic modules discovered by the Group in the process of the reconstruction of the 35MW capacity facilities (based on existing photovoltaic facilities previously dismantled) may be related to "extraordinary operations" of the Target Company during the transition period (for example, undisclosed disposal or damage of relevant equipment). In such case, the Target Company may incur losses, which may then be recoverable from the Vendors.

According to state-owned assets requirements in the PRC, neither party may adjust the agreed transaction conditions and transaction price based on reasons such as the enterprise's operating profits and losses during the transaction period, except in the event of a significant change in value of the assets due to non-operating profits and losses. It was therefore agreed in the Equity Transfer Agreement that the profit and loss of the Target Company shall be vested in the Company, meaning neither the Company nor the Vendors will be entitled to any adjustment to the Consideration for any appreciation or depreciation of the net asset value of the Target Company arising from operating profits recorded or loss incurred during the transition period. To the extent permissible in the legal framework for transfer of state-owned assets, the Company had insisted that the Vendors shall bear all losses or expenses due to extraordinary operations of the Target Company, which was accordingly agreed and recorded in the Equity Transfer Agreement.

The formula for determining the profit and loss of the Target Company during the transition period is set out as follows:

Profit and loss of the Target Company during the transition period = Net assets as at the date of Completion – net assets as at 30 September 2024

As disclosed above, such amount will in any event be vested in the Company (as transferee) and no adjustment will be made to the Consideration (except for compensation arising from "extraordinary operations").

In the unlikely event that the losses arising from extraordinary operations of the Target Company during the transition period exceeds the Balance, the Company is entitled to bring a claim against the Vendors for the amount in excess under relevant PRC laws.

VALUATIONS

The First Valuation Report

The First Valuation report is set out in Appendix V to this circular.

According to the First Valuation Report, the appraised value of the market value of the Target Company was RMB246,025,300 as at the First Valuation Date. In preparing the valuation, the Valuer applied the discounted cash flow analysis under the income approach based on certain assumptions to appraise the value of the Target Company, which constitutes a profit forecast under Rule 14.61 of the Listing Rules. The requirements under Rules 14.60A and 14.62 of the Listing Rules are therefore applicable.

Major assumptions

The following are the general and specific assumptions, upon which the First Valuation Report is based:

General assumptions

1. Transaction assumption: the transaction assumption assumes that all assets to be appraised are already in the trading process, and the Valuer conducts valuation by market simulation based on transaction conditions of the assets to be appraised. The transaction assumption is a basic premise for an asset valuation.

2. Open market assumption: the open market assumption assumes that in respect of assets traded in the market, or assets to be traded in the market, both parties to the asset transaction have equal status and have the opportunity and time to obtain sufficient market information in order to make rational judgments about the functions, uses and transaction prices of the asset. The open market assumption is based on the assumption that assets can be traded openly in the market.

3. Continued use of assets assumption: the continued use of assets assumption assumes that the valuation method, parameters, and basis should be determined based on the continuing usage of the asset based on current use, manner of usage, scale, frequency, and conditions or on a changed basis of the asset being appraised.

4. Going concern assumption: the going concern assumption assumes that the overall assets of an enterprise will be the valuation target, i.e. the enterprise as an operating will continue as a going concern in accordance with its operating targets in the external environment that it is in; the operator of the enterprise is responsible for and capable of taking responsibilities; the enterprise operates in a legal manner and can obtain adequate profits in order to maintain its ability to continue as a going concern.

Specific assumptions

1. There having been no significant changes in the macroeconomic, industrial and development policies of the country and region in which the Target Company is located since the First Valuation Date, other than those already known to the public.

2. There having been no material changes in the bases and rates of tax, policy-based levies, etc. related to the Target Company since the First Valuation Date, other than those already known to the public.

3. The management of the Target Company's having performed their duties diligently as of the First Valuation Date, and will continue to operate under its existing operating and management model.

4. The accounting policies adopted by the Target Company after the First Valuation Date remain consistent in material respects with the accounting policies and accounting verification methods used in the First Valuation Report.

5. The manner of the acquisition and utilization of the Target Company's production and business premises remain consistent and unchanged compared to those on the First Valuation Date.

6. The enterprise shall continue its operations during the future operating period based on the composition of revenue and cost and operating strategy in accordance with the operating plan confirmed as of the First Valuation Date. Future gains and losses resulting from changes in type of business due to changes in management, operating strategy and business environment have not been taken into account.

7. It is assumed that during the future operating period, the various expenses of the Target Company will continue to be incurred in accordance with the operating plan and business needs confirmed as of the First Valuation Date.

8. It is assumed that there will be no other force majeure or unforeseen factors which will cause any material adverse effect to the Target Company during the forecast period.

9. The impact of inflation has not been considered in the valuation.

10. It is assumed that the basic information and financial information provided by the Target Company is true, accurate, and complete.

11. The scope of the valuation is based solely on the valuation declaration form provided by the Target Company; no regard has been given to contingent assets or contingent liabilities out of the list provided by the Target Company which may exist.

12. All assets in the valuation are based on actual inventory as of the First Valuation Date, and the current market prices of the relevant assets are based on the domestic prices in effect as of the First Valuation Date.

13. It is assumed that there are no matters that are undisclosed and not reflected in the books that would give rise to any compensation liability as of the First Valuation Date.

14. The valuation assumes that prices of electricity will remain unchanged at the level on the First Valuation Date throughout the forecast period.

15. It is assumed that the operating cycle in respect of 35MW capacity is consistent with that of 65MW capacity, with an income period until the end of 2041.

16. As of the First Valuation Date, the actual installed capacity of the Liupanshui Project was 65MW. According to relevant information provided by the client, the reconstruction in respect of the 35MW capacity will be completed by the client, Shuifa Green Energy, with investment cost of approximately RMB20 million and an

estimated completion date of 31 December 2025. The valuation assumes that the aforementioned matters can be completed on schedule, meaning the 35MW project will feed electricity into the grid and generate revenue in 2026. This project is expected to increase capital expenditures by RMB20 million (excluding value-added tax) in 2025.

17. According to information provided by the client and the Target Company, the 35MW reconstruction project requires relocation, and the land lease contract has not been signed as of the First Valuation Date. Based on the information provided by the client, it is assumed that the lease of 622 mu of land at a rent of RMB500/mu will be required for the 35MW reconstruction project, with a 10% increase every five (5) years.

18. Assuming a three-year retrieval period for national tariff, all national tariffs paid prior to (but not including) 2023 will be retrieved in 2025. The valuation did not take into account the impact of changes in the aforementioned assumption on the valuation. If there is any material change to the retrieval period and circumstances of the retrieval, the adjusted appraised value should be recalculated.

19. As of the First Valuation Date, the results of the national tariff review have not yet been announced. According to information provided by the enterprise, the main reason that the review approval of the project has not been announced was the dismantling of the 35MW capacity, such that full feed-in capacity has not been achieved. Upon completion of reconstruction in the second half of the year, it is expected that the review approval will be announced. Considering that factors affecting the national tariff review can be eliminated, the valuation assumes that the Liupanshui Project will obtain approval in the national tariff review; and the national tariff will be calculated on a normal basis during the review period and payment will resume upon approval. If the national tariff review is not conducted in accordance with the assumptions or the review results are inconsistent with the assumptions, an adjusted appraised value should be recalculated.

20. It is assumed that the annual cash flow of the Target Company during the year after the First Valuation Date would be even inflows.

Special assumptions for income approach valuation

1. The 65MW operational period is assumed to commence upon obtaining grid-connected revenue, with the 35MW operational cycle aligned with the 65MW project, extending through the end of 2041.

2. As of the First Valuation Date, the actual installed capacity of the Liupanshui Project is 65MW. According to relevant information provided by the client, the reconstruction of the 35MW capacity is to be completed by the client, Shuifa Green Energy Co., Ltd. The reconstruction investment is approximately RMB20 million, with an expected

completion date of 31 December 2025. The valuation assumed the above matters will be completed on schedule, meaning the 35MW project will commence grid-connected power generation and generate revenue in 2026. This project is expected to increase capital expenditures by RMB20 million (excluding VAT) in 2025.

3. Based on information provided by the client and the Target Company, the 35MW reconstruction project requires a new site selection. As of the First Valuation Date, the land lease contract has not yet been signed. According to data provided by the client, it is assumed that the 35MW reconstruction project will lease 622 mu of land at a rent of 500 yuan per mu, with a 10% increase every five years.

4. The valuation assumes a 3-year national tariff recovery period, with all national tariff prior to 2023 (excluding 2023) recovered by 2025.

Key inputs

Evaluation Model

1. Basic Model

The basic model for this evaluation is:

$$E=B-D \quad (1)$$

Where:

E: The value of total shareholders' equity (net assets) of the appraised entity;

B: Enterprise value of the appraised entity;

D: Value of interest-bearing debt of the appraised entity;

$$B=P+I+C \quad (2)$$

Where:

P: Value of the operating assets of the appraised entity;

I: The value of the appraised entity's long-term investments as at the valuation date;

C: Value of surplus or non-operating assets (liabilities) existing as at the valuation date of the appraised entity;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Where:

Ri: Expected returns (free cash flow) of the appraised entity in the i-th future year;

r: discount rate;

n: The future operating period of the appraised entity;

$$C = C_1 + C_2 \quad (4)$$

C_1: Value of current surplus or non-operating assets (liabilities) as at the valuation date;

C_2: Value of non-current surplus or non-operating assets (liabilities) as at the valuation date.

2. Income Indicators

In this valuation, the enterprise's free cash flow is used as the income indicator for the appraised entity's operating assets. Its basic definition is:

$$\begin{aligned} R = {} & \text{Net Profit} + \text{Depreciation and Amortization} + \\ & \text{Interest on Debt After Tax} - \text{Additional Capital} \end{aligned} \quad (5)$$

Based on the appraised entity's operating history and future market developments, the free cash flow for the future operating period is estimated. By discounting and summing the free cash flows for the future operating period, the value of the enterprise's operating assets is calculated.

3. Discount Rate

In this valuation, the Weighted Average Cost of Capital (WACC) model is used to determine the discount rate r

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

Where:

W_d: Debt ratio of the appraised entity;

$$w_d = \frac{D}{(E+D)} \quad (7)$$

W_e: the equity ratio of the appraised entity;

$$w_e = \frac{E}{(E+D)} \tag{8}$$

r_d: Interest rate on debt after income tax;

r_e: Cost of equity capital, determined in this valuation using the Capital Asset Pricing Model (CAPM) re ;

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \tag{9}$$

r_f: risk-free rate of return;

r_m: Market expected rate of return;

ε : Risk adjustment factor specific to the appraised entity;

β_e: expected market risk coefficient of the appraised entity's equity capital;

$$\beta_e = \beta_u \times (1+(1-t) \times \frac{D}{E}) \tag{10}$$

β_u: Expected unleveraged market risk coefficient of comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \tag{11}$$

β_t: Expected average market risk coefficient for the comparable company's stock (assets);

$$\beta_t = 34\%K + 66\%\beta_\chi \tag{12}$$

Where:

K: The average risk value of the stock market over a certain period; typically assumed to be K=1;

β_x: The historical average market risk coefficient of the comparable company's stock (assets);

D_i, E_i: Interest-bearing debt and equity capital of the comparable company, respectively.

Determination of the Discount Rate

1. Determination of the Risk-Free Rate

According to the website of the China Association of Valuation, the government bond yields provided by the China Central Depository & Clearing Co., Ltd. (CCDC) are as shown in the table below:

China Government Bond Yields

Date	**Term**	**Current Day (%)**
30 September 2024	March	1.40
	June	1.45
	1 year	1.37
	2 years	1.46
	3 years	1.56
	5 years	1.84
	7 years	1.2.07
	10 years	2.15
	30 years	2.36

The valuation subject has a revenue period of 17.25 years. In accordance with the requirements of ″ Expert Guidance No. 12 on Asset Valuation - Calculation of Discount Rates in the Income Approach for Enterprise Valuation ″ (China Valuation Association [2020] No. 38) (《資產評估專家指引第12號－收益法評估企業價值中折現率的測算》(中評協[2020]38號)), the risk-free rate is typically represented by the yield to maturity of government bonds. When selecting government bonds, consideration should be given to the alignment between their remaining maturity and the time horizon of the enterprise's cash flows. Therefore, this valuation selects the yield on 10-year government bonds as the risk-free rate, i.e., $r_f = 2.15\%$.

2. Determination of Market Risk Premium

The market risk premium refers to the expected excess return demanded by investors for equity investments bearing the same average risk as the overall market, i.e., the risk compensation exceeding the risk-free rate. The market risk premium is typically calculated using historical market risk premium data. In this valuation, the long-term average return of the China A-share market index is used as the market expected rate of return (r_m), and the portion of the market expected rate of return exceeding the risk-free rate is treated as the market risk premium.

In accordance with the requirements of ″ Expert Guidance No. 12 on Asset Valuation - Calculation of Discount Rates in the Income Approach for Enterprise Valuation" (China Valuation Association [2020] No. 38) (《資產評估專家指引第12號－收益法評估企業價值中折現率的測算》(中評協[2020]38號)), when calculating the market risk premium using Chinese securities market indices, representative indices such as the CSI 300 Index or the Shanghai

Composite Index are typically selected. The excess return of the index over a historical period is calculated, the time span may be 10 years or longer; data frequency may be weekly or monthly; and the calculation method may use the arithmetic or geometric mean.

Based on the tracking research conducted by the Research Institute of Zhonglian Asset Appraisal Group on China's A-share market, and in accordance with the provisions of the aforementioned guidelines, the representative Shanghai Composite Index was selected as the benchmark index during the appraisal process. Calculations were performed using weekly and monthly data frequencies with arithmetic averages, which were then annualized to yield annual rates of return. The arithmetic, geometric, and harmonic averages were calculated separately. After comprehensive analysis, the market expected rate of return was determined as $r_m = 9.37\%$

Market risk premium = $r_m - r_f = 9.37\% - 2.15\% = 7.22\%$.

3. Determination of Capital Structure

The appraised entity currently has no financing plans, and its capital structure is relatively stable. Furthermore, the profit forecasts made by management were based on the premise of maintaining a stable capital structure. Therefore, this valuation uses the entity's own stable capital structure as at the valuation date to calculate the discount rates for future years. When calculating the capital structure, the values of equity and debt are estimated based on their market values.

4. Determination of the Beta Coefficient

Based on the stocks of companies listed on the Shanghai and Shenzhen stock exchanges within the Shenwan Photovoltaic Power Generation industry, and considering the comparability of the subject company with comparable companies in terms of business type, company scale, profitability, growth potential, industry competitiveness, and stage of corporate development, appropriate comparable companies were selected. Using the SSE Composite Index as the benchmark index, and after querying the Tonghuashun financial data terminal, calculations are performed using market prices as at the valuation date, with a calculation period of 250 weeks prior to the valuation date. This yields the estimated beta coefficient (β_u) for the comparable companies' stocks, which reflects the expected market risk coefficient without financial leverage. Based on the company's own capital structure, the expected market risk coefficient (β_e) for the equity capital of the appraised entity is then derived.

5. Determination of Specific Risk Coefficients

When determining the discount rate, specific risk factors must be considered based on differences between the subject company and listed companies in terms of company size, stage of development, core competitiveness, reliance on major customers and key suppliers, financing capacity and costs, and the robustness of profit forecasts. During the valuation process, the appraiser conducted a comparative analysis between the company and comparable listed companies, resulting in a specific risk factor of $\varepsilon = 0.80\%$.

6. Determination of the Expected Rate of Return on Debt (rd)

The expected return on debt represents the cost of capital for the enterprise's debt financing. The capital structure adopted in this valuation is the enterprise's own capital structure. Adhering to the principle of matching debt costs with the capital structure, the expected return on debt is determined based on the weighted average cost of capital for the enterprise's debt. As at the valuation date, the appraised entity had no interest-bearing debt.

7. Calculation of the WACC

Using the parameters obtained above into the formula yields the discount rates shown in the table below:

Discount Rate Calculation Table

	November–December 2024	**2025**	**2026 and Beyond**
Equity Ratio	38.67%	38.67%	100.00%
Debt Ratio	61.33%	61.33%	0.00%
Weighted Average Interest Rate on Loans	5.41%	5.06%	0.00%
Treasury bond yield	2.15%	2.15%	2.15%
Comparable Company Yield (Market Expected Return)	9.37%	9.37%	9.37%
Applicable tax rate	0.00%	25.00%	25.00%
Historical Beta	0.6346	0.6346	0.6346
Adjusted Beta	0.7552	0.7552	0.7552
Unleveraged beta	0.5258	0.5258	0.5258
Equity beta	1.3596	1.1512	0.5258
Characteristic risk coefficient	0.80%	0.80%	0.80%
Cost of equity	12.77%	11.26%	6.75%
Cost of debt (after-tax)	5.41%	3.80%	0.00%
WACC	8.25%	6.68%	6.75%
Discount Rate	8.25%	6.68%	6.75%

Determination of Future Earnings

1. Forecast of Operating Revenue

Operating revenue = Annual electricity sales revenue + Other business revenue

Annual electricity sales revenue = Annual settled electricity volume × On-grid tariff

Where:

Annual settled electricity volume = Actual installed capacity × Current-period power generation hours before degradation × Post-degradation efficiency × (1 − Overall loss rate)

(1) Forecast of Annual Settled Electricity Volume

(1) Installed Capacity

① As at the valuation date, the approved installed capacity of the project is 100 MW, and the actual installed capacity is 65 MW;

② The 35 MW capacity is expected to be reconstructed and completed on 31 December 2025, with an actual installed capacity of 35 MW.

(2) Power Generation Hours before Degradation

Power generation hours before degradation refer to the generation hours excluding the physical degradation effect of photovoltaic modules. The calculation formula is as follows:

Historical power generation hours before degradation = Electricity generation / Actual installed capacity / Post-degradation efficiency

Based on the historical operating data of the valued entity for 2021, 2022 and 2023, as well as enterprise forecasts, the valuers determine the power generation hours before degradation for the future income period. Details are as follows:

Forecast Table of Power Generation Hours before Degradation

		Historical power generation hours before degradation				Forecast power generation hours before degradation	
No.	**Project**	**2021**	**2022**	**2023**	**January–September 2024**	**October–December 2024**	**2025 and thereafter**
1	65 MW photovoltaic project	1,083.08	1,233.63	1,246.81	894.40	161.24	1,162.54
2	35 MW reconstructed photovoltaic project	–	–	–	–	–	1,162.54

(3) Post-degradation Efficiency

Based on industry analysis and the project feasibility study report, this valuation adopts a degradation rate of 2.5% for the first year, followed by an annual degradation rate of 0.70% thereafter.

(4) Overall Loss Rate

Based on historical data, this valuation adopts the two-year average overall loss rate for 2023–2024 for forecasting purposes, and determines the overall loss rate at 3.74%.

(2) Forecast of Electricity Tariff

Based on project approval documents, subsidy catalogues, and power purchase and sale agreements, and in combination with enterprise forecasts, the forecast tariffs for each project are as follows:

Approved On-grid Tariff and Government Subsidy Tariff Forecast

Unit: RMB/kWh

Project	Approved on-grid tariff (tax-inclusive)	Government subsidy tariff (tax-inclusive)
65 MW photovoltaic project	0.3515	0.6485
35 MW reconstructed photovoltaic project	0.3515	0.6485

Forecast of Composite On-grid Tariff (Tax-exclusive)

Unit: RMB/kWh

		Historical period				Forecast period	
No.	Project	2021	2022	2023	January–September 2024	October–December 2024	2025 and thereafter
1	65 MW photovoltaic project	0.3107	0.3110	0.3059	0.2737	0.0981	0.3111
2	35 MW reconstructed photovoltaic project	–	–	–	–	–	0.3111

(3) Forecast of Other Business Income

The valued entity's other business income mainly comprises sales of spare parts and consumables. According to enterprise interviews, such business is incidental in nature and does not constitute the principal business of the valued entity. Therefore, no forecast has been made in this valuation.

(4) Forecast of Operating Revenue

Based on the above, the operating revenue of Guizhou Xingye Green Energy Technology Co., Ltd. during the forecast period is set out in the table below:

Operating Revenue Forecast Table

Unit: RMB10,000

Item	October–December 2024	2025	2026	2027	2028	2029	2030
Total operating revenue	601.42	6,001.61	9,167.56	9,098.11	9,028.66	8,959.20	8,889.75
Government subsidy revenue	508.24	3,892.04	5,945.16	5,900.12	5,855.08	5,810.04	5,765.00
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	93.19	2,109.57	3,222.40	3,197.98	3,173.57	3,149.16	3,124.75
Project name							
65 MW photovoltaic project							
Actual installed capacity (10,000 kW)	6.51	6.51	6.51	6.51	6.51	6.51	6.51
Power generation hours before degradation (h)	162.32	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54
Post-degradation efficiency	93.80%	93.10%	92.40%	91.70%	91.00%	90.30%	89.60%
Electricity generation (10,000 kWh)	991.07	7,044.97	6,992.00	6,939.03	6,886.06	6,833.09	6,780.12
Overall loss rate	4.17%	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%
Settled electricity volume (10,000 kWh)	949.73	6,781.82	6,730.83	6,679.83	6,628.84	6,577.85	6,526.86

Item	October–December 2024	2025	2026	2027	2028	2029	2030
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	93.19	2,109.57	2,093.70	2,077.84	2,061.98	2,046.12	2,030.26
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.0981	0.3111	0.3111	0.3111	0.3111	0.3111	0.3111
Settled electricity volume (10,000 kWh)	949.73	6,781.82	6,730.83	6,679.83	6,628.84	6,577.85	6,526.86
Government subsidy revenue	508.24	3,892.04	5,945.16	5,900.12	5,855.08	5,810.04	5,765.00
Government subsidy tariff (RMB/kWh) tax-exclusive	0.5351	0.5739	0.5739	0.5739	0.5739	0.5739	0.5739
Current-period subsidised electricity volume (10,000 kWh)	949.73	6,781.82	10,359.34	10,280.86	10,202.38	10,123.90	10,045.42
Subtotal of revenue	601.42	6,001.61	8,038.87	7,977.96	7,917.06	7,856.16	7,795.26
Project name							
35 MW reconstructed photovoltaic project							
Actual installed capacity (10,000 kW)	–	–	3.51	3.51	3.51	3.51	3.51
Power generation hours before degradation (h)	–	–	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54
Post-degradation efficiency	0.00%	0.00%	92.40%	91.70%	91.00%	90.30%	89.60%
Electricity generation (10,000 kWh)	–	–	3,769.31	3,740.76	3,712.20	3,683.64	3,655.09
Overall loss rate	0.00%	0.00%	3.74%	3.74%	3.74%	3.74%	3.74%
Settled electricity volume (10,000 kWh)	–	–	3,628.52	3,601.03	3,573.54	3,546.05	3,518.56

Item	October–December 2024	2025	2026	2027	2028	2029	2030
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	–	–	1,128.69	1,120.14	1,111.59	1,103.04	1,094.49
Composite on-grid tariff (RMB/kWh) tax-exclusive	–	–	0.31	0.31	0.31	0.31	0.31
Settled electricity volume (10,000 kWh)	–	–	3,628.52	3,601.03	3,573.54	3,546.05	3,518.56
Subtotal of revenue	–	–	1,128.69	1,120.14	1,111.59	1,103.04	1,094.49

Item	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**	**2037**
Total operating revenue	8,820.30	8,750.85	8,681.40	8,611.95	8,542.50	5,725.66	2,953.86
Government subsidy revenue	5,719.97	5,674.93	5,629.89	5,584.85	5,539.81	2,747.39	–
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	3,100.34	3,075.92	3,051.51	3,027.10	3,002.69	2,978.28	2,953.86
Project name							
65 MW photovoltaic project							
Actual installed capacity (10,000 kW)	6.51	6.51	6.51	6.51	6.51	6.51	6.51
Power generation hours before degradation (h)	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54
Post-degradation efficiency	88.90%	88.20%	87.50%	86.80%	86.10%	85.40%	84.70%
Electricity generation (10,000 kWh)	6,727.15	6,674.18	6,621.21	6,568.24	6,515.27	6,462.30	6,409.33
Overall loss rate	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%

Item	2031	2032	2033	2034	2035	2036	2037
Settled electricity volume (10,000 kWh)	6,475.87	6,424.88	6,373.89	6,322.90	6,271.91	6,220.91	6,169.92
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	2,014.40	1,998.54	1,982.67	1,966.81	1,950.95	1,935.09	1,919.23
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.3111	0.3111	0.3111	0.3111	0.3111	0.3111	0.3111
Settled electricity volume (10,000 kWh)	6,475.87	6,424.88	6,373.89	6,322.90	6,271.91	6,220.91	6,169.92
Government subsidy revenue	5,719.97	5,674.93	5,629.89	5,584.85	5,539.81	2,747.39	–
Government subsidy tariff (RMB/kWh) tax-exclusive	0.5739	0.5739	0.5739	0.5739	0.5739	0.5739	0.5739
Current-period subsidised electricity volume (10,000 kWh)	9,966.94	9,888.46	9,809.98	9,731.50	9,653.02	4,787.27	–
Subtotal of revenue	7,734.36	7,673.46	7,612.56	7,551.66	7,490.76	4,682.47	1,919.23
Project name							
35 MW reconstructed photovoltaic project							
Actual installed capacity (10,000 kW)	3.51	3.51	3.51	3.51	3.51	3.51	3.51
Power generation hours before degradation (h)	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54
Post-degradation efficiency	88.90%	88.20%	87.50%	86.80%	86.10%	85.40%	84.70%
Electricity generation (10,000 kWh)	3,626.53	3,597.98	3,569.42	3,540.87	3,512.31	3,483.76	3,455.20
Overall loss rate	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%

Item	2031	2032	2033	2034	2035	2036	2037
Settled electricity volume (10,000 kWh)	3,491.07	3,463.58	3,436.09	3,408.61	3,381.12	3,353.63	3,326.14
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	1,085.94	1,077.39	1,068.84	1,060.29	1,051.74	1,043.19	1,034.64
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Settled electricity volume (10,000 kWh)	3,491.07	3,463.58	3,436.09	3,408.61	3,381.12	3,353.63	3,326.14
Subtotal of revenue	1,085.94	1,077.39	1,068.84	1,060.29	1,051.74	1,043.19	1,034.64

Item	2038	2039	2040	2041
Total operating revenue	2,929.45	2,905.04	2,880.63	2,856.22
Government subsidy revenue	–	–	–	–
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	2,929.45	2,905.04	2,880.63	2,856.22
Project name				
65 MW photovoltaic project				
Actual installed capacity (10,000 kW)	6.51	6.51	6.51	6.51
Power generation hours before degradation (h)	1,162.54	1,162.54	1,162.54	1,162.54
Post-degradation efficiency	84.00%	83.30%	82.60%	81.90%
Electricity generation (10,000 kWh)	6,356.36	6,303.39	6,250.42	6,197.45
Overall loss rate	3.74%	3.74%	3.74%	3.74%
Settled electricity volume (10,000 kWh)	6,118.93	6,067.94	6,016.95	5,965.96

Item	2038	2039	2040	2041
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	1,903.37	1,887.51	1,871.64	1,855.78
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.3111	0.3111	0.3111	0.3111
Settled electricity volume (10,000 kWh)	6,118.93	6,067.94	6,016.95	5,965.96
Government subsidy revenue	–	–	–	–
Government subsidy tariff (RMB/kWh) tax-exclusive	0.5739	0.5739	0.5739	0.5739
Current-period subsidised electricity volume (10,000 kWh)	–	–	–	–
Subtotal of revenue	1,903.37	1,887.51	1,871.64	1,855.78
Project name				
35 MW reconstructed photovoltaic project				
Actual installed capacity (10,000 kW)	3.51	3.51	3.51	3.51
Power generation hours before degradation (h)	1,162.54	1,162.54	1,162.54	1,162.54
Post-degradation efficiency	84.00%	83.30%	82.60%	81.90%
Electricity generation (10,000 kWh)	3,426.65	3,398.09	3,369.54	3,340.98
Overall loss rate	3.74%	3.74%	3.74%	3.74%
Settled electricity volume (10,000 kWh)	3,298.65	3,271.16	3,243.67	3,216.18
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	1,026.08	1,017.53	1,008.98	1,000.43

Item	2038	2039	2040	2041
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.31	0.31	0.31	0.31
Settled electricity volume (10,000 kWh)	3,298.65	3,271.16	3,243.67	3,216.18
Subtotal of revenue	1,026.08	1,017.53	1,008.98	1,000.43

2. Forecast of Operating Costs

The operating costs of the valued entity mainly include travel expenses, staff remuneration, depreciation, utilities, service fees, maintenance and repair expenses, lease expenses, commercial insurance, weed control costs, data communication fees, office expenses, low-value consumables, spare parts and consumables, compensation for young crops (long-term deferred expenses), and others. The forecast assumptions are as follows:

(1) Travel expenses: Forecast with reference to historical levels of travel expenses.

(2) Staff remuneration: Forecast with reference to historical levels of staff remuneration.

(3) Depreciation and compensation for young crops (long-term deferred expenses): Mainly representing power station fixed assets and the amortisation of long-term deferred expenses. In this valuation, depreciation included in operating costs is forecast based on the original book value of various fixed assets of the enterprise as at the valuation date and the amount of future planned capital expenditure. The depreciation to be recognised over the income period is calculated in accordance with the valued entity's prevailing accounting policies. Amortisation mainly relates to the amortisation of long-term deferred expenses arising from compensation for young crops, which is forecast over the income period based on their original cost and amortisation period.

(4) Maintenance and repair expenses: Forecast with reference to the historical average level. Considering the expected increase in maintenance costs in later years, an increase of 5% every five years is assumed.

(5) Lease expenses: Lease expenses include land-use right rentals recognised under right-of-use assets, which are used for the production area of the photovoltaic project (panel area). In this valuation, the forecast is based on the power station lease agreement as at the valuation date, and right-of-use assets are no longer considered in depreciation.

As at the valuation date, the 35 MW reconstruction project requires relocation, and the land lease agreement has not yet been executed. Based on data provided by the client, lease expenses for the 35 MW reconstruction project are forecast based on the leasing of 622 mu of land at RMB500 per mu, with an increase of 10% every five years.

(6) Other expenses are forecast based on historical levels.

The forecast results for operating costs of the valued entity are set out in the net cash flow forecast table.

3. Forecast of Taxes and Surcharges

The taxes and surcharges of the valued entity mainly include urban maintenance and construction tax, educational surcharge, local educational surcharge, stamp duty, and others.

According to the *Interim Regulations of the People's Republic of China on Urban Maintenance and Construction Tax* and the *Decision of the State Council on Amending the Interim Provisions on the Collection of Educational Surcharges*, the applicable urban maintenance and construction tax rate is 7%, and the educational surcharge (including local educational surcharge) rate is 5%. The surcharges are forecast based on the input VAT and output VAT for each year of the forecast period of the valued entity, with each type of surcharge calculated separately according to its respective formula. Stamp duty is forecast at 0.03% of the total contract value.

The forecast results of taxes and surcharges are set out in the enterprise free cash flow forecast table.

4. Forecast of Period Expenses

(1) Selling Expenses

The valued entity has no selling expenses.

(2) Administrative Expenses

The administrative expenses of the valued entity mainly include business entertainment expenses, intermediary fees, and service fees. Administrative expenses are forecast based on historical levels. Considering the addition of the 35 MW project in 2026, a growth rate of 3% is applied, and the expenses remain unchanged in subsequent years. The detailed forecast is set out in the future cash flow forecast table.

(3) R&D Expenses

The valued entity has no R&D expenses.

(4) Finance Expenses

The finance expenses of the valued entity mainly consist of interest on borrowings. The relevant borrowings are intra-group loans between the valued entity and Beijing Jingyuntong Technology Co., Ltd. In this valuation, future annual interest expenses are forecast based on the enterprise's future borrowing and repayment plans, interest rates, and other relevant factors. The detailed forecast results are set out in the enterprise free cash flow forecast table.

5. Forecast of Income Tax

Enterprise income tax is a tax levied on the production and operation income and other income of domestic enterprises and operating entities in China. The applicable income tax rate of the valued entity is 25%.

In this valuation, the forecast of income tax is based on the projected total profit of the valued entity for each future year. After taking into account relevant tax adjustment items (both additions and deductions), the taxable income for each future year is determined. The income tax expense for each future year is then estimated based on the applicable enterprise income tax rate. The forecast results are set out in the enterprise free cash flow forecast table.

6. Forecast of Depreciation and Amortisation

(1) Depreciation Forecast

The valued entity's fixed assets mainly include machinery and equipment, transport equipment, and electronic office equipment. Fixed assets are stated at their actual cost at the time of acquisition. In this valuation, the power station's main machinery and equipment are depreciated over a useful life of 20 years with a residual value rate of 5.00%. Other machinery and equipment are depreciated over a useful life of 10 years with a residual value rate of 5.00%. Transport equipment and electronic office equipment are depreciated over a useful life of 5 years with a residual value rate of 5.00%. Depreciation over the future income period is estimated based on the audited original book value of assets as at the valuation date, future capital expenditure, and the enterprise's current accounting policies. Lease expenses related to right-of-use assets have been included in operating costs; therefore, no depreciation for right-of-use assets is considered. The depreciation forecast results are set out in the enterprise free cash flow forecast table.

(2) Amortisation Forecast

In this valuation, amortisation is forecast in accordance with the valued entity's applicable amortisation policies, based on the audited original book value of long-term deferred expenses as at the valuation date and their amortisation periods, to estimate amortisation expenses for each future year. The forecast results are set out in the enterprise free cash flow forecast table.

7. Additional Capital Forecast

Additional capital refers to the incremental working capital required by an enterprise without changing its current operating and production conditions, as well as long-term capital investments with a maturity of more than one year, such as capital expenditure for capacity expansion (purchase of fixed assets or other non-current assets), incremental working capital required, and asset replacement investment necessary for ongoing operations.

In this valuation, it is assumed that the valued entity will not undertake further capital investment to expand its existing operating capacity. Additional capital over the future operating period mainly consists of replacement investment for existing assets as at the valuation date and incremental working capital required for ongoing operations. Accordingly, additional capital in this report is defined as:

Additional capital = Asset replacement investment + Incremental working capital + Capital expenditure – Government subsidy recovery

(1) Estimation of Asset Replacement Investment

Based on the assumptions and basis for the earnings forecast, only replacement investment necessary to maintain post-expansion production and operation is required in future years. As the valued entity operates within a finite income period, maintenance and repair expenses required for the normal operation of major power generation equipment have already been included in operating costs; therefore, such expenses are not included again in asset replacement to avoid duplication.

(2) Estimation of Incremental Working Capital

Incremental working capital refers to the additional working capital required to maintain ongoing operations without changing the principal business conditions, including cash required for normal operations, inventory purchases, advances on behalf of customers (accounts receivable), and accounts payable. The incremental working capital reflects cash occupied through trade credit arising from changes in business activities, as well as cash and inventory required to maintain normal operations. At the same time, trade credit provided in economic activities reduces immediate cash outflows. Other receivables and other payables are generally related to non-operating or temporary transactions and are assessed separately based on their relevance to the operating business. Therefore, in principle, the estimation of the increase in working capital only considers key factors such as cash required for normal operations, accounts receivable, inventories, and accounts payable. In this report, incremental working capital is defined as:

Incremental working capital = Current-period working capital – Prior-period working capital

Where:

Working capital = Operating working capital

Operating working capital = Minimum cash balance + Operating receivables (net of government subsidy) + Inventories – Operating payables

For operating working capital, as these items all constitute operating assets of the enterprise and are highly correlated with revenue, operating working capital during the forecast period is forecast based on the historical ratio of working capital to revenue.

(3) Estimation of Capital Expenditure

According to information provided by the client, the 35 MW dismantled portion of the Liupanshui Wangjiazhai 100 MW Photovoltaic Power Station Project will be reconstructed by Shuifa Green Energy Co., Ltd., and is expected to be completed before 31 December 2025. The total reconstruction cost is estimated at RMB20 million.

Except for the above, no further capital investment will be made to the existing operating capacity, and no other expansion-related capital expenditure is considered.

(4) Government Subsidy Recovery

Based on historical government subsidy recovery patterns and the valuation assumptions, a recovery period of four years is applied in this valuation.

Government subsidy recovery = Opening balance of government subsidy receivables – Closing balance of government subsidy receivables

8. Recovery of Assets at the End of the Operating Period

Upon expiry of the 25-year operating period, the photovoltaic power station, owned by the valued entity, will be dismantled by the valued entity. Therefore, this valuation considers the residual value recovery of the photovoltaic power station at the end of the operating period.

For working capital, the entire amount of working capital invested in the final year of the operating period is assumed to be fully recovered. For fixed assets, after taking into account capital expenditure, asset replacement, and depreciation during the forecast period, and considering the effect of the discounting period, the assets are recovered at their carrying value at the end of the operating period. The forecast results are set out in the net cash flow forecast table.

9. Cash Flow Forecast Results

The forecast results of the valued entity's net cash flows over the future operating period are set out in the table below. In this valuation, the forecast of future earnings is primarily based on industry research and analysis, combined with a comprehensive assessment of the operating conditions of comparable companies, market demand, and future industry development trends, and reflects a professional judgement. In the forecast, no consideration is given to uncertain non-operating income and expenses, subsidy income, or gains and losses arising from other non-recurring items.

Forecast Table of Future Net Cash Flows

Unit: RMB10,000

Item	October–December 2024	2025	2026	2027	2028	2029	2030
I. Total operating revenue	601.42	6,001.61	9,167.56	9,098.11	9,028.66	8,959.20	8,889.75
II. Total operating costs	1,199.99	4,582.12	3,960.46	3,962.62	3,961.52	3,960.08	3,961.47
Of which: operating costs	661.79	2,527.29	3,797.44	3,800.74	3,800.74	3,800.41	3,802.93
Taxes and surcharges	9.52	63.33	145.18	144.04	142.93	141.83	140.70
Selling expenses	–	–	–	–	–	–	–
Administrative expenses	1.28	17.32	17.84	17.84	17.84	17.84	17.84
R&D expenses	–	–	–	–	–	–	–
Finance expenses	527.41	1,974.16	–	–	–	–	–
III. Operating profit	(598.57)	1,419.49	5,207.10	5,135.49	5,067.14	4,999.12	4,928.29
Add: non-operating income	–	–	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–	–	–
IV. Total profit	(598.57)	1,419.49	5,207.10	5,135.49	5,067.14	4,999.12	4,928.29
Less: income tax expenses	–	205.23	1,301.78	1,283.87	1,266.78	1,249.78	1,232.07
V. Net profit	(598.57)	1,214.26	3,905.33	3,851.61	3,800.35	3,749.34	3,696.22
Add: depreciation and amortisation	446.39	1,983.79	3,143.42	3,143.42	3,143.42	3,143.08	3,142.75
Add: after-tax interest	527.30	1,480.62	–	–	–	–	–
Less: incremental working capital	206.67	192.77	377.74	(8.29)	(8.29)	(8.29)	(8.29)
Less: asset replacement	–	1.06	20.97	–	–	–	1.06
Less: capital expenditure	–	2,000.00	–	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–	–	–
Add: government subsidy recovery	(574.31)	23,946.74	(1,895.21)	(2,660.62)	(2,218.24)	152.68	152.68
Add: long-term asset recovery	–	–	–	–	–	–	–
Add: working capital recovery	–	–	–	–	–	–	–
VI. Enterprise free cash flow	(405.85)	26,431.58	4,754.81	4,342.69	4,733.82	7,053.40	6,998.88

Item	2031	2032	2033	2034	2035	2036	2037
I. Total operating revenue	8,820.30	8,750.85	8,681.40	8,611.95	8,542.50	5,725.66	2,953.86
II. Total operating costs	3,963.95	3,966.63	3,965.52	3,964.42	3,966.42	3,925.40	3,282.37
Of which: operating costs	3,806.51	3,810.34	3,810.34	3,810.34	3,813.48	3,817.24	3,218.51
Taxes and surcharges	139.59	138.45	137.34	136.24	135.10	90.32	46.02
Selling expenses	–	–	–	–	–	–	–
Administrative expenses	17.84	17.84	17.84	17.84	17.84	17.84	17.84
R&D expenses	–	–	–	–	–	–	–
Finance expenses	–	–	–	–	–	–	–
III. Operating profit	4,856.35	4,784.22	4,715.88	4,647.53	4,576.08	1,800.26	(328.50)
Add: non-operating income	–	–	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–	–	–
IV. Total profit	4,856.35	4,784.22	4,715.88	4,647.53	4,576.08	1,800.26	(328.50)
Less: income tax expenses	1,214.09	1,196.06	1,178.97	1,161.88	1,144.02	450.07	–
V. Net profit	3,642.26	3,588.17	3,536.91	3,485.65	3,432.06	1,350.20	(328.50)
Add: depreciation and amortisation	3,142.75	3,142.75	3,142.75	3,142.75	3,142.75	3,142.75	2,539.57
Add: after-tax interest	–	–	–	–	–	–	–
Less: incremental working capital	(8.29)	(8.29)	(8.29)	(8.29)	(8.29)	(8.29)	(8.29)
Less: asset replacement	20.97	–	–	–	1.06	20.97	–
Less: capital expenditure	–	–	–	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–	–	–
Add: government subsidy recovery	152.68	152.68	152.68	152.68	152.68	3,257.23	6,310.88
Add: long-term asset recovery	–	–	–	–	–	–	–
Add: working capital recovery	–	–	–	–	–	–	–
VI. Enterprise free cash flow	6,925.01	6,891.89	6,840.63	6,789.37	6,734.72	7,737.49	8,530.23

Item	2038	2039	2040	2041	Terminal asset recovery
I. Total operating revenue	2,929.45	2,905.04	2,880.63	2,856.22	–
II. Total operating costs	1,912.92	1,912.53	1,915.56	4,437.06	–
Of which: operating costs	1,849.86	1,849.86	1,853.31	4,374.73	–
Taxes and surcharges	45.22	44.83	44.40	44.49	–
Selling expenses	–	–	–	–	–
Administrative expenses	17.84	17.84	17.84	17.84	–
R&D expenses	–	–	–	–	–
Finance expenses	–	–	–	–	–
III. Operating profit	1,016.53	992.51	965.07	(1,580.84)	–
Add: non-operating income	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–
IV. Total profit	1,016.53	992.51	965.07	(1,580.84)	–
Less: income tax expenses	172.01	248.13	241.27	–	–
V. Net profit	844.53	744.38	723.80	(1,580.84)	–
Add: depreciation and amortisation	1,170.92	1,170.92	1,170.92	1,165.76	–
Add: after-tax interest	–	–	–	–	–
Less: incremental working capital	(8.29)	(8.29)	(8.29)	(8.29)	–
Less: asset replacement	–	–	1.06	20.97	–
Less: capital expenditure	–	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–
Add: government subsidy recovery	6,259.98	3,104.55	–	–	–
Add: long-term asset recovery	–	–	–	–	3,053.65
Add: working capital recovery	–	–	–	–	969.52
VI. Enterprise free cash flow	8,283.72	5,028.13	1,901.95	(427.77)	4,023.16

The Second Valuation Report

The Second Valuation Report is set out in Appendix VI to this circular.

According to the Second Valuation Report, the appraised value of the market value of the Target Company was RMB380,000,000 as at the Second Valuation Date. In preparing the valuation, the Valuer applied the discounted cash flow analysis under the income approach based on certain assumptions to appraise the value of the Target Company, which constitutes a profit forecast under Rule 14.61 of the Listing Rules. The requirements under Rules 14.60A and 14.62 of the Listing Rules are therefore applicable.

Major assumptions

The following are the general and specific assumptions, upon which the Second Valuation Report is based:

General assumptions

1. Transaction assumption: the Transaction assumption assumes that all assets to be appraised are already in the trading process, and the Valuer conducts valuation by market simulation based on transaction conditions of the assets to be appraised. The transaction assumption is a basic premise for an asset valuation.

2. Open market assumption: the open market assumption assumes that in respect of assets traded in the market, or assets to be traded in the market, both parties to the asset transaction have equal status and have the opportunity and time to obtain sufficient market information in order to make rational judgments about the functions, uses and transaction prices of the asset. The open market assumption is based on the assumption that assets can be traded openly in the market.

3. Continued use of assets assumption: the continued use of assets assumption assumes that the valuation method, parameters, and basis should be determined based on the continuing usage of the asset based on current use, manner of usage, scale, frequency, and conditions or on a changed basis of the asset being appraised.

4. Going concern assumption: the going concern assumption assumes that the overall assets of an enterprise will be the valuation target, i.e. the enterprise as an operating will continue as a going concern in accordance with its operating targets in the external environment that it is in; the operator of the enterprise is responsible for and capable of taking responsibilities; the enterprise operates in a legal manner and can obtain adequate profits in order to maintain its ability to continue as a going concern.

Specific assumptions

1. There having been no significant changes in the macroeconomic, industrial and development policies of the country and region in which the appraised entity is located since the valuation benchmark date, other than those already known to the public.

2. There having been no material changes in the bases and rates of tax, policy-based levies, etc. related to the appraised entity since the Second Valuation Date, other than those already known to the public.

3. The management of the Target Company having performed their duties diligently as of the Second Valuation Date, and will continue to operate under its existing operating and management model.

4. The accounting policies adopted by the Target Company after the Second Valuation Date remain consistent in material respects with the accounting policies and accounting verification methods used in the Second Valuation Report.

5. The manner of the acquisition and utilization of the Target Company's production and business premises remain consistent and unchanged compared to those on the Second Valuation Date.

6. The enterprise shall continue its operations during the future operating period based on the composition of revenue and cost and operating strategy in accordance with the operating plan confirmed as of the Second Valuation Date. Future gains and losses resulting from changes in type of business due to changes in management, operating strategy and business environment have not been taken into account.

7. It is assumed that during the future operating period, the various expenses of the Target Company will continue to be incurred in accordance with the operating plan and business needs confirmed as of the Second Valuation Date.

8. It is assumed that there will be no other force majeure or unforeseen factors which will cause any material adverse effect to the Target Company during the forecast period.

9. The impact of inflation has not been considered in the valuation.

10. It is assumed that the basic information and financial information provided by the Target Company is true, accurate, and complete.

11. The scope of the valuation is based solely on the valuation declaration form provided by the Target Company; no regard has been given to contingent assets or contingent liabilities out of the list provided by the Target Company which may exist.

12. All assets in the valuation are based on actual inventory as of the Second Valuation Date, and the current market prices of the relevant assets are based on the domestic prices in effect as of the Second Valuation Date.

13. It is assumed that there are no matters that are undisclosed and not reflected in the books that would give rise to any compensation liability as of the Second Valuation Date.

14. The valuation assumes that prices of electricity will remain unchanged at the level on the Second Valuation Date throughout the forecast period.

15. It is assumed that the operating cycle in respect of 35MW capacity is consistent with that of 65MW capacity, with an income period until the end of 2041.

16. As of the Second Valuation Date, the actual installed capacity of the Liupanshui Project was 65MW. According to relevant information provided by the client, the reconstruction in respect of the 35MW capacity will be completed by the client, Shuifa Green Energy, with investment cost of approximately RMB20 million and an estimated completion date of 31 May 2026. The valuation assumes that the aforementioned matters can be completed on schedule, meaning the 35MW project will feed electricity into the grid and generate revenue from June 2026. This project is expected to increase capital expenditures by RMB20 million (excluding value-added tax) in 2026.

17. According to information provided by the principal and the Target Company, the 35MW reconstruction project requires relocation, and the land lease contract has not been signed as of the Second Valuation Date. Based on the data provided by the client, it is assumed that the lease of 622 mu of land at a rent of RMB500/mu will be required for the 35MW reconstruction project, with a 10% increase every five (5) years.

18. Considering that the 35MW project requires national tariff verification upon resumption, this assessment assumes a half-year review period for national tariff and a three-year payback period. National tariff will begin to be recovered starting in 2027, with all subsidies prior to 2024 recovered in that same year.

19. It is assumed that the annual cash flow of the Target Company during the year after the Second Valuation Date are even inflows.

Special assumptions for income approach valuation

1. The 65MW operational period is assumed to commence upon obtaining grid-connected revenue, with the 35MW operational cycle aligned with the 65MW project, extending through the end of 2041.

2. As of the Second Valuation Date, the actual installed capacity of the Liupanshui Project is 65MW. According to relevant information provided by the client, the reconstruction of the 35MW capacity is to be completed by the principal, Shuifa Green Energy Co., Ltd. The reconstruction investment is approximately RMB20 million, with an expected completion date of 31 May 2026. The valuation assumed the above matters will be completed on schedule, meaning the 35MW project will commence grid-connected power generation and generate revenue from June 2026. This project is expected to increase capital expenditures by RMB20 million (excluding VAT) in 2026.

3. Based on information provided by the client and the Target Company, the 35MW reconstruction project requires a new site selection. As of the Second Valuation Date, the land lease contract has not yet been signed. According to data provided by the client, it is assumed that the 35MW reconstruction project will lease 622 mu of land at a rent of 500 yuan per mu, with a 10% increase every five years.

4. Considering that the 35MW project requires national tariff verification upon resumption, the valuation assumes a half-year review period for national tariff and a three-year payback period. National tariff will begin to be recovered starting in 2027, with all subsidies prior to 2024 recovered in that same year.

Key inputs

Evaluation Model

1. Basic Model

The basic model for this evaluation is:

$$E=B-D \quad (1)$$

Where:

E: The value of total shareholders' equity (net assets) of the appraised entity;

B: Enterprise value of the appraised entity;

D: Value of interest-bearing debt of the appraised entity;

$$B = P + I + C \quad (2)$$

Where:

P: Value of the appraised entity's operating assets;

I: The value of the appraised entity's long-term investments as at the valuation date;

C: Value of surplus or non-operating assets (liabilities) existing as at the valuation date;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Where:

R_i: Expected returns (free cash flow) of the appraised entity in the i-th future year;

r: discount rate;

n: The future operating period of the appraised entity;

$$C = C_1 + C_2 \quad (4)$$

C_1: Value of current surplus or non-operating assets (liabilities) as at the valuation date;

C_2: Value of non-current surplus or non-operating assets (liabilities) as at the valuation date.

2. Income Indicators

In this valuation, the enterprise's free cash flow is used as the income indicator for the appraised entity's operating assets. Its basic definition is:

$$\begin{aligned} R = {} & \text{Net Profit} + \text{Depreciation and Amortization} + \\ & \text{Interest on Debt After Tax} - \text{Additional Capital} \end{aligned} \quad (5)$$

Based on the appraised entity's operating history and future market developments, the free cash flow for the future operating period is estimated. By discounting and summing the free cash flows for the future operating period, the value of the enterprise's operating assets is calculated.

3. Discount Rate

In this valuation, the Weighted Average Cost of Capital (WACC) model is used to determine the discount rate r

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

Where:

W_d: Debt ratio of the appraised entity;

$$w_d = \frac{D}{(E+D)} \tag{7}$$

W_e: the equity ratio of the appraised entity;

$$w_e = \frac{E}{(E+D)} \tag{8}$$

r_d: Interest rate on interest-bearing debt after income tax;

r_e: Cost of equity capital, determined in this valuation using the Capital Asset Pricing Model (CAPM);

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \tag{9}$$

r_f: risk-free rate of return;

r_m: Market expected rate of return;

ε : Risk adjustment factor specific to the appraised entity;

β_e: expected market risk coefficient of the entity's equity capital;

$$\beta_e = \beta_u \times (1+(1-t) \times \frac{D}{E}) \tag{10}$$

β_u: Expected unlevered market risk coefficient of comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \tag{11}$$

β_t: Expected average market risk coefficient for the comparable company's stock (assets);

$$\beta_t = 34\%K + 66\%\beta_\chi \tag{12}$$

Where:

K: The average risk value of the stock market over a certain period; typically assumed to be K=1;

β_x: The historical average market risk coefficient of the comparable company's stock (assets);

D_i, E_i: Interest-bearing debt and equity capital of the comparable company, respectively.

Determination of the Discount Rate

1. Determination of the Risk-Free Rate

According to the website of the China Association of Valuation, the government bond yields provided by the China Central Depository & Clearing Co., Ltd. (CCDC) are as shown in the table below:

China Government Bond Yields

Date	**Maturity**	**Current (%)**
31 October 2025	3-month	1.29
	6 months	1.35
	1 year	1.38
	2 years	1.4
	3 years	1.41
	5 years	1.57
	7 years	1.68
	10 years	1.8
	30 years	2.14

The income period of the valuation subject is 16.18 years. In accordance with the requirements of "Expert Guidance No. 12 on Asset Valuation – Calculation of Discount Rates in the Income Approach for Enterprise Valuation" (China Valuation Association [2020] No. 38) (《資產評估專家指引第12號－收益法評估企業價值中折現率的測算》(中評協[2020]38號)), the risk-free rate is typically represented by the yield to maturity of government bonds. When selecting government bonds, consideration should be given to the alignment between their remaining maturity and the time horizon of the enterprise's cash flows. Therefore, the yield on 10-year government bonds is selected as the risk-free rate for this valuation, i.e., r_f = 1.80%.

2. Determination of Market Risk Premium

The market risk premium refers to the expected excess return demanded by investors for equity investments bearing the same average risk as the overall market, i.e., the risk compensation exceeding the risk-free rate. The market risk premium is typically calculated using historical market risk premium data. In this valuation, the long-term average return of the China A-share market index is used as the market expected rate of return (r_m), and the portion of the market expected rate of return exceeding the risk-free rate is treated as the market risk premium.

In accordance with the requirements of "Expert Guidance No. 12 on Asset Valuation – Calculation of Discount Rates in the Income Approach for Enterprise Valuation" (China Valuation Association [2020] No. 38) (《資產評估專家指引第12號－收益法評估企業價值中折現率的測算》(中評協[2020]38號)), when calculating the market risk premium using Chinese securities market indices, representative indices such as the CSI 300 Index or the Shanghai Composite Index are typically selected. The excess return of the index over a historical period is calculated, the time span may be 10 years or longer; data frequency may be weekly or monthly; and the calculation method may use the arithmetic or geometric mean.

Based on the tracking research conducted by the Research Institute of Zhonglian Asset Appraisal Group on China's A-share market, and in accordance with the provisions of the aforementioned guidelines, the representative Shanghai Composite Index was selected as the benchmark index during the appraisal process. Calculations were performed using weekly and monthly data frequencies with arithmetic averages, which were then annualized to annualized rates of return. The arithmetic, geometric, and harmonic averages were calculated separately. After comprehensive analysis, the market expected rate of return was determined as rm = 9.62%

Market risk premium = $r_m - r_f$ = 9.62% – 1.80% = 7.82%.

3. Determination of Capital Structure

The appraised entity currently has no financing plans, and its capital structure is relatively stable. Furthermore, the profit forecasts made by management were based on the premise of maintaining a stable capital structure. Therefore, this valuation uses the entity's own stable capital structure as at the valuation date to calculate the discount rate for future years. When calculating the capital structure, the values of equity and debt are estimated based on their market values.

4. Determination of the Beta Coefficient

Based on the stocks of Shanghai and Shenzhen-listed companies in the Shenwan Photovoltaic Power Generation industry, and considering the comparability of the subject company with comparable companies in terms of business type, company scale, profitability, growth potential, industry competitiveness, and stage of development , appropriate comparable companies were selected.Using the SSE Composite Index as the benchmark index, and after querying the Tonghuashun financial data terminal, calculations are performed using market prices as at the valuation date, with a calculation period of 250 weeks prior to the valuation date. This yields the estimated beta coefficient (βu) for the comparable companies' stocks, which reflects the expected market risk coefficient without financial leverage. Based on the company's own capital structure, the expected market risk coefficient (β_e) for the equity capital of the appraised entity is then derived.

5. Determination of Specific Risk Coefficients

When determining the discount rate, specific risk factors must be considered based on differences between the subject company and listed companies in terms of company size, stage of development, core competitiveness, reliance on major customers and key suppliers, financing capacity and costs, and the robustness of profit forecasts. During the valuation process, the appraiser conducted a comparative analysis between the company and comparable listed companies, resulting in a specific risk factor of $\varepsilon = 0.60\%$.

6. Determination of the Expected Rate of Return on Debt (r_d)

The expected return on debt (r_d) represents the cost of capital for the enterprise's debt financing. The capital structure adopted in this valuation is the enterprise's own capital structure. Adhering to the principle of matching debt costs with the capital structure, the expected return on debt is determined based on the weighted average cost of capital for the enterprise's debt. As at the valuation date, the appraised entity had no interest-bearing debt.

7. Calculation of the WACC

Using the parameters obtained above into the formula yields the discount rate as shown in the table below:

Discount Rate Calculation Table

	November–December 2025	**2026 and Beyond**
Equity Ratio	100.00%	100.00%
Debt Ratio	0.00%	0.00%
Weighted Average Interest Rate on Loans	0.56%	0.00%
Treasury bond yield	1.80%	1.80%
Peer Company Yield (Market Expected Return)	9.62%	9.62%
Applicable tax rate	25.00%	25.00%
Historical Beta	0.6449	0.6449
Adjusted Beta	0.7620	0.7620
Unleveraged beta	0.5210	0.5210
Equity beta	0.5210	0.5210
Characteristic risk coefficient	0.60%	0.60%
Cost of equity	6.47%	6.47%
Cost of debt (after-tax)	0.42%	0.00%
WACC	6.47%	6.47%
Discount Rate	6.47%	6.47%

Determination of Future Earnings

1. Forecast of Operating Revenue

Operating revenue = Annual electricity sales revenue + Other business revenue

Annual electricity sales revenue = Annual settled electricity volume × On-grid tariff

Where:

Annual settled electricity volume = Actual installed capacity × Current-period power generation hours before degradation × Post-degradation efficiency × (1 − Overall loss rate)

(1) Forecast of Annual Settled Electricity Volume

(1) Installed Capacity

① As at the valuation date, the approved installed capacity of the project is 100 MW, and the actual installed capacity is 65 MW;

② The 35 MW capacity is expected to be reconstructed and completed on 31 May 2026, with an actual installed capacity of 35 MW.

(2) Power Generation Hours before Degradation

Power generation hours before degradation refer to the generation hours excluding the physical degradation effect of photovoltaic modules. The calculation formula is as follows:

Historical power generation hours before degradation = Electricity generation/Actual installed capacity/Post-degradation efficiency

Based on the historical operating data of the valued entity for 2022, 2023 and 2024, as well as enterprise forecasts, the valuers determine the power generation hours before degradation for the future income period. Details are as follows:

Forecast Table of Power Generation Hours before Degradation

		Historical power generation hours before degradation				Forecast power generation hours before degradation		
No.	Project	2022	2023	2024	January–October 2025	November–December 2025	2026	2027 and thereafter
1	65 MW photovoltaic project	1202.94	1222.51	1044.58	763.76	132.81	1091.65	1091.65
2	35 MW reconstructed photovoltaic project	–	–	–	–	–	636.79	1091.65

(3) Post-degradation Efficiency

Based on industry analysis and the project feasibility study report, this valuation adopts a degradation rate of 2.5% for the first year, followed by an annual degradation rate of 0.70% thereafter.

(4) Overall Loss Rate

In this valuation, the overall loss rate is determined to be 2.70%.

(2) Forecast of Electricity Tariff

Based on project approval documents, subsidy catalogues, and power purchase and sale agreements, and in combination with enterprise forecasts, the forecast tariffs for each project are as follows:

Approved On-grid Tariff and Government Subsidy Tariff Forecast

Unit: RMB/kWh

Project	Approved on-grid tariff (tax-inclusive)	Government subsidy tariff (tax-inclusive)
65 MW photovoltaic project	0.3515	0.6485
35 MW reconstructed photovoltaic project	0.3515	0.6485

Forecast of Composite On-grid Tariff (Tax-exclusive)

Unit: RMB/kWh

		Historical period				Forecast period	
No.	**Project**	**2022**	**2023**	**2024**	**January–October 2025**	**November–December 2025**	**2026 and thereafter**
1	65 MW photovoltaic project	0.3110	0.3059	0.2609	0.2882	0.2843	0.3111
2	35 MW reconstructed photovoltaic project	–	–	–	–	–	0.3111

(3) Forecast of Other Business Income

The valued entity's historical other business income mainly comprises sales of spare parts and consumables. According to enterprise interviews, such business is incidental in nature and does not constitute the principal business of the valued entity. Therefore, no forecast has been made in this valuation.

(4) Forecast of Operating Revenue

Based on the above, the operating revenue of Guizhou Xingye Green Energy Technology Co., Ltd. during the forecast period is set out in the table below:

Operating Revenue Forecast Table

Unit: RMB10,000

Item	**November–December 2025**	**2026**	**2027**	**2028**	**2029**	**2030**
Total revenue from principal business	672.02	7,431.22	8,635.17	8,569.25	8,503.33	8,437.42
Government subsidy revenue	449.40	4,819.14	5,599.91	5,557.16	5,514.41	5,471.66
Project name						
65 MW photovoltaic project						
Actual installed capacity (10,000 kW)	6.51	6.51	6.51	6.51	6.51	6.51
Power generation hours before degradation (h)	132.81	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65

Item	November–December 2025	2026	2027	2028	2029	2030
Post-degradation efficiency	93.10%	92.40%	91.70%	91.00%	90.30%	89.60%
Electricity generation (10,000 kWh)	804.80	6,565.65	6,515.91	6,466.17	6,416.43	6,366.69
Overall loss rate	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Settled electricity volume (10,000 kWh)	783.07	6,388.34	6,339.95	6,291.55	6,243.15	6,194.76
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	222.62	1,987.17	1,972.12	1,957.06	1,942.01	1,926.95
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.2843	0.3111	0.3111	0.3111	0.3111	0.3111
Settled electricity volume (10,000 kWh)	783.07	6,388.34	6,339.95	6,291.55	6,243.15	6,194.76
Government subsidy revenue	449.40	4,819.14	5,599.91	5,557.16	5,514.41	5,471.66
Government subsidy tariff (RMB/kWh) tax-exclusive	0.5739	0.5739	0.5739	0.5739	0.5739	0.5739
Current-period subsidised electricity volume (10,000 kWh)	783.07	8,397.28	9,757.74	9,683.25	9,608.77	9,534.28
Subtotal of revenue	672.02	6,806.31	7,572.02	7,514.22	7,456.42	7,398.62
Project name						
35 MW reconstructed photovoltaic project						
Actual installed capacity (10,000 kW)	–	3.51	3.51	3.51	3.51	3.51
Power generation hours before degradation (h)	–	636.79	1,091.65	1,091.65	1,091.65	1,091.65
Post-degradation efficiency	93.10%	92.40%	91.70%	91.00%	90.30%	89.60%
Electricity generation (10,000 kWh)	–	2,064.69	3,512.66	3,485.84	3,459.03	3,432.21
Overall loss rate	0.00%	2.70%	2.70%	2.70%	2.70%	2.70%
Settled electricity volume (10,000 kWh)	–	2,008.93	3,417.80	3,391.71	3,365.62	3,339.53
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	–	624.90	1,063.15	1,055.03	1,046.91	1,038.80

Item	November–December 2025	2026	2027	2028	2029	2030
Composite on-grid tariff (RMB/kWh) tax-exclusive	–	0.31	0.31	0.31	0.31	0.31
Settled electricity volume (10,000 kWh)	–	2,008.93	3,417.80	3,391.71	3,365.62	3,339.53
Subtotal of revenue	–	624.90	1,063.15	1,055.03	1,046.91	1,038.80

Item	**2031**	**2032**	**2033**	**2034**	**2035**	**2036**
Total revenue from principal business	8,371.50	8,305.58	8,239.67	8,173.75	8,107.83	5,434.32
Government subsidy revenue	5,428.92	5,386.17	5,343.42	5,300.68	5,257.93	2,607.59
Project name						
65 MW photovoltaic project						
Actual installed capacity (10,000 kW)	6.51	6.51	6.51	6.51	6.51	6.51
Power generation hours before degradation (h)	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65
Post-degradation efficiency	88.90%	88.20%	87.50%	86.80%	86.10%	85.40%
Electricity generation (10,000 kWh)	6,316.95	6,267.21	6,217.47	6,167.73	6,117.99	6,068.25
Overall loss rate	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Settled electricity volume (10,000 kWh)	6,146.36	6,097.96	6,049.57	6,001.17	5,952.77	5,904.38
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	1,911.90	1,896.84	1,881.79	1,866.74	1,851.68	1,836.63
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.3111	0.3111	0.3111	0.3111	0.3111	0.3111
Settled electricity volume (10,000 kWh)	6,146.36	6,097.96	6,049.57	6,001.17	5,952.77	5,904.38

Item	2031	2032	2033	2034	2035	2036
Government subsidy revenue	5,428.92	5,386.17	5,343.42	5,300.68	5,257.93	2,607.59
Government subsidy tariff (RMB/kWh) tax-exclusive	0.5739	0.5739	0.5739	0.5739	0.5739	0.5739
Current-period subsidised electricity volume (10,000 kWh)	9,459.79	9,385.31	9,310.82	9,236.33	9,161.85	4,543.68
Subtotal of revenue	7,340.82	7,283.01	7,225.21	7,167.41	7,109.61	4,444.22
Project name						
35 MW reconstructed photovoltaic project						
Actual installed capacity (10,000 kW)	3.51	3.51	3.51	3.51	3.51	3.51
Power generation hours before degradation (h)	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65
Post-degradation efficiency	88.90%	88.20%	87.50%	86.80%	86.10%	85.40%
Electricity generation (10,000 kWh)	3,405.40	3,378.58	3,351.77	3,324.96	3,298.14	3,271.33
Overall loss rate	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Settled electricity volume (10,000 kWh)	3,313.44	3,287.35	3,261.26	3,235.17	3,209.08	3,182.99
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	1,030.68	1,022.57	1,014.45	1,006.34	998.22	990.11
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.31	0.31	0.31	0.31	0.31	0.31
Settled electricity volume (10,000 kWh)	3,313.44	3,287.35	3,261.26	3,235.17	3,209.08	3,182.99
Subtotal of revenue	1,030.68	1,022.57	1,014.45	1,006.34	998.22	990.11

Item	2037	2038	2039	2040	2041
Total revenue from principal business	2,803.56	2,780.39	2,757.22	2,734.05	2,710.88
Government subsidy revenue	–	–	–	–	–
Project name					
65 MW photovoltaic project					
Actual installed capacity (10,000 kW)	6.51	6.51	6.51	6.51	6.51
Power generation hours before degradation (h)	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65
Post-degradation efficiency	84.70%	84.00%	83.30%	82.60%	81.90%
Electricity generation (10,000 kWh)	6,018.51	5,968.77	5,919.03	5,869.29	5,819.55
Overall loss rate	2.70%	2.70%	2.70%	2.70%	2.70%
Settled electricity volume (10,000 kWh)	5,855.98	5,807.58	5,759.19	5,710.79	5,662.39
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	1,821.57	1,806.52	1,791.46	1,776.41	1,761.36
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.3111	0.3111	0.3111	0.3111	0.3111
Settled electricity volume (10,000 kWh)	5,855.98	5,807.58	5,759.19	5,710.79	5,662.39
Government subsidy revenue	–	–	–	–	–
Government subsidy tariff (RMB/kWh) tax-exclusive	0.5739	0.5739	0.5739	0.5739	0.5739
Current-period subsidised electricity volume (10,000 kWh)	–	–	–	–	–
Subtotal of revenue	1,821.57	1,806.52	1,791.46	1,776.41	1,761.36

Item	2037	2038	2039	2040	2041
Project name					
35 MW reconstructed photovoltaic project					
Actual installed capacity (10,000 kW)	3.51	3.51	3.51	3.51	3.51
Power generation hours before degradation (h)	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65
Post-degradation efficiency	84.70%	84.00%	83.30%	82.60%	81.90%
Electricity generation (10,000 kWh)	3,244.51	3,217.70	3,190.89	3,164.07	3,137.26
Overall loss rate	2.70%	2.70%	2.70%	2.70%	2.70%
Settled electricity volume (10,000 kWh)	3,156.90	3,130.81	3,104.72	3,078.63	3,052.54
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	981.99	973.87	965.76	957.64	949.53
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.31	0.31	0.31	0.31	0.31
Settled electricity volume (10,000 kWh)	3,156.90	3,130.81	3,104.72	3,078.63	3,052.54
Subtotal of revenue	981.99	973.87	965.76	957.64	949.53

2. Forecast of Operating Costs

The operating costs of the valued entity mainly include travel expenses, staff remuneration, depreciation, utilities, service fees, maintenance and repair expenses, lease expenses, commercial insurance, weed control costs, data communication fees, office expenses, low-value consumables, spare parts and consumables, compensation for young crops (long-term deferred expenses), and others. The forecast assumptions are as follows:

(1) Travel expenses and staff remuneration: Forecast with reference to historical levels.

(2) Depreciation: This mainly relates to the depreciation of fixed assets of the power station. In this valuation, depreciation included in operating costs is forecast based on the original book value of various fixed assets of the enterprise as at the valuation date and the amount of future planned capital expenditure. The depreciation to be recognised over the income period is calculated in accordance with the valued entity's prevailing accounting policies.

(3) Maintenance and repair expenses: Forecast with reference to the historical average level. Considering the expected increase in maintenance costs in later years, an increase of 5% every five years is assumed.

(4) Lease expenses: Lease expenses include land-use right rentals recognised under right-of-use assets, which are used for the production area of the photovoltaic project (panel area). In this valuation, the forecast is based on the power station lease agreement as at the valuation date, and right-of-use assets are no longer considered in depreciation.

As at the valuation date, the 35 MW reconstruction project requires relocation, and the land lease agreement has not yet been executed. Based on data provided by the client, lease expenses for the 35 MW reconstruction project are forecast based on the leasing of 622 mu of land at RMB500 per mu, with an increase of 10% every five years.

(5) Other expenses are forecast based on historical levels.

The forecast results for operating costs of the valued entity are set out in the net cash flow forecast table.

3. Forecast of Taxes and Surcharges

The taxes and surcharges of the valued entity mainly include urban maintenance and construction tax, educational surcharge, local educational surcharge, stamp duty, and others.

According to the *Interim Regulations of the People's Republic of China on Urban Maintenance and Construction Tax* and the *Decision of the State Council on Amending the Interim Provisions on the Collection of Educational Surcharges*, the applicable urban maintenance and construction tax rate is 7%, and the educational surcharge (including local educational surcharge) rate is 5%. The surcharges are forecast based on the input VAT and output VAT for each year of the forecast period of the valued entity, with each type of surcharge calculated separately according to its respective formula. Stamp duty is forecast at 0.03% of the total contract value.

The forecast results of taxes and surcharges are set out in the enterprise free cash flow forecast table.

4. Forecast of Period Expenses

(1) Selling Expenses

The valued entity has no selling expenses.

(2) Administrative Expenses

The administrative expenses of the valued entity mainly include business entertainment expenses, intermediary fees, and service fees. Administrative expenses are forecast based on historical levels. Considering the addition of the 35 MW project in 2026, a growth rate of 3% is applied, and the expenses remain unchanged in subsequent years. The detailed forecast is set out in the future cash flow forecast table.

(3) R&D Expenses

The valued entity has no R&D expenses.

(4) Finance Expenses

The finance expenses of the valued entity mainly consist of interest on borrowings. The relevant borrowings are intra-group loans between the valued entity and Beijing Jingyuntong Technology Co., Ltd. In this valuation, future annual interest expenses are forecast based on the enterprise's future borrowing and repayment plans, interest rates, and other relevant factors. The detailed forecast results are set out in the enterprise free cash flow forecast table.

5. Forecast of Income Tax

Enterprise income tax is a tax levied on the production and operation income and other income of domestic enterprises and operating entities in China. The applicable income tax rate of the valued entity is 25%.

In this valuation, the forecast of income tax is based on the projected total profit of the valued entity for each future year. After taking into account relevant tax adjustment items (both additions and deductions), the taxable income for each future year is determined. The income tax expense for each future year is then estimated based on the applicable enterprise income tax rate. The forecast results are set out in the enterprise free cash flow forecast table.

6. Forecast of Depreciation and Amortisation

(1) Depreciation Forecast

The valued entity's fixed assets mainly include machinery and equipment, transport equipment, and electronic office equipment. Fixed assets are stated at their actual cost at the time of acquisition. In this valuation, the 65 MW main machinery and equipment are depreciated over a useful life of 20 years with a residual value rate of 5.00%. The 55 MW main machinery and equipment are depreciated over a useful life of 16 years with a residual value rate of 5.00%. Other machinery and equipment are depreciated over a useful life of 10 years with a residual value rate of 5.00%. Transport equipment and electronic office equipment are depreciated over a useful life of 5 years with a residual value rate of 5.00%. Depreciation over the future income period is estimated based on the audited original book value of assets as at the valuation date, future capital expenditure, and the enterprise's current accounting policies.

Lease expenses related to right-of-use assets have been included in operating costs; therefore, no depreciation for right-of-use assets is considered. The depreciation forecast results are set out in the enterprise free cash flow forecast table.

(2) Amortisation Forecast

In this valuation, amortisation is forecast in accordance with the valued entity's applicable amortisation policies, based on the audited original book value of long-term deferred expenses as at the valuation date and their amortisation periods, to estimate amortisation expenses for each future year. The forecast results are set out in the enterprise free cash flow forecast table.

7. Additional Capital Forecast

Additional capital refers to the incremental working capital required by an enterprise without changing its current operating and production conditions, as well as long-term capital investments with a maturity of more than one year, such as capital expenditure for capacity expansion (purchase of fixed assets or other non-current assets), incremental working capital required, and asset replacement investment necessary for ongoing operations.

In this valuation, it is assumed that the valued entity will not undertake further capital investment to expand its existing operating capacity. Additional capital over the future operating period mainly consists of replacement investment for existing assets as at the valuation date and incremental working capital required for ongoing operations. Accordingly, additional capital in this report is defined as:

Additional capital = Asset replacement investment + Incremental working capital + Capital expenditure – Government subsidy recovery

(1) Estimation of Asset Replacement Investment

Based on the assumptions and basis for earnings forecast, only replacement investment necessary to maintain post-expansion production and operation is required in future years. As the valued entity operates within a finite income period, maintenance and repair expenses required for the normal operation of major power generation equipment have already been included in operating costs; therefore, such expenses are not included again in asset replacement to avoid duplication. Other equipment is considered for replacement investment upon expiry of useful life.

(2) Estimation of Incremental Working Capital

Incremental working capital refers to the additional working capital required to maintain ongoing operations without changing the principal business conditions, including cash required for normal operations, inventory purchases, advances on behalf of customers (accounts receivable), and accounts payable. The incremental working capital reflects cash occupied through trade credit arising from changes in business activities, as well as cash and inventory required to maintain normal operations. At the same time, trade credit provided in economic activities reduces immediate cash outflows. Other receivables and other payables are generally related to non-operating or temporary transactions and are assessed separately based on their relevance to the operating business. Therefore, in principle, the estimation of the increase in working capital only considers key factors such as cash required for normal operations, accounts receivable, inventories, and accounts payable. In this report, incremental working capital is defined as:

Incremental working capital = Current-period working capital – Prior-period working capital

Where:

Working capital = Operating working capital

Operating working capital = Minimum cash balance + Operating receivables (net of government subsidy) + Inventories – Operating payables

For operating working capital, as these items all constitute operating assets of the enterprise and are highly correlated with revenue, operating working capital during the forecast period is forecast based on the historical ratio of working capital to revenue.

(3) Estimation of Capital Expenditure

According to information provided by the client, the 35 MW dismantled portion of the Liupanshui Wangjiazhai 100 MW Photovoltaic Power Station Project will be reconstructed by Shuifa Green Energy Co., Ltd., and is expected to be completed before 31 May 2026. The total reconstruction cost is estimated at RMB20 million.

Except for the above, no further capital investment will be made to the existing operating capacity, and no other expansion-related capital expenditure is considered.

(4) Government Subsidy Recovery

Based on historical government subsidy recovery patterns and the valuation assumptions, a recovery period of three years is applied in this valuation.

Government subsidy recovery = Opening balance of government subsidy receivables – Closing balance of government subsidy receivables

8. Recovery of Assets at the End of the Operating Period

Upon expiry of the 25-year operating period, the photovoltaic power station, owned by the valued entity, will be dismantled by the valued entity. Therefore, this valuation considers the residual value recovery of the photovoltaic power station at the end of the operating period.

For working capital, the entire amount of working capital invested in the final year of the operating period is assumed to be fully recovered. For fixed assets, after taking into account forecast capital expenditure, asset replacement, and depreciation, and considering the effect of the discounting period, the assets are recovered at their carrying value at the end of the operating period. The forecast results are set out in the net cash flow forecast table.

9. Cash Flow Forecast Results

The forecast results of the valued entity's net cash flows over the future operating period are set out in the table below. In this valuation, the forecast of future earnings is primarily based on industry research and analysis, combined with a comprehensive assessment of the operating conditions of comparable companies, market demand, and future industry development trends, and reflects a professional judgement. In the forecast, no consideration is given to uncertain non-operating income and expenses, subsidy income, or gains and losses arising from other non-recurring items.

Forecast Table of Future Net Cash Flows

Unit: RMB10,000

Item	November–December 2025	2026	2027	2028	2029	2030
I. Total operating revenue	672.02	7,431.22	8,635.17	8,569.25	8,503.33	8,437.42
II. Total operating costs	333.79	3,049.45	4,177.00	4,175.55	4,174.40	4,179.70
Of which: operating costs	315.84	2,946.22	4,023.27	4,022.85	4,022.85	4,029.12

Item	November–December 2025	2026	2027	2028	2029	2030
Taxes and surcharges	0.85	86.00	136.50	135.47	134.32	133.35
Selling expenses	–	–	–	–	–	–
Administrative expenses	–	17.23	17.23	17.23	17.23	17.23
R&D expenses	–	–	–	–	–	–
Finance expenses	17.11	–	–	–	–	–
III. Operating profit	338.23	4,381.77	4,458.17	4,393.70	4,328.94	4,257.72
Add: non-operating income	–	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–	–
IV. Total profit	338.23	4,381.77	4,458.17	4,393.70	4,328.94	4,257.72
Less: income tax expenses	84.56	1,096.93	1,116.03	1,099.91	1,083.72	1,065.92
V. Net profit	253.67	3,284.84	3,342.14	3,293.79	3,245.22	3,191.80
Add: depreciation and amortisation	309.36	2,399.86	3,423.16	3,422.75	3,422.75	3,422.75
Add: after-tax interest	12.84	–	–	–	–	–
Less: incremental working capital	29.44	245.59	95.41	(5.22)	(5.22)	(5.22)
Less: asset replacement	–	–	1.31	–	6.99	–
Less: capital expenditure	–	2,000.00	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–	–
Add: government subsidy recovery	(466.36)	(5,445.63)	30,804.72	(2,846.22)	(785.65)	144.91
Add: long-term asset recovery	–	–	–	–	–	–
Add: working capital recovery	–	–	–	–	–	–
VI. Enterprise free cash flow	80.07	(2,006.53)	37,473.30	3,875.54	5,880.54	6,764.69

Item	2031	2032	2033	2034	2035	2036
I. Total operating revenue	8,371.50	8,305.58	8,239.67	8,173.75	8,107.83	5,434.32
II. Total operating costs	4,178.65	4,181.36	4,180.33	4,179.29	2,938.67	2,170.00
Of which: operating costs	4,029.12	4,032.94	4,032.94	4,032.94	2,793.78	2,067.84
Taxes and surcharges	132.30	131.19	130.16	129.12	127.66	84.94
Selling expenses	–	–	–	–	–	–
Administrative expenses	17.23	17.23	17.23	17.23	17.23	17.23
R&D expenses	–	–	–	–	–	–
Finance expenses	–	–	–	–	–	–
III. Operating profit	4,192.85	4,124.22	4,059.33	3,994.46	5,169.16	3,264.32
Add: non-operating income	–	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–	–
IV. Total profit	4,192.85	4,124.22	4,059.33	3,994.46	5,169.16	3,264.32
Less: income tax expenses	1,049.70	1,032.54	1,016.32	1,000.10	1,293.78	817.57
V. Net profit	3,143.15	3,091.68	3,043.01	2,994.36	3,875.38	2,446.75
Add: depreciation and amortisation	3,422.75	3,422.75	3,422.75	3,422.75	2,176.86	1,450.92
Add: after-tax interest	–	–	–	–	–	–
Less: incremental working capital	(5.22)	(5.22)	(5.22)	(5.22)	(5.22)	(5.22)
Less: asset replacement	–	1.31	–	–	–	–
Less: capital expenditure	–	–	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–	–
Add: government subsidy recovery	144.91	144.91	144.91	144.91	144.91	3,091.49
Add: long-term asset recovery	–	–	–	–	–	–
Add: working capital recovery	–	–	–	–	–	–
VI. Enterprise free cash flow	6,716.04	6,663.25	6,615.89	6,567.24	6,202.38	6,994.39

Item	2037	2038	2039	2040	2041
I. Total operating revenue	2,803.56	2,780.39	2,757.22	2,734.05	2,710.88
II. Total operating costs	2,132.55	2,132.20	2,131.73	2,138.65	4,665.34
Of which: operating costs	2,072.29	2,072.29	2,072.29	2,079.50	4,606.09
Taxes and surcharges	43.04	42.69	42.21	41.92	42.02
Selling expenses	–	–	–	–	–
Administrative expenses	17.23	17.23	17.23	17.23	17.23
R&D expenses	–	–	–	–	–
Finance expenses	–	–	–	–	–
III. Operating profit	671.01	648.19	625.50	595.40	(1,954.45)
Add: non-operating income	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–
IV. Total profit	671.01	648.19	625.50	595.40	(1,954.45)
Less: income tax expenses	169.24	163.53	157.86	150.34	–
V. Net profit	501.77	484.65	467.63	445.06	(1,954.45)
Add: depreciation and amortisation	1,450.92	1,450.92	1,450.92	1,450.92	1,450.92
Add: after-tax interest	–	–	–	–	–
Less: incremental working capital	(5.22)	(5.22)	(5.22)	(5.22)	(5.22)
Less: asset replacement	1.31	–	6.99	–	–
Less: capital expenditure	–	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–
Add: government subsidy recovery	5,989.76	5,941.46	2,946.58	–	–
Add: long-term asset recovery	–	–	–	–	4,330.29
Add: working capital recovery	–	–	–	–	611.21
VI. Enterprise free cash flow	7,946.36	7,882.25	4,863.36	1,901.21	4,443.19

Key factors affecting and further information in relation to the valuations

Level of forecasted expenses is in line with historical track record

The valuation assumed that the various expenses of the Target Company will continue to be incurred in accordance with the operating plan and business needs as of the valuation date during the future operating period. The main reason for cost fluctuations during the forecast period is the impact of depreciation, which is related to the Target Company's operating plan for the 35MW capacity. After excluding the impact of depreciation, the cost level in the forecast period is similar to that in the historical period.

Delay of reconstruction period and revenue generation of the 35MW capacity

Delays in the reconstruction in respect of the 35MW capacity will result in a net loss for the corresponding equipment during the period of delay. If the reconstruction period is significantly delayed, it will affect the present value of net profit. Reconstruction of the 35MW capacity affects the timing of investment expenditures, as well as the timing and period of returns on those expenditures. If the reconstruction period is significantly delayed, it will affect the present value of net profit. While there is not expected to be material delay in the reconstruction and the generation of revenue, it is believed that the implications would not be significant.

In the second valuation, it was assumed that (i) by reason of the national tariff verification, the 35MW project will feed electricity into the grid and generate revenue from June 2026; and capital expenditures is expected to increase by RMB20 million (excluding value-added tax) in 2026; and (ii) recovery of national tariff commencing in 2027, with all national tariff prior to 2024 recovered in that same year.

Based on the Company's assessment, assuming completion of reconstruction of the 35MW project and grid connection and revenue generation (together with the capital expenditures of RMB20 million) will be delayed to 2027 and the recovery of national tariff will be delayed to 2028, the valuation of the Target Equity Interest would only decrease by an immaterial amount.

Having considered the progress of the reconstruction detailed in the section headed "Reasons for and Benefits of the Acquisition" in this circular and the conclusion of the Company that there is no material impediment to the passing of the national tariff verification, the Company considers that the assumptions adopted in the valuations are fair and reasonable. With the analysis above, the impact was not significant even if there is a relatively significant delay in completion of the reconstruction and recovery of national tariff for around one year. Taking into account the benefits including but not limited to the avoidance of significant compensation under the Litigation (with a claim amount of approximately RMB361 million) and the waiver of the Debts in a substantial amount (RMB133.1 million) by the Vendors, the relatively mild risk and insignificant depreciation in value associated with a potential delay are clearly outweighed by such benefits.

National tariff

The valuations were based on the assumption that the Liupanshui Project will pass the national tariff verification.

The initial approved capacity of the Liupanshui Project was 100MW in the registration obtained with the relevant authority. Following the dismantlement of the 35MW capacity, the actual capacity of the Liupanshui Project (i.e. 65MW) had become inconsistent with the approved capacity (i.e. 100MW) in the registration. Therefore, in order to resume payment of national tariff, the Target Company is required to pass a national tariff verification to ensure that the indicators of the Liupanshui Project satisfy the requirements in the registration. Before 2021 (i.e. roughly the time of the dismantlement of the 35MW capacity), the Target Company had received national tariff in respect of the Liupanshui Project. It is expected that, following the completion of the reconstruction of the 35MW capacity and the restoration of the installed capacity of the Liupanshui Project to 100MW (which is currently expected to fall in September 2026), the indicators of the Liupanshui Project will come to be in line with the requirements in the registration. By then, it is expected that there will be no material impediment to the passing of the national tariff verification and the subsequent resumption of payment of national tariff. Therefore, the valuations were conducted on the basis that national tariff will be calculated normally during the verification period and will be given in a normal manner after the national tariff verification is passed.

Please refer to above paragraph entitled "Delay of reconstruction period and revenue generation of the 35MW capacity" for an analysis on the impact of a delay in recovery of national tariff.

Operating cycles of the 35MW capacity and the 65MW capacity

According to the reconstruction plan, existing facilities (which had been dismantled) will be reinstalled for the purpose of reconstruction. The lifespan of the equipment is closely related to their economic lifespan. A prudent approach was adopted in the valuations, and the same economic lifespan was applied to both the reconstructed and existing equipment. The principal business of the Target Company is photovoltaic power generation. The economic lifespan of the main equipment in a photovoltaic generator set is generally 25 years. As at the valuation dates, the Target Company was operating normally. Due to land use issues, a total capacity of 35MW was dismantled in 2021 and 2022. As at the valuation dates, the actual installed capacity of the Liupanshui Project was 65MW, and the dismantled facilities for the 35MW part had been kept properly by the Target Company. Shuifa Green Energy will be responsible for the reconstruction. New parcels of land which meet policy requirements have been selected, and the relevant regulatory procedures are underway. It is expected that the reconstruction will be completed and grid connection and power generation will be resumed. In view of the above, the revenue period of the Target Company is a period with limited number of years. The revenue period for the 65MW capacity is from the valuation dates to 31 December 2041 (25 years from the date of obtaining revenue from grid connection). The 35MW capacity to be reconstructed and the 65MW capacity arise from the same project, and hence the revenue period of the 35MW capacity is consistent with that of 65MW, i.e. from the valuation dates to 31 December 2041.

Electricity fee

The valuations were conducted one year following the valuation dates. Therefore, the forecast data was adjusted to reflect the Target Company's actual operating performance. Electricity price fluctuations were mainly affected by peak-capacity adjustment costs. Taking into account the uncertainty associated with prediction given that the Liupanshui Project receives national tariff and the impact of peak-capacity adjustment, the tax-exclusive benchmark price (i.e. RMB0.3111/kWh) was adopted for subsequent electricity price forecast.

The benchmark electricity price refers to the "benchmark on-grid price for coal-fired power generation" (燃煤發電標杆上網電價). It is a unified and regionally determined benchmark price for on-grid transactions of coal-fired power generation modules, determined by the national and provincial development and reform departments taking into account factors such as coal costs, electricity load, regional economic differences, and energy policies in each province. The benchmark electricity price is the legal benchmark reference price for various sources of power (e.g. photovoltaics, wind power, biomass, hydropower, and other renewable energy sources) in each province.

The current benchmark electricity price (tax inclusive) in Guizhou (where the Liupanshui Project is located) is RMB0.3515/kWh, which applies to the Liupanshui Project in its on-grid electricity sales. Taking into account the value-added-tax in the electricity industry of 13%, the benchmark electricity price (tax exclusive) is RMB0.3111/kWh (i.e. RMB0.3515 / (1 + 13%) = RMB0.3111).

Reduction of national subsidies

According to the Supplementary Notice on Relevant Matters Concerning the "Several Opinions on Promoting the Healthy Development of Non-Hydropower Renewable Energy Power Generation" (Cai Jian [2020] No. 426) (《關於促進非水可再生能源發電健康發展的若干意見》有關事項的補充通知(財建[2020]426號)), the reasonable utilization hours for the entire life cycle of photovoltaic power generation projects in resource zones of categories I, II, and III are 32,000 hours, 26,000 hours, and 22,000 hours, respectively. For projects included in the renewable energy power generation tariff list, wind power and photovoltaic power generation projects will no longer enjoy central government subsidies after 20 years from the date of grid connection, regardless of whether the project has reached the electricity amount in respect of full life cycle tariff. The first grid connection time of the Liupanshui Project in the filings was June 2016. Based on the 20-year national tariff period, the national tariff will be available until June 2036.

Finance costs incurred

With respect to the first valuation, the key borrowings of Target Company were from Vendor A. It was agreed that the Target Company should pay in full the principal and interest after the equity transfer of the Target Company, after which there will be no borrowings between the Target Company and Vendor A. The borrowings would subsequently be converted into

interest-free loans from the Group to the Target Company. Therefore, financing costs were not considered subsequently. In the second valuation, Vendor A and the Company agreed to the waiver of debt in the Equity Transfer Agreement. In November 2025, the Company paid the Debt for the Target Company to Vendor A. The Target Company's interest-bearing loan from Vendor A has been converted into an interest-free advance from its parent company. Hence, financing costs were not considered subsequently.

Fixed assets and construction in progress

The appraised values of the fixed assets and construction in progress are far lower than their net book values. This is primarily attributable to the fact that the book values of the fixed assets and construction in progress are mainly based on historical purchase and construction costs. In the early stages of the Liupanshui Project, the purchase prices of photovoltaic modules were high. Due to factors such as generational upgrades in technologies in the industry and capacity upgrades, the market price of photovoltaic modules had fallen sharply as at the valuation dates, resulting in a depreciation of value in fixed assets and construction in progress based on the asset-based approach. While income approach was finally adopted for both valuations for the Target Equity Interest (which is predominantly based on the overall operating income of the Liupanshui Project), the appraised values of the Target Equity Interest were not subject to depreciation.

Confirmations

Rongcheng (Hong Kong) CPA Limited, being the Company's auditors, have reviewed and reported to the Directors in respect of the compilation of the discounted cash flows in connection with the valuations of the Target Company prepared by the Valuer used in the First Valuation Report and the Second Valuation Report, which do not involve the adoption of accounting policies.

The Directors confirm that the fair valuations of the Target Company as at the First Valuation Date in the First Valuation Report and the Second Valuation Date in the Second Valuation Report, which constitute profit forecasts under Rule 14.61 of the Listing Rules, have been made after due and careful enquiry.

In respect of the First Valuation Report, a letter from Rongcheng (Hong Kong) CPA Limited in compliance with Rule 14.60A(2) of the Listing Rules is included in Appendix VII to this circular; and a letter from the Board in compliance with Rule 14.60A(3) of the Listing Rules is included in Appendix VIII to this circular. In respect of the Second Valuation Report, a letter from Rongcheng (Hong Kong) CPA Limited in compliance with Rule 14.60A(2) of the Listing Rules is included in Appendix IX to this circular; and a letter from the Board in compliance with Rule 14.60A(3) of the Listing Rules in relation to the Second Valuation Report is included in Appendix X to this circular.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. It is principally engaged in maintenance and management of photovoltaic power station and sale of electricity.

As at the date of the Announcement, the registered capital and shareholding structure of the Target Company were as follows:

Name of the shareholder	Registered capital *RMB*	Shareholding percentage
Vendor A	230,000,000	99.1379%
Vendor B	2,000,000	0.8621%
Total	232,000,000	100%

Financial information of the Target Company

Set out below is the financial information of the Target Company for the two years ended 31 December 2023 and 31 December 2024, respectively, and for the ten months ended 31 October 2025, as extracted from Appendix II to this circular:

	For the ten months ended 31 October 2025	For the year ended 31 December 2024	2023
	RMB'000 (audited)	*RMB'000* (audited)	*RMB'000* (audited)
Net profits (before taxation)	4,907	14,881	13,365
Net profits (after taxation)	3,680	12,776	9,992

As at 31 October 2025, the audited net asset value of the Target Company was approximately RMB380.0 million.

Following Completion and as at the Latest Practicable Date, the Company owns 100% equity interest in the Target Company. The Target Company is a wholly-owned subsidiary of the Company, and the financial results of the Target Company are consolidated into the financial statements of the Group.

The Accountant's Report of the Target Company is set out in Appendix II to this circular.

The total cost of the reconstruction of the 35MW photovoltaic facilities of approximately RMB20 million was estimated based on a budget prepared with reference to the breakdown of the items of work to be done. The key items include the relocation of existing equipment, reconstruction of mounting systems, reinstallation of photovoltaic modules, replacement of auxiliary materials, as well as procedures relating to land use permit, and management and other ancillary costs. As the reconstruction involves only restoration of facilities using previously dismantled facilities and equipment, no further substantial capital investment (e.g. photovoltaic modules, mounting systems, or main electrical equipment) is required. The Target Company has reached a preliminary consensus with an independent third-party finance lease financier on the intent of a project financing, which will be sufficient to cover the reconstruction costs. With regard to the funds expected to be raised under the financing plan of the Group and the internal funds from the operations of the Group, the Company sees no material impediment in providing financial support to the Target Company, should the Target Company be unable to obtain financing on its own. The reconstruction is expected to be completed in full by the end of September 2026. There is expected to be no material impediment in the financing of the reconstruction costs. Following completion of the reconstruction, the Liupanshui Project will resume operation at the capacity of 100MW. It is expected that the Target Company will recognise annual income from electricity sales (excluding national tariff). The Company considers that the business model of the Liupanshui Project is mature and stable, with sustainable power generation revenue and stable profitability. It is therefore expected that the Target Company will be able to continue as a going concern.

INFORMATION OF THE PARTIES

Information of the Group and the Company

The Company is a company incorporated in Bermuda with limited liability. The Group is a professional renewable energy and green construction solution provider. Its principal businesses are design, construction, operation and maintenance of curtain wall, green building and renewable energy projects (including Building Integrated Photovoltaic (BIPV), distributable and concentrated solar projects and wind power projects). The Group also has certain solar power station projects, which provide stable cash flow for the Group.

Information of the Vendors

Vendor A is a joint stock company established in the PRC with limited liability and is listed on the Shanghai Stock Exchange (stock code: 601908). It is principally engaged in high-end equipment manufacturing, new energy power generation and new materials operations. Based on public information, the ultimate beneficial owner of Vendor A is Mr. Feng Huanpei (馮煥培), who is interested in approximately 45.97% of the equity interest in Vendor A.

Vendor B is a company established in the PRC with limited liability and a wholly-owned subsidiary of Vendor A. It is principally engaged in the provision of technical services.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Equity Transfer Agreement represents a settlement proposal of the Litigation. Vendor A and the Target Company (as plaintiffs) have instigated the Litigation against Shuifa Green Energy (as defendant) in relation to alleged breaches of the EPC Documents in 2023.

Pursuant to the EPC Documents, it was agreed that, amongst others, (i) the Group shall provide EPC services to the Target Company at the contract price of approximately RMB705 million; and (ii) Vendor A shall provide an entrustment loan to the Target Company in the amount of approximately RMB343 million. The "Build-Transfer (BT)" model was adopted in the Liupanshui Project, in respect of which the Group shall set up a subsidiary (i.e. the Target Company) to hold the Liupanshui Project, which was to be developed and constructed by the Group. After completion of the EPC services, the Group shall then transfer the Target Company (together with the completed Liupanshui Project) to the Vendor. It was therefore also agreed in the EPC Documents that upon completion of the construction of the Liupanshui Project, Shuifa Green Energy shall transfer 100% equity interest in the Target Company to Vendor A. As an EPC service provider, it was Shuifa Green Energy's obligation in the EPC Documents to obtain the parcel of land required for the Liupanshui Project, complete planning, lease and approval procedures in respect of the land, and ensure that there will be no risk associated with the use of the land. Pursuant to the EPC Documents, Shuifa Green Energy has, amongst others, (i) undertaken to complete all governmental approval procedures and power generation feed-in procedures; and (ii) agreed to compensate Vendor A for all damages arising from issues relating to the occupation of land. The initial EPC Documents were entered into in 2016 and the Liupanshui Project commenced full-capacity grid connection and generation of electricity in 2018. The relevant authority has issued notices to the Target Company in 2020 and 2022 stating that the Target Company has occupied rural land (for agricultural use) with a total area of 800 mu without approval. In 2021 and 2022, the relevant facilities of the Liupanshui Project on the aforementioned rural land (for agricultural use) have been demolished, after which the project was only operating at the capacity of 65MW. Vendor A and the Target Company claimed in the Litigation for approximately RMB361 million, comprising: (i) damages arising from the demolishment of power station in the amount of approximately RMB253 million; (ii) damages arising from loss of electricity sales in the amount of approximately RMB57 million; (iii) liquidated damages for the delay in power generation feed-in of approximately RMB34 million; (iv) interest; and (v) costs.

Based on the legal advice given by the Group's PRC legal advisers, having considered the evidence and merits of the case (which are not in favour of the Group), it is likely that the Group will be liable for substantial compensation in the Litigation (in particular, the Group is likely liable for the losses arising from the demolishment of power station in the amount of approximately RMB253 million and liquidated damage of RMB34 million and may be liable for the loss of electricity sales of approximately RMB57 million). Further, the Group also had legal advice given by the Group's PRC legal advisers that the Group may have maximum exposure up to RMB150 million in respect of loss of electricity sales as such losses would accumulate from the initiation of the Litigation (in June 2023) to the final determination of the Litigation. It is the Company's view that the Acquisition represents substantially a rescission of the transactions

under the EPC Documents, in relation to which the Company is only required to acquire the Target Equity Interest at its fair value and assume and repay the Debts of the Target Company due to the Vendors (which is the net amount of debts owing to the Vendors after deducting the debts in the amount of RMB133,125,800 waived by the Vendors), but will not be liable for any claims for damages or compensation arising from the Litigation as a result of the Acquisition being a final settlement of the Litigation. The Company considers that the settlement in the form of the Acquisition would help to avoid the damages likely payable by the Group and save costs that would otherwise arise if the Litigation is not settled, as well as contain the potential loss that may accumulate further as time passes. Moreover, following Completion of the Acquisition, funds and equity interest in subsidiaries of the Company subject to assets preservation by reason of the Litigation would be released, which would improve credit rating and alleviate pressure on the operations of the Group.

As the relevant facilities of the Liupanshui Project occupying rural land (for agricultural use) have been demolished (in respect of the 35MW portion), the Target Company is currently in the process of sourcing a new piece of land for the reconstruction of the 35MW portion of the Liupanshui Project, such that the Liupanshui Project could operate at its full capacity. The Group has selected parcel(s) of land with a total area of 527 Mu fit for the purpose of power plant operations, with a total area of 527 Mu for the reconstruction (amongst which, 93 Mu of land is located in Wujiazhai (吳家寨), 351 Mu of land is located in Zuojiaying (左家營) and 83 Mu of land is located in Yanjiaocun (岩腳村)). The newly selected plots of land contain forest land and turf. According to relevant laws and regulations, it is necessary to go through relevant regulatory procedures for the use of forest land and turf. As a result, the land lease contract has not yet been signed. As at the Latest Practicable Date, the Group has been organising relevant filings and procedures with land and forestry departments. The lease agreement(s) in relation to the aforementioned parcel(s) of land may be entered into after completion of the relevant administrative procedures. A consultant has been engaged to prepare the forest land and turf use report for use in regulatory approval procedures. Based on the communications between the Group and local government authorities, it is expected that the resumption and occupation of land will be completed by the end of May 2026, and completion of the reconstruction of relevant facilities (using existing equipment from the dismantled 35 MW portion) and re-commencement of grid-connected power generation will take place by the end of September 2026.

Set forth below are the steps toward the entering into of the land lease contract:

(a) Verify land ownership, land type, and planning requirements; complete on-site boundary survey to confirm compliance with photovoltaic construction conditions (Completed);

(b) Complete approval procedures for forest land and turf use (Expected to be in May 2026);

(c) Negotiate with the landlord to finalize core terms such as lease term, rent, rights and responsibilities, and draft a formal land lease contract (Completed);

(d) Sign and seal the land lease contract, submit the same to the competent authority for filing, pay relevant fees, and complete land transfer (Expected to be in May 2026).

Set forth below are the steps toward the reconstruction:

(a) Obtain approval from the local energy authority (Completed);

(b) Obtain site selection opinions from other relevant government departments (Completed);

(c) Commencement of construction work after signing of the land lease agreement (Expected to be in May 2026);

(d) Carry out construction work such as photovoltaic panel installation, which is estimated to take two to three months;

(e) Completion and inspection (Expected to be in August to September 2026).

The reconstruction is relatively straightforward and simple (the difficulty of construction is far lower than that of a new project of the same scale), as it only involves the relocation and reinstallation of existing photovoltaic modules and other equipment, but does not require substantive construction work such as the construction of new power stations, transmission lines or other supporting facilities. Based on the Group's extensive experience in new energy project construction and a comprehensive assessment of the standard construction cycle, it is expected that the reconstruction work will be completed within two to three months after the signing of the land lease contract. The Group has adopted a buffer of one month for the land approval procedures, and hence the reconstruction is expected to be completed in full by the end of September 2026. Further announcement(s) will be made by the Company in relation to the reconstruction of the 35MW portion of the Liupanshui Project in accordance with the Listing Rules as and when appropriate.

No additional procedures are required for the resumption of electricity generation. Once the reconstruction is completed, grid connection and power generation can be directly resumed. As

the initial registered total capacity of the Liupanshui Project is 100MW, no change in capacity or new construction work are involved; and hence no additional procedures such as grid connection approval or special inspection are required.

The Target Company has signed a land lease agreement with the village collective for the currently used land, and hence possesses legal land use rights (in respect of the 65MW capacity) throughout the lifecycle of the Liupanshui Project. The land at which the 65MW facilities are located is classified as "unused land" (i.e. land other than agricultural land and construction land). According to the current land management and new energy industry policies, unused land can be used for photovoltaic power generation projects in accordance with the law; and such use of land is being encouraged by the policies. Having consulted its PRC legal advisers, the 65MW facilities is currently legally and contractually compliant.

In addition, the Group is a professional renewable energy and green construction solution provider. The Board is of the view that the business of the Target Company (e.g. the Liupanshui Project) will be complementary to the Group's existing business, and the Acquisition would broaden the Group's revenue stream through an expansion of productivity and business scale.

The Target Company is principally engaged in photovoltaic power generation business, which is highly complementary to the Group's existing core business of investing in, developing and constructing new energy power generation projects. Currently, the Group has not yet established any large-scale new energy project in Guizhou Province. The Acquisition will promptly fill the gap in the Group's presence in Guizhou Province and enhance the Group's strategic layout in the new energy sector.

Meanwhile, the Liupanshui Project is an existing photovoltaic power station entitled to government subsidies, with an electricity tariff level superior to that of newly built subsidy-free photovoltaic projects. It is expected to generate stable cash flows and possesses a sound earnings base. Moreover, it may further enhance its power generation efficiency and profitability through technological upgrades and equipment retrofitting optimisations. Upon Completion, the Liupanshui Project will serve as a core high-quality power source for the Group's deployment in Guizhou Province. Leveraging the existing project resources and local advantages, the Group will continue to explore the potential for regional new energy development, thereby laying the foundation for the Group to expand more photovoltaic, wind power and other new energy projects in Guizhou Province thereafter.

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are determined after arm's length negotiations, on normal commercial terms, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

Earnings

After taking into account of the cash consideration for the Target Equity Interest of approximately RMB216 million, the appraised value of the Target Equity Interest in the amount of approximately RMB380 million, it is estimated that upon Completion, a gain before tax of approximately RMB164 million is expected to be recorded by the Group.

Assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, which is prepared to illustrate the effect of the Acquisition on the Group's financial position as at 30 June 2025, it is expected that the unaudited pro forma consolidated total assets of the Enlarged Group would increase by approximately RMB699.0 million to approximately RMB23,177.2 million and the unaudited pro forma consolidated total liabilities of the Enlarged Group would increase by approximately RMB535.0 million to approximately RMB17,751.5 million.

The aforesaid financial impacts are shown for illustrative purposes only. The actual financial effect of the Acquisition (including any gain or loss, as the case may be) will be subject to the review and final audit by the auditors of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as calculated under Rule 14.07 of the Listing Rules) in respect of the Acquisition and the transactions contemplated thereunder exceed 25% but all are less than 100%, the Acquisition and the transactions contemplated thereunder constitute a major transaction of the Company and is therefore subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Acquisition and the transactions contemplated thereunder may be obtained by way of written shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition and the transactions contemplated thereunder; and (2) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Acquisition and the transactions contemplated thereunder.

The Company has obtained written approval for the Acquisition and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from Water Development (HK) Holding Co., Limited, being the beneficial owner of 1,687,008,585 Shares, representing approximately 66.92% of the issued share capital of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has any material interest in the Acquisition and the transactions contemplated thereunder, and hence none of them would be required to abstain from voting on the resolution approving the Acquisition and the transactions contemplated thereunder if the Company were to convene a general meeting. Accordingly, no general meeting will be held by the Company for approving the Acquisition and the transactions contemplated thereunder as is permitted under Rule 14.44 of the Listing Rules.

Under Rule 14.41(a) of the Listing Rules, this circular shall be published within 15 business days after publication of the Announcement. This circular has not been despatched within the prescribed period of time following the Announcement in strict compliance with the requirements of Rule 14.41(a) of the Listing Rules. The Company has devoted substantial time and effort on a continuous basis towards the preparation of the financial and other information of the Target Company for inclusion in this circular. The despatch of this circular has been delayed as additional time was required to finalize certain information for disclosure, including the accountants' report on the financial information of the Target Company, the Second Valuation Report, indebtedness statement and working capital sufficiency statement. Shortly after the Announcement, the Company carried out selection process (involving a tender exercise) for the engagement of relevant professional parties. The Company has been working closely with the professional parties (including the reporting accountant and the Valuer) to prepare requisite expert reports and information to be included in this circular. The breadth and depth of the information required (including the need to engage the Valuer for the preparation of the Second Valuation Report) had led to a delay in the preparation process of this circular. The preparation timeline of this circular was also affected by changes in the relevant working team(s) of the Company during the preparation of the Company's annual results for the year ended 31 December 2025 and the public holidays in Chinese Mainland and Hong Kong. The Company will be mindful of the requirements in Rule 14.41(a) of the Listing Rules in the future, and will timely publish any circular or seek waiver from the Stock Exchange as and when appropriate.

RECOMMENDATION

Based on the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are determined after arm's length negotiations, on normal commercial terms, and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
China Shuifa Singyes Energy Holdings Limited
Zhou Guangyan
Vice-Chairman and Executive Director

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the years ended 31 December 2023, 2024 and 2025 has been disclosed in the following documents, which can be accessed on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sfsyenergy.com).

Annual report for the year ended 31 December 2023 (pages 83 to 248): https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042905511.pdf

Annual report for the year ended 31 December 2024 (pages 84 to 264): https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042902396.pdf

Annual report for the year ended 31 December 2025 (pages 108 to 296): https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0429/2026042903603.pdf

INDEBTEDNESS STATEMENT

As at the close of business on 28 February 2026, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this circular, the Group had total outstanding borrowings and indebtedness in the nature of borrowing of approximately RMB13,571 million, details of which are set out below:

As at 28 February 2026, the Group had outstanding bank and other borrowings (including term loans and bank overdrafts) of approximately RMB10,983 million, comprising: (i) secured (whether the security was provided by the Group or by third parties) and guaranteed borrowings of approximately RMB5,248 million; (ii) unsecured and guaranteed borrowings of approximately RMB1,188 million; and (iii) unsecured and unguaranteed borrowings of approximately RMB4,547 million.

As at 28 February 2026, the Group had: (i) outstanding unsecured and guaranteed debt securities in the aggregate carrying amount of approximately RMB2,512 million; and (ii) secured and unguaranteed lease liabilities in the aggregate carrying amount of approximately RMB76 million.

As at 28 February 2026, the Directors confirm that the Group did not have any material contingent liabilities or guarantees.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 28 February 2026, the Group did not have any other debt securities issued and outstanding, or authorised or otherwise created but unissued, term loans, bank overdrafts, or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, mortgages, charges, or other material contingent liabilities, whether guaranteed, unguaranteed, secured, or unsecured.

The Directors have confirmed that, save as disclosed above, there has not been any material change in the indebtedness and contingent liabilities of the Group since 28 February 2026.

WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that the Group will have sufficient working capital to meet its present requirements for at least 12 months from the Latest Practicable Date.

Based on the Group's needs for the development of its principal business, project construction, working capital, and the repayment arrangement of debts, the Group has formulated the following financing plan:

(i) Bond financing: The Group plans to issue privately placed corporate bonds in the principal amount of RMB300 million in July 2026. The proceeds are expected to be used to repay maturing debts and replenish day-to-day working capital.

(ii) Bank financing: Regarding maturing bank loans, the Group is currently in discussion with banks for the renewal of loans in the total amount RMB940 million. Based on the long-term stable cooperative relationship between the parties, and the Group's good credit record, the Group is reasonably confident that such loan renewals will be finalised. At the same time, the Group is in negotiation with banks for new bank facility in the total amount of RMB450 million. The renewed loans and new facility are expected to be utilized from April 2026 to January 2027. The Group will match the maturity dates of loans and actual funding needs, follow up on the progress of bank assessments and approvals and make a coordinated effort for drawdown arrangements.

(iii) Financial lease and supply chain financing: The Group plans to obtain financing in the total amount of RMB1.02 billion through financial lease in batches on a quarterly basis throughout 2026. The funds will be used specifically for the construction of corresponding investment projects. At the same time, the Group seeks to finalise supply chain financing in the total amount of RMB450 million. The funds are expected to be released in batches the second and fourth quarter of 2026 for replenishment of working capital.

The Group will continue to monitor changes in the market environment and policies, dynamically optimize its financing plans, implement strict control over financing costs, strengthen its cash flow and management of debt maturity profile; so as to ensure the smooth implementation of financing plans and the Group's liquidity.

The Group's revenue is mainly generated from contracts with customers for power plant EPC projects and curtain wall EPC projects, as well as revenue from the generation of electricity from its own power plants. The above is based on the specific assumption that the Group will

continue to be able to obtain orders from customers, its business operations and profitability will not be materially adversely affected.

The above is based on the following general assumptions:

1. In the foreseeable future, the Group will be able to continue its business operations without any significant disruption caused by force majeure events or unforeseen factors, and there will be no material changes in the Group's equity interest in its subsidiaries.

2. There will be no material changes in the current policies, political, legal, fiscal, market and economic conditions of the People's Republic of China and the Hong Kong Special Administrative Region, nor will there be any changes in laws, regulations or regulatory rules that could have a material adverse effect on the Group's business.

3. The Group will continue to be primarily engaged in the development and construction of photovoltaic and wind power projects, the undertaking of glass curtain wall EPC projects, and the research, development, manufacturing and sale of automotive films and dimmable films. Monthly revenue for the working capital forecast period are primarily based on historical actual revenue and the size of the orders on hand.

4. The Group assumes that all signed but not yet executed sales contracts will remain valid, and that goods will be delivered in accordance with the terms of the contracts.

5. There will be no material changes to the credit terms offered by the Group to its customers or by its suppliers.

6. The Group will maintain its existing banking and credit arrangements at current interest rates. Certain borrowings are secured by the Group's assets and may be renewed upon maturity on terms no less favorable than market conditions. The directors also expect to be able to obtain new banking facilities and financing on fair market terms. Existing loans will be repaid upon maturity and may be renewed; the renewal terms will not differ materially from those of the original loans, and repayments will be made in accordance with the agreements. The utilization of loan facilities will be reasonably allocated based on working capital requirements, taking into account the Group's debt scale, leverage levels and procurement plans.

7. Financing costs primarily consist of interest expenses arising from interest-bearing liabilities such as bank loans, notes payable and lease liabilities. These costs are calculated based on the Group's outstanding balances of bank loans and notes payable as at March 2026, by reference to the actual monthly interest rates for the period. The Group's management has adopted a conservative and prudent approach in preparing the working capital forecast.

8. During the working capital forecast period, the Group will not face any other significant pending litigation.

9. The Group will be able to retain, recruit and hire skilled and experienced personnel to effectively manage its business and achieve its strategic objectives.

10. There will be no significant changes in inflation rates or interest rates in the countries, regions or industries in which the Group operates.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

MATERIAL ADVERSE CHANGE

Save as disclosed in this circular, the Directors confirm that there had been no material adverse change in the financial or trading position or outlook of the Group since 31 December 2025 (the date to which the latest audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

Deepening Our Presence in Overseas Markets to Create New Drivers for Performance Growth

After more than a decade of expanding overseas markets, the Group has gradually transitioned from achieving project-based breakthroughs to establishing a firm foothold in these markets. Moving forward, the Group will continue to strengthen strategic investments and resource allocation in clean energy operations and green, high-end glass curtain wall projects in key regions. We aim to increase the proportion of overseas operations in our overall performance and drive the Group's steady development toward internationalization, environmental friendly and high-quality growth.

Clean Energy Sector

The Group will actively capitalize on global energy transition trends. Leveraging the dual engines of "customized technology + deep local engagement", we will accelerate the implementation of major overseas clean energy projects and continue to deepen our strategic layouts in emerging markets such as Southeast Asia, Central Asia and Africa. In the Japanese market, we will actively explore diversified cooperation models based on our existing energy storage project pipeline, accelerate the signing of project contracts, and strive to achieve substantial breakthroughs. In the Indonesian market, we will seize the opportunities arising from the policy of the 100GW rural microgrid plan. Building on the foundation of our existing "photovoltaic +energy storage" project on Bulan Island and the Cikupa project, and integrating our self-developed off-grid system technology solutions, we will focus on engaging with the national electricity company in Indonesia and local microgrid project resources to expand the

application scenarios for off-grid systems. As an increasing number of countries worldwide have confirmed their dual carbon goals, wind power, photovoltaic power and their derivative products will continue to be key directions in the international energy market. The Group will seize this opportunity to step up its efforts in the development of new growth drivers for its clean energy business overseas.

Curtain Wall and Green Building Sector

Leveraging its extensive experience in overseas curtain wall projects and brand influence, the Group is focusing on countries along the "Belt and Road Initiative", as well as the emerging markets in Southeast Asia, the Middle East and Africa, to deepen localized cooperation models. The Group will continue to focus on mature markets such as Australia and Hong Kong to further strengthen the cooperations with major developers, government public construction projects and public housing projects, with a specific emphasis on promoting the implementation of green building products such as photovoltaic window-wall integration. In the Australian market, we will proactively address market changes by strengthening communication and coordination with general contractors and end-users, optimizing internal design and cost control capabilities, and reshaping our competitive edge. In the Hong Kong market, we will continue to consolidate our major client base in the curtain wall business, expand our client portfolio among large-scale developers and building renovation projects, and promote the application of standardized products such as prefabricated windows to achieve business model upgrades and efficiency improvements. In emerging markets such as Angola, we will leverage ongoing projects and our existing client base to advance key account management mechanisms, enhance customer loyalty and repeat purchase rates in order to ensure sustainable growth in newly signed projects. Through flexible and pragmatic project acquisition strategies, we will steadily increase the penetration and influence of our green building business in emerging markets.

Improving Asset Quality and Optimizing Asset Structure

The Group will shift from "passively holding assets" to "actively managing asset value." We will gradually establish a virtuous cycle characterized by securitizing existing power stations to reduce financial burden, rolling development of new projects to control risks, diversifying the capital structure to lower costs, and leveraging digital operations to enhance efficiency and quality.

Optimizing New Assets and Strictly Controlling Investment and Cash Collection Quality

The EPC business will continue to strengthen the policy of "selecting investors and projects", prioritizing projects from central state-owned enterprises, local energy groups, or privately owned developers with ample capital to shorten payment cycles. We will raise the threshold for accepting projects with poor payment terms to avoid continuous accumulation of accounts receivable.

Focus on "high-turnover, high-certainty" investment businesses. For power station investments, prioritize regions with favourable consumption conditions, clear grid connection pathways, and compliant land use to reduce hidden capital tied up by non-technical costs. Expand the "Energy Performance Contracting" model for distributed projects, securing high quality commercial and industrial users to mitigate electricity revenue collection risks.

Explore a closed-loop "Development – Construction – Grid Connection – Transfer" model to accelerate capital turnover, control the proportion and duration of power stations retained by the Group, and avoid excessive capital immobilization.

Optimizing the Capital Structure and Expanding Multi-Channel Funding Sources

Continuously reducing financing costs. Leveraging the advantages of green financial instruments such as green bonds, which feature long maturities and low costs, to replace existing high-cost, short-term interest-bearing debt. The Group completed the issuance of the RMB2.5 billion bond in 2025, and is expected to save approximately RMB20 million in finance costs in 2026.

We will continue to introduce strategic investors, industrial funds, or partners with strong financial resources to alleviate the funding pressure on any single entity and secure better credit support in future financing rounds.

Enhancing Asset Operational Efficiency Through Digitalization

Establish a unified digital asset management platform to conduct real-time monitoring and predictive maintenance of photovoltaic, wind, and energy storage power stations, thereby reducing losses from outages while improving power generation availability.

We will participate more actively in market-based power transactions in scenarios such as spot markets and ancillary service markets. Through coordinated control of "photovoltaic + energy storage" or "wind + energy storage" systems, we will increase overall revenue, enhance asset profitability, and improve valuation levels.

In 2026, the Group will deepen its digital transformation, explore the development of an industrial internet platform, and cultivate new data-driven manufacturing capabilities. At the same time, we will strengthen project process management and leverage digital tools to achieve real-time monitoring and dynamic optimization of project construction and operations.

Diversifying Financing Instruments and Utilizing Existing Assets

Engage moderately in asset-backed securities (ABS) or REITs for power stations to establish a practical model for a full-cycle, closed-loop approach to clean energy assets – covering fundraising, investment, management, and exit. For existing power stations with stable returns and complete compliance documentation, prioritize public REITs as the exit channel, which can effectively reduce the debt-to-equity ratio.

Regularly dispose of inefficient and non-performing assets. Establish a comprehensive disposal mechanism featuring routine screening, categorized disposal, and closed-loop management. Conduct regular asset inventories and performance evaluations of idle equipment and materials, compile a list of inefficient and non-performing assets, and prevent long-term asset stagnation from tying up capital. For projects that have been delayed and lack revitalization potential, as well as non-core, low-synergy ancillary assets, liquidate them through equity transfers, asset disposals, debt restructuring, and off-balance-sheet spin-offs to recover working capital and alleviate financial pressure.

For early-stage photovoltaic or wind power stations with relatively low efficiency, implement technical upgrades – such as component replacement and software updates – to enhance power generation efficiency and utilization hours, thereby improving the internal rate of return (IRR) and asset valuation of individual plants.

Building Integrated Business System Featuring "Direct Green Power Connection and Generation-Grid-Load-Storage Integration"

In 2025, relevant national authorities introduced a series of policies to promote the development of direct green power connections, advancing the transition from pilot projects to institutionalized implementation. The Group believes this marks a further shift in the new energy industry toward system integration centred on the "generation-grid-load-storage" model. The Group will actively capitalize on these policy opportunities to transform its business model from a traditional power generator to a comprehensive energy service provider, and is committed to providing green power solutions for energy-intensive enterprises in industrial park settings. In terms of business strategy, the Group adheres to the development principle of "load-driven generation," which specifically includes: (i) using digital tools to improve the accuracy of matching green power supply with load demand; (ii) adopting a "dedicated direct connection + grid-connected backup" model to ensure the physical traceability of green power; (iii) participating in ancillary services in the power market through the intelligent operation of energy storage systems; (iv) visualizing the management of energy and carbon flows through a digital twin platform. In terms of business models, the Group will continue to explore innovative pathways, including: (i) exploring financing tools such as green asset securitization to optimize cash flow management; (ii) participating in the power market as a virtual power plant aggregator to generate revenue from ancillary services; (iii) promoting comprehensive energy management services to establish long-term, in-depth partnerships with clients.

Looking ahead, the Group is committed to first establishing benchmark industrial parks and overcoming challenges related to direct grid connection approvals; then replicating this model in high-load areas through our digital platform; and ultimately becoming a leading integrated energy service provider and building a zero-carbon ecosystem. The Group will closely monitor market changes and adjust its business strategies as appropriate.

New Materials Business – Transformation and Upgrading

In respect of the new materials sector, the Group will continue to focus on different application scenarios and customer needs to build a customer-oriented business operation system and accelerate the improvement of the performance, quality and added value of products to provide strong support for expanding market share and enhancing profitability. On the one hand, the Group will conduct in-depth research on cutting-edge technologies and application development, focusing on high value-added sectors such as the automotive, construction and consumer electronics. It will also adhere to a key focus on the layout of frontier products including automotive high-contrast DDPDLC light-adjusting film, flexible EC electrochromic film and coloured PDLC film for construction use. This aims to enrich its product categories, accelerate the launch of mass production, continuously expand the application fields of Smart PDLC products, realize commercial value and promote the deep integration of technological innovation and industrial upgrading. On the other hand, the Group adheres to high standards in manufacturing processes and quality management, advance the upgrading and renovation of production facilities, production lines, and testing centres, and streamline collaboration across the entire value chain from R&D to production and on to the market so as to support market expansion and order growth. It will also gradually transition from formula upgrades to product iterations, shifting our sales focus from construction channels, such as small and medium sized enterprises and private business owners, to becoming a supplier capable of serving the world's leading glass manufacturers, thereby increasing the Group's market share and influence in the global market.

In terms of technology-driven innovation, The Group's new materials segment is leveraging technology as its wings to foster new growth drivers and advantages. It obtained 14 invention patents in the field of new materials during the Reporting Period. It now holds a total of 118 valid patents and has participated in the drafting of three national standards, which have played a positive role in promoting the production and inspection of products. The Group's pre-etching and post-etching processes for etched zone-dimming products are at the forefront of the industry, offering extensive control over the display patterns of dimming films. Black PDLC automotive dimming films provide superior light-blocking and heat-insulating properties, effectively addressing the issue of side-view haze in PDLC films. Looking ahead to 2026, the new materials segment will continue to be engaged in in-depth research into cutting edge technologies such as PDLC (polymer-dispersed liquid crystals) and EC (electrochromic) dye-based liquid crystals, further expanding the application scope of smart dimming products, and driving the commercialization of more technological achievements through "core patents".

The following is the text of a report set out on pages II-1 to II-46, received from the Company's reporting accountant, Rongcheng (Hong Kong) CPA Limited, for the purpose of incorporation in this Circular.

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ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION OF GUIZHOU XINGYE GREEN ENERGY TECHNOLOGY CO., LTD. TO THE DIRECTORS OF CHINA SHUIFA SINGYES ENERGY HOLDINGS LIMITED

Introduction

We report on the historical financial information of Guizhou Xingye Green Energy Technology Co., Ltd. (the "**Guizhou Xingye**") set out on pages II-4 to II-46, which comprises the statements of financial position of Guizhou Xingye as at 31 December 2022, 2023 and 2024 and 31 October 2025 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of Guizhou Xingye for each of the years ended 31 December 2022, 2023 and 2024 and for the ten months ended 31 October 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-4 to II-46 forms an integral part of this report, which has been prepared for inclusion in the circular of China Shuifa Singyes Energy Holdings Limited dated 30 April 2026 (the "**Circular**") in connection with the proposed major transaction in relation to the acquisition of the Guizhou Xingye (the "**Acquisition**").

Directors' responsibility for the Historical Financial Information

The directors of China Shuifa Singyes Energy Holdings Limited are responsible for the preparation of Historical Financial Information that give a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of China Shuifa Singyes Energy Holdings Limited determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of the Guizhou Xingye for the Track Record Period ("**Underlying Financial Statements**"), on which the Historical Financial Information is based, were prepared by the directors of the Guizhou Xingye. The directors of the Guizhou Xingye are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**IASB**"), and for such internal control as the directors of the Guizhou Xingye determine is necessary to enable the preparation of Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountant's Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, and it is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountant's report, a true and fair view of Guizhou Xingye's financial position as at 31 December, 2022, 2023 and 2024 and 31 October, 2025, and of the financial performance and cash flows of Guizhou Xingye for the Track Record Period in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of Guizhou Xingye which comprises the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the ten months ended 31 October, 2024 and other explanatory information (the "**Stub Period Comparative Financial Information**").

The directors of China Shuifa Singyes Energy Holdings Limited and Guizhou Xingye are responsible for the presentation and preparation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub

Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing ("**HKSAs**") and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

Rongcheng (Hong Kong) CPA Limited
Certified Public Accountants
Kwan Shui Cheung, Esmond
Practising Certificate Number: P05371
Hong Kong
30 April 2026

I. PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Underlying Financial Statements, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the IASB and were audited by Rongcheng (Hong Kong) CPA Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Ten months ended 31 October	
	Note	**2022**	**2023**	**2024**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	5	65,397	65,430	52,109	47,565	38,892
Cost of sales	7	(24,854)	(22,682)	(23,018)	(18,224)	(17,382)
Gross profit		40,543	42,748	29,091	29,341	21,510
Other income and other gains	6	823	764	7,471	7,469	251
Administrative and other operating expenses	7	(123)	(828)	(98)	(98)	(30)
Impairment losses		(29,174)	–	–	–	(2)
Finance costs	9	(30,317)	(29,292)	(21,409)	(17,852)	(16,645)
Other losses, net		–	(27)	(174)	(174)	(177)
(Loss)/profit before income tax		(18,248)	13,365	14,881	18,686	4,907
Income tax (credit)/expense	10	5,819	(3,373)	(2,105)	(3,025)	(1,227)
(Loss)/profit and total comprehensive (expense)/income for the year/period		(12,429)	9,992	12,776	15,661	3,680

STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December 2022	2023	2024	As at 31 October 2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	13	456,096	438,928	421,403	407,406
Right-of-use assets	12	11,496	10,867	10,896	10,297
Prepayments, other receivables and other assets	15	9,501	10,256	–	–
Deferred tax assets	17	10,908	11,105	11,499	11,699
Total non-current assets		488,001	471,156	443,798	429,402
Current assets					
Trade receivables	14	286,436	333,285	371,848	402,014
Prepayments, other receivables and other assets	15	166	828	921	739
Cash and cash equivalents	16	5,481	4,566	2,895	2,036
Total current assets		292,083	338,679	375,664	404,789
Total assets		780,084	809,835	819,462	834,191
Non-current liabilities					
Borrowings	20	189,369	126,677	–	–
Lease liabilities	12	7,395	7,669	8,693	7,740
Provisions	21	7,026	7,537	8,085	8,575
Deferred tax liabilities	17	2,874	2,717	2,724	2,574
Total non-current liabilities		206,664	144,600	19,502	18,889

	Note	As at 31 December 2022	2023	2024	As at 31 October 2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities					
Trade payables	18	311	265	452	1,181
Other payables and accruals	19	185,179	370,644	556,284	432,830
Borrowings	20	54,404	62,692	–	–
Lease liabilities	12	27	28	30	1,291
Income tax payable	10	503	1,188	–	–
Total current liabilities		240,424	434,817	556,766	435,302
Total liabilities		447,088	579,417	576,268	454,191
Total assets less current liabilities		539,660	375,018	262,696	398,889
EQUITY					
Share capital		232,000	232,000	232,000	232,000
Reserves		12,348	13,232	14,510	35,549
Retained earnings/ (accumulated loss)		88,648	(14,814)	(3,316)	112,451
Total equity		332,996	230,418	243,194	380,000

STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve	Safety production fund	Statutory reserve	Retained earnings/ (accumulated loss)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note (a)	*Note (b)*	*Note (c)*		
As at 1 January 2022	230,000	–	–	11,253	101,077	342,330
Loss and total comprehensive expense for the year	–	–	–	–	(12,429)	(12,429)
Capital injection by non-controlling interests	2,000	980	–	–	–	2,980
Provide for safety fund surplus reserve	–	–	115	–	–	115
As at 31 December 2022	232,000	980	115	11,253	88,648	332,996
As at 1 January 2023	232,000	980	115	11,253	88,648	332,996
Profit and total comprehensive income for the year	–	–	–	–	9,992	9,992
Appropriation of statutory reserve	–	–	–	999	(999)	–
Dividends declared *(Note 11)*	–	–	–	–	(112,455)	(112,455)
Provide for safety fund surplus reserve	–	–	1,131	–	–	1,131
Utilisation for safety fund surplus reserve	–	–	(1,246)	–	–	(1,246)
As at 31 December 2023	232,000	980	–	12,252	(14,814)	230,418
As at 1 January 2024	232,000	980	–	12,252	(14,814)	230,418
Profit and total comprehensive income for the year	–	–	–	–	12,776	12,776
Appropriation of statutory reserve	–	–	–	1,278	(1,278)	–
Provide for safety fund surplus reserve	–	–	1,131	–	–	1,131
Utilisation for safety fund surplus reserve	–	–	(1,131)	–	–	(1,131)
As at 31 December 2024	232,000	980	–	13,530	(3,316)	243,194

	Share capital	Capital reserve	Safety production fund	Statutory reserve	Retained earnings/ (accumulated loss)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
		Note (a)	*Note (b)*	*Note (c)*		
As at 1 January 2024	232,000	980	–	12,252	(14,814)	230,418
Profit and total comprehensive income for the period (unaudited)	–	–	–	–	15,661	15,661
Appropriation of statutory reserve (unaudited)	–	–	–	1,566	(1,566)	–
Provide for safety fund surplus reserve (unaudited)	–	–	943	–	–	943
Utilisation for safety fund surplus reserve (unaudited)	–	–	(943)	–	–	(943)
As at 31 October 2024 (unaudited)	232,000	980	–	13,818	(719)	246,079
As at 1 January 2025	232,000	980	–	13,530	(3,316)	243,194
Profit and total comprehensive income for the period	–	–	–	–	3,680	3,680
Appropriation of statutory reserve	–	–	–	368	(368)	–
Dividends declared *(Note 11)*	–	–	–	–	112,455	112,455
Provide for safety fund surplus reserve	–	–	699	–	–	699
Utilisation for safety fund surplus reserve	–	–	(699)	–	–	(699)
Waiver of loans from a shareholder	–	20,671	–	–	–	20,671
As at 31 October 2025	232,000	21,651	–	13,898	112,451	380,000

Notes:

(a) Capital reserve mainly includes share premium and capital reserve recognised under restricted shares incentive schemes and transaction with non-controlling interests.

(b) Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Guizhou Xingye is required to set aside an amount for maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

(c) In accordance with Company Law of the People's Republic of China (the "**PRC**"), companies registered in the PRC are required to allocate 10% of their statutory after-tax profits to the statutory reserves until the cumulative total of the reserve reaches 50% of the companies' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or to increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC companies.

STATEMENTS OF CASH FLOWS

	Year ended 31 December			Ten months ended 31 October	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Operating activities					
(Loss)/profit before tax	(18,248)	13,365	14,881	18,686	4,907
Depreciation of property, plant and equipment	19,751	17,067	17,527	14,007	13,997
Depreciation of right-of-use assets	630	629	720	524	599
Finance costs	30,317	29,292	21,409	17,852	16,645
Reversed of transaction costs liabilities	–	–	(7,155)	(7,155)	–
Provision for impairment of trade receivables and other receivables	3	–	–	–	2
Net impairment losses on non-current assets	29,171	–	–	–	–
Increase in trade receivables	(49,700)	(47,064)	(38,348)	(35,140)	(30,166)
Decrease/ (increase) in prepayments, other receivables and other assets	31,955	(416)	402	417	(954)
Increase/(decrease) in trade payables	231	(45)	186	(15)	729
(Decrease)/increase in other payables and accruals	(3,547)	(211)	(1,006)	(840)	1,167
Cash generated from operations	40,563	12,617	8,616	8,336	6,926
Income tax paid	(1,346)	(3,042)	(4,389)	(4,473)	(1,505)
Net cash flows generated from operating activities	39,217	9,575	4,227	3,863	5,421
Investing activity					
Purchase of property, plant and equipment	(2,000)	(119)	(2)	–	–
Cash flows used in investing activity	(2,000)	(119)	(2)	–	–

	Year ended 31 December			Ten months ended 31 October	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Financing activities					
Capital injection by non-controlling interests	2,980	–	–	–	–
Addition of borrowings from related parties	54,790	68,000	182,500	182,500	2,503
Repayment of borrowings from related parties	(10,051)	–	(5,000)	(5,000)	(2,360)
Interest paid	(31,908)	(22,005)	(13,896)	(13,896)	(6,331)
Principal portion of lease payments	–	(116)	(187)	(187)	(92)
Payments of principal on other borrowings	(56,250)	(56,250)	(169,313)	(169,313)	–
Net cash flows used in financing activities	(40,439)	(10,371)	(5,896)	(5,896)	(6,280)
Net decrease in cash and cash equivalents	(3,222)	(915)	(1,671)	(2,033)	(859)
Cash and cash equivalents at beginning of year/period	8,703	5,481	4,566	4,566	2,895
Cash and cash equivalents at end of year/period	5,481	4,566	2,895	2,533	2,036

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Guizhou Xingye Green Energy Technology Co., Ltd. ("**Guizhou Xingye**") was established on 17 June 2015, and its registered address is the office on the 4th floor of the Personnel Bureau Building, Zhongshan District, Liupanshui City, Guizhou Province.

Guizhou Xingye focuses on the investment, construction, operation and maintenance of photovoltaic (PV) power stations, with its core asset being the 100MWp Wangjiazhai PV Power Station in Liupanshui City, and also engages in electricity sales.

In the opinion of the directors of Guizhou Xingye, Beijing Jingyuntong Technology Co., Ltd., a joint stock limited company incorporated in the People's Republic of China ("**PRC**"), is the ultimate immediate holding company and controlling shareholder of Guizhou Xingye. In December 2025, the immediate holding company and ultimate holding company became China Shuifa Singyes Energy Holdings Limited ("**China Shuifa**"). Details refer to Note 29.

The English names of all the companies established in the PRC presented in this Guizhou Xingye Historical Financial Information represent the best efforts made by the directors of Guizhou Xingye for the translation of the Chinese names of these companies to English names as they do not have official English names.

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is also the functional currency of Guizhou Xingye.

2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared for inclusion in the Circular of China Shuifa in connection with the proposed major transaction(s) in relating to the proposed acquisition of the Guizhou Xingye.

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conforms with International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**IASB**").

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The material accounting policy information that has been used in the preparation of the Historical Financial Information is disclosed in Note 3.2. These accounting policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

All IFRS Accounting Standards effective for the accounting period commencing from 1 January, 2025, together with the relevant transitional provisions, have been adopted by Guizhou Xingye in the preparation of the Historical Financial Information throughout the Track Record Period. The adoption of the IFRS Accounting Standards does not have any significant impact on the financial positions or results of Guizhou Xingye during the Track Record Period.

Going Concern Assessment

As at 31 October 2025, Guizhou Xingye's current liabilities exceeded current assets by RMB30,513,000, which gives rise to uncertainty regarding its ability to continue as a going concern. Its current liabilities consist primarily of amounts due to the shareholder (Beijing Jingyuntong Technology Co., Ltd.). The going concern of Guizhou Xingye will depend to a significant extent on the continuous financial support from Beijing Jingyuntong Technology Co., Ltd., which will enable Guizhou Xingye to settle its liabilities in the foreseeable future without a material decrease of its business scale. Upon the completion of the acquisition transaction (Note 29), China Shuifa Singyes will become the parent company of Guizhou Xingye and settle the current liabilities with Beijing

Jingyuntong for Guizhou Xingye. Guizhou Xingye has obtained a financial support letter from China Shuifa Singyes to support its operation. Accordingly, the management is satisfied that Guizhou Xingye will continue as a going concern, and the financial statements for the Track Record Period have therefore been prepared on a going concern basis.

3.1 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

Guizhou Xingye has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 7 and IFRS 9	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 7 and IFRS 9	Contracts Referencing Nature-dependent Electricity[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[1]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]

[1] Effective for accounting periods beginning on or after 1 January 2026
[2] Effective for accounting periods beginning on or after 1 January 2027
[3] Effective dates not yet determined

Except for new IFRS Accounting Standards mentioned below, the directors of Guizhou Xingye anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for accounting periods beginning on or after 1 January 2027, with early application permitted. The application of IFRS 18 has no impact on Guizhou Xingye's financial positions and performance but has impact on presentation of the statements of profit or loss and other comprehensive income, Guizhou Xingye will continue to assess the impact of IFRS 8 on the Historical Financial Information.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards and the applicable disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The Historical Financial Information has been prepared under the historical cost convention.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Guizhou Xingye's accounting policies. The areas involving a higher degree of judgement

or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in Note 4.

Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are initially recognised at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by Guizhou Xingye's management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with Guizhou Xingye's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values using the straight-line basis over their estimated useful lives as follow:

Solar Power Station	20 years
Machinery and equipment	10 years
Transportation equipment	5 years
Office Equipment	5 years

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each year/period for the Track Record Period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Guizhou Xingye and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Right-of-use assets

Accounting policies of right-of-use assets (other than prepaid land lease payments) are set out in "Leases" below.

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when Guizhou Xingye becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 "Revenue from Contracts with Customers", all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("**FVTPL**"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

– amortised cost;

– FVTPL.

The classification is determined by both:

– Guizhou Xingye's business model for managing the financial asset; and

– the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included other income or other gains in profit or loss. Discounting is omitted where the effect of discounting is immaterial. Our cash and cash equivalents, trade receivables, other receivables and fixed income certificates fall into this category of financial instruments.

Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise ECL – the "ECL model". Instruments within the scope included cash and cash equivalents, trade receivables and other receivables.

Guizhou Xingye considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Cash and bank deposits

Cash and bank deposits are considered to have low credit risk because the counterparties are banks and have a low risk of default, and have a strong capacity to meet its contractual cash flow obligations in the near term. Cash and bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Guizhou Xingye holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 14 for further information about Guizhou Xingye's trade receivables, prepayments and other receivables, and Note 27 for a description of the Guizhou Xingye's impairment policies.

Other receivables and other financial assets measured at amortised cost

Guizhou Xingye measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case Guizhou Xingye recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, Guizhou Xingye compares the risk of a default occurring on the financial assets at the end of each year/period for the Track Record Period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, Guizhou Xingye considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;

- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

- an actual or expected significant deterioration in the operating results of the debtor.

For internal credit risk management, Guizhou Xingye considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including Guizhou Xingye, in full (without taking into account any collateral held by Guizhou Xingye).

Detailed analysis of the ECL assessment of trade receivables, other financial assets measured at amortised cost are set out in Note 27.

Financial liabilities

Classification and measurement of financial liabilities

Guizhou Xingye's financial liabilities include trade payables, other payables and accruals, borrowings and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless Guizhou Xingye designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in "Leases" below.

Sale and leaseback transactions

The Guizhou Xingye applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Guizhou Xingye.

The Guizhou Xingye as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Guizhou Xingye as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as borrowings within the scope of HKFRS 9.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Guizhou Xingye has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date of Track Record Period.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of generally within three months or less or designated for

meeting short-term cash needs and that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

Bank balances for which use by Guizhou Xingye is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash.

Leases

Definition of a lease and Guizhou Xingye as a lessee

At inception of a contract, Guizhou Xingye considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, Guizhou Xingye assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Guizhou Xingye;
- Guizhou Xingye has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- Guizhou Xingye has the right to direct the use of the identified asset throughout the period of use. Guizhou Xingye assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, Guizhou Xingye recognises a right-of-use asset and a lease liability on the statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by Guizhou Xingye, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

Guizhou Xingye depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless Guizhou Xingye is reasonably certain to obtain ownership at the end of the lease term. Guizhou Xingye also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, Guizhou Xingye measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Guizhou Xingye's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

Guizhou Xingye remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

For lease modification that is not accounted for as a separate lease, Guizhou Xingye remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

Guizhou Xingye has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

Provisions

Provisions are recognised when Guizhou Xingye has a present obligation (legal or constructive) as a result of a past event, it is probable that Guizhou Xingye will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

An obligation to incur environmental rehabilitation and restoration costs arises when environmental disturbance is caused by the development or ongoing production of a mining activity. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised as part of the related property, plant and equipment at the start of each project, as soon as the obligation to incur such costs arises. These costs are recognised in profit or loss over the life of the operation, through depreciation of the asset.

Revenue recognition

Sale of electricity

Guizhou Xingye sells electricity to customers. Revenue from sales of electricity and tariff subsidy is recognised at a point in time when electricity is generated, transmitted and delivered to the customers. Revenue from these sales is recognised based on the price including the respective on-grid electricity rates and subsidy received and receivable pursuant to prevailing government policy in respect of Guizhou Xingye's renewable energy projects.

As receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and Guizhou Xingye will comply with all attached conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Impairment of non-financial assets

The following non-financial assets are subject to impairment testing:

- Property, plant and equipment;
- Right-of-use assets.

Assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a CGU). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Employee benefits

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Retirement benefits

Pension scheme

Retirement benefits to employees are provided through defined contribution plans. The employees of Guizhou Xingye's which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. Guizhou Xingye's obligations under these plans are limited to the fixed percentage contributions payable.

Housing funds, medical insurances and other social insurances

Employees of Guizhou Xingye in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. Guizhou Xingye contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. Guizhou Xingye's liability in respect of these funds is limited to the contribution payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed are incurred.

Termination benefits

Termination benefits are recognised at the earlier of when Guizhou Xingye can no longer withdraw the offer of those benefits and when Guizhou Xingye recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Income taxes

Income tax comprises current tax and deferred income tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred income tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred income tax liabilities are generally recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred income tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred income tax liabilities are recognised for taxable temporary differences arising on investments in associates and joint venture, except where Guizhou Xingye is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, Guizhou Xingye applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Guizhou Xingye recognises a deferred income tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred income tax liability for all taxable temporary differences.

Deferred income tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each year/period for the Track Record Period.

Changes in deferred income tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred income tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse; and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

– income or loss excluding reversals of temporary differences; and

– reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) Guizhou Xingye has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Guizhou Xingye presents deferred income tax assets and deferred income tax liabilities in net if, and only if,

  (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

  (b) the deferred income tax assets and the deferred income tax liabilities relate to income taxes levied by the same taxation authority on either:

    (i) the same taxable entity; or

    (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred income tax liabilities or assets are expected to be settled or recovered.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Guizhou Xingye Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying Guizhou Xingye's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that trade payables have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. Guizhou Xingye uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Guizhou Xingye's past history, existing market conditions, as well as forward-looking estimates at the end of each year/period for the Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 27.

Income taxes and deferred income taxations

There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgements are required from Guizhou Xingye in determining the provisions for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Guizhou Xingye recognises deferred income tax assets based on estimates that it is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilised. The recognition of deferred income tax assets mainly involves management's judgements and estimations about the timing and the amount of taxable profits of the companies who has tax losses.

Useful lives of property, plant and equipment

The Guizhou Xingye's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

5. REVENUE AND SEGMENT INFORMATION

Guizhou Xingye's principal activities are disclosed in Note 1 to the Historical Financial Information.

Disaggregated revenue information

	Year ended 31 December			Ten months ended 31 October	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Types of products or service					
– Sale of electricity	65,397	65,430	52,109	47,565	38,892
Timing of revenue recognised					
– Point in time	65,397	65,430	52,109	47,565	38,892

Note: IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by Guizhou Xingye's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, as for the purpose of making decisions about resources allocation and performance assessment, Guizhou Xingye's management reviews the operating results of Guizhou Xingye as a whole by products and services and Guizhou Xingye has determined that it only has one operating segment during the Track Record Period. Accordingly, only entity-wide disclosure, along with Guizhou Xingye's results and financial position as a whole, major customers and geographic information are presented.

All revenue from contracts with customers within the scope of IFRS 15 is recognised at a point in time. For sales of power, the Guizhou Xingye has applied the practical expedient in paragraph 121 of IFRS 15 as the original expected duration of these contracts is one year or less. Consequently, information about remaining performance obligations is not disclosed.

Geographical information

The following table sets out the information about the geographical location of Guizhou Xingye's revenue from external customers based on the geographical location of customers to which the goods are delivered.

	Year ended 31 December			Ten months ended 31 October	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue from external customers					
– Mainland China	65,397	65,430	52,109	47,565	38,892

The geographical location of Guizhou Xingye's non-current assets (excluding deferred tax assets and financial assets), mainly comprised of the property, plant and equipment and right-of-use assets, is based on the location of these assets. As at the end of each reporting period, the geographical location of Guizhou Xingye's non-current assets are as follows:

	As at 31 December			As at 31 October
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets (excluding deferred tax assets and financial assets)				
– Mainland China	467,592	449,795	432,299	417,703

Information about major customers

Revenue derived from customers individually contributed over 10% of Guizhou Xingye's revenue during the Track Record Period is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	65,397	65,430	52,109	47,565	38,892

6. OTHER INCOME OR OTHER GAINS

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Other government grants	21	4	151	151	250
Interest income	802	760	166	164	1
Reversed of transaction costs liabilities *(Note 20)*	–	–	7,154	7,154	–
	823	764	7,471	7,469	251

7. EXPENSES BY NATURE

Expenses included in cost of sales, administrative and other operating expenses are analysed as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Depreciation of property, plant and equipment *(Note 13)*	19,751	17,067	17,527	14,007	13,997
Employee benefit expenses *(Note 8)*	1,494	1,638	1,573	1,312	1,078
Depreciation of right-of-use assets *(Note 12)*	630	629	720	524	599
Electricity expense	545	668	520	454	463
Consultancy and service fees	363	1,458	970	272	713
Auditor's remuneration	19	19	19	19	–
Repair and maintenance expenses	2,095	1,734	1,731	1,678	546
Others	80	297	56	56	16
	24,977	23,510	23,116	18,322	17,412

8. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, wages and bonuses	1,401	1,493	1,403	1,171	958
Pension costs – defined contribution plans	93	145	170	141	120
	1,494	1,638	1,573	1,312	1,078

(a) Five highest paid individuals

During the years ended 31 December, 2022, 2023 and 2024 and ten months ended 31 October, 2024 and 2025, the five highest paid individuals comprised entirely of rank-and-file employees with no senior management personnel included in any of these periods respectively. The aggregate emoluments payable to these 5 employees during the years ended 31 December, 2022, 2023 and 2024 and ten months ended 31 October, 2024 and 2025 are as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Salaries, allowances, discretionary bonuses and benefits in kind	663	537	664	565	522
Employer's contribution to pension plans	43	68	82	68	68
	706	605	746	633	590

The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Guizhou Xingye. The emoluments of the highest paid individuals fell within the following bands:

	Year ended 31 December			Ten months ended 31 October	
	2022	**2023**	**2024**	**2024** (unaudited)	**2025**
Nil–HK$1,000,000	5	5	5	5	5
	5	5	5	5	5

9. FINANCE COSTS

	Year ended 31 December			Ten months ended 31 October	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest expense on amounts due to related parties	6,006	10,541	19,530	16,194	15,755
Interest expense on lease liabilities	477	391	464	334	400
Interest expense on borrowings	23,451	17,845	866	866	–
Other financing costs	383	515	549	458	490
	30,317	29,292	21,409	17,852	16,645

10. INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current income tax	1,849	3,727	2,492	3,294	1,577
Deferred income tax *(Note 17)*	(7,668)	(354)	(387)	(269)	(350)
Income tax (credit)/expense	(5,819)	3,373	2,105	3,025	1,227

The applicable corporate income tax ("**CIT**") of Guizhou Xingye is 25% that is entitled to the tax exemption as discussed below:

For engaging in the approved projects of wind power station construction, they are exempted from CIT for the first three years and are entitled to a 50% tax reduction for the subsequent three years ("三免三减半") since their respective first revenue generating years. Thereafter, they are subject to CIT at a rate of 25%. Guizhou Xingye no longer qualifies for this preferential tax policy commencing from 1 January, 2023.

Reconciliation between the income tax (credit)/expense and (loss)/profit before income tax in the statements of profit or loss and other comprehensive income is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Loss)/profit before income tax	(18,248)	13,365	14,881	18,686	4,907
Tax at tax rate of 25%	(4,562)	3,341	3,720	4,672	1,227
The effect of tax concession	(1,850)	–	–	–	–
Tax effect of income not taxable for tax purpose	–	–	(1,872)	(1,872)	–
Tax effect of expenses not deductible for tax purpose	587	107	208	176	–
Adjustments in respect of current tax of previous periods	6	(75)	49	49	–
Income tax (credit)/expense	(5,819)	3,373	2,105	3,025	1,227

11. DIVIDENDS

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Dividends attributable to the year/period					
Final dividends	–	112,455	–	–	(112,455)

The final dividends approximately of Nil, RMB112,455,000, Nil, Nil and RMB(112,455,000) during each of the year ended 31 December 2022, 2023, 2024 and the ten months ended 31 October 2024 and 2025.

Dividends totaling approximately RMB112,455,000 in respect of the year ended 31 December 2023 were approved in a resolution at the Extraordinary General Meeting of Shareholders of Guizhou Xingye held on 30 October 2023, which are specifically declared for the 2022 financial year. These dividends remained unpaid as at 31 December 2023 and 2024. The ending balance of dividend payables as at 31 December 2023 and 2024 were RMB112,455,000 and RMB112,455,000 respectively (Note 25(b)).

On 15 October 2025, the shareholders' general meeting approved a resolution to cancel the previously approved dividends. Accordingly, Guizhou Xingye reversed the previously recognised dividend liability, and the ending balance of dividend was nil as at 30 October 2025 (Note 25(b)).

The rate of dividends and number of shares ranking for the dividends are not presented as such information is not considered meaningful having regard to the purpose of this report.

12. LEASES

(a) Right-of-use assets

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Land use rights *RMB'000*
As a 1 January 2022	12,126
Depreciation	(630)
As at 31 December 2022	11,496
As at 1 January 2023	11,496
Depreciation	(629)
As at 31 December 2023	10,867
As at 1 January 2024	10,867
Additions	749
Depreciation	(720)
As at 31 December 2024	10,896
As at 1 January 2025	10,896
Depreciation	(599)
As at 31 October 2025	10,297

(b) Lease liabilities

	As at 31 December			As at 31 October
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total minimum lease payments	11,469	11,352	12,228	12,136
Future interest expense on lease liabilities	(4,047)	(3,655)	(3,505)	(3,105)
	7,422	7,697	8,723	9,031
Portion due within one year included under current liabilities	27	28	30	1,291
Portion due after one year included under non-current liabilities	7,395	7,669	8,693	7,740
	7,422	7,697	8,723	9,031

The maturity analysis of lease liabilities is disclosed in Note 27 to the Historical Financial Information.

13. PROPERTY, PLANT AND EQUIPMENT

	Solar power station	Machinery and equipment	Transportation equipment	Office equipment	Experimental and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022							
Cost	591,361	70	193	8	1,722	36,641	629,995
Accumulated depreciation	(126,567)	(17)	(165)	(5)	(223)	–	(126,977)
Net carrying amount	464,794	53	28	3	1,499	36,641	503,018
Year ended 31 December 2022							
Opening net carrying amount	464,794	53	28	3	1,499	36,641	503,018
Additions	–	–	–	–	–	2,000	2,000
Depreciation	(19,483)	(7)	(18)	(1)	(242)	–	(19,751)
Transfers	(125,333)	–	–	–	–	125,333	–
Impairment *(Note)*	–	–	–	–	–	(29,171)	(29,171)
Closing net carrying amount	319,978	46	10	2	1,257	134,803	456,096
As at 31 December 2022 and 1 January 2023							
Cost	415,122	70	193	8	1,722	134,803	551,918
Accumulated depreciation	(95,144)	(24)	(183)	(6)	(465)	–	(95,822)
Net carrying amount	319,978	46	10	2	1,257	134,803	456,096
Year ended 31 December 2023							
Opening net carrying amount	319,978	46	10	2	1,257	134,803	456,096
Additions	–	–	116	3	–	–	119
Disposals	–	–	(4)	–	–	(216)	(220)
Depreciation	(16,974)	(7)	(16)	(1)	(69)	–	(17,067)
Closing net carrying amount	303,004	39	106	4	1,188	134,587	438,928
As at 31 December 2023 and 1 January 2024							
Cost	415,122	70	221	11	1,722	134,587	551,733
Accumulated depreciation	(112,118)	(31)	(115)	(7)	(534)	–	(112,805)
Net carrying amount	303,004	39	106	4	1,188	134,587	438,928

	Solar power station	Machinery and equipment	Transportation equipment	Office equipment	Experimental and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024							
Opening net carrying amount	303,004	39	106	4	1,188	134,587	438,928
Additions	–	–	–	2	–	–	2
Depreciation	(17,428)	(7)	(22)	(1)	(69)	–	(17,527)
Closing net carrying amount	285,576	32	84	5	1,119	134,587	421,403
As at 31 December 2024 and 1 January 2025							
Cost	415,122	70	221	13	1,722	134,587	551,735
Accumulated depreciation	(129,546)	(38)	(137)	(8)	(603)	–	(130,332)
Net carrying amount	285,576	32	84	5	1,119	134,587	421,403
Ten months ended 31 October 2025							
Opening net carrying amount	285,576	32	84	5	1,119	134,587	421,403
Depreciation	(13,915)	(6)	(18)	(1)	(57)	–	(13,997)
Closing net carrying amount	271,661	26	66	4	1,062	134,587	407,406
As at 31 October 2025							
Cost	415,122	70	221	13	1,722	134,587	551,735
Accumulated depreciation	(143,461)	(44)	(155)	(9)	(660)	–	(144,329)
Net carrying amount	271,661	26	66	4	1,062	134,587	407,406

Note: During the year ended 31December, 2022, due to local government planning, Guizhou Xingye was instructed that about 35% of the land occupied by its power station in Liupanshui City is no longer available for use as power station and needed to be relocated. The relocation of the power station was approved by local government in 2024 and is expected to be completed by year 2026. As a result, Guizhou Xingye transfers the power station into construction in progress and has recognised an impairment of the related assets based on an assessment of the future economic value of the planned rebuilt power station. This situation represented an impairment indicator for the relevant assets in 2022. Based on the assessment of Guizhou Xingye's management, an impairment loss of RMB29,171,000 was recognised for the year ended 31 December 2022.

The remaining 65% of the land is legally compliant and properly used with all necessary approvals and leases in place, and no demolition, occupation or suspension notices have been received. The remaining 65% photovoltaic power station thereon operates normally with sustained power generation and regular electricity fee settlement.

Taking into account the actual progress of approval and the Group's combinations with the local authorities, the management expects that the reconstruction will be completed in full by the end of September 2026. There is expected to be no material impediment in the financing of the reconstruction costs. Following completion of the reconstruction, the Project will resume operation at the capacity of 100MW. It is expected that Guizhou Xingye will recognise stable annual income from electricity sales in the future. The management considers that the business model of the Project is mature and stable, with sustainable power generation revenue and stable profitability.

The recoverable amounts were determined based on value in use calculations. Those calculations used future cash flow projections based on financial budgets approved by management and assuming at a after-tax discount rate of 6.47% per annum. The period used to extrapolate the cash flows of Guizhou Xingye's solar photovoltaic power stations was sixteen years, which represented the remaining useful lives of the relevant solar photovoltaic power stations.

There are no impairment indicators identified as of 31 December 2023, 31 December 2024 and 31 October 2025.

14. TRADE RECEIVABLES

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	286,436	333,285	371,848	402,014
Less: allowance for impairment	–	–	–	–
	286,436	333,285	371,848	402,014

The ageing analysis of trade receivables based on recognition date is as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	51,329	50,254	40,589	33,885
Over 1 year but within 2 years	60,302	47,924	48,228	44,410
Over 2 years but within 3 years	64,970	60,302	47,924	47,043
Over 3 years	109,835	174,805	235,107	276,676
	286,436	333,285	371,848	402,014

Note: With respect to trade receivables arising from electricity sales revenue, in accordance with the terms of the electricity sales contracts entered into with Guizhou Power Grid Co., Ltd., Guizhou Xingye generally grants the local power grid companies a credit period of one month from the invoice date, excluding the subsidy for the on-grid tariff of renewable energy. Tariff subsidy receivables represented the government subsidies on renewable energy for solar photovoltaic power stations to be received from the Guizhou Power Grid Co., Ltd. based on the prevailing government policies. The expected credit loss of tariff subsidy receivables is minimal, in addition, the power purchase and sale contracts signed between the Guizhou Xingye and power grid companies explicitly stipulate the payment terms and liability for breach of contract, which further ensures the recovery of receivables (Note 27).

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Prepayments for acquisition of property, plant and equipment	9,501	10,256	–	–
Current				
Other receivables	25	27	28	52
Less: allowance for impairment	(14)	(14)	(14)	(16)
	11	13	14	36
Advance payments for purchases	145	600	198	66
Other current assets	10	215	709	637
	166	828	921	739

Note: The information about the credit risk exposure on Guizhou Xingye's other receivables is disclosed in Note 27.

The movements on the ECL allowance of other receivables are as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period	11	14	14	14
Provision for impairment	3	–	–	2
At the end of the year/period	14	14	14	16

16. CASH AND CASH EQUIVALENTS

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and cash equivalents	5,481	4,566	2,895	2,036

Denominated in:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	5,481	4,566	2,895	2,036

17. DEFERRED INCOME TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to the same tax authority.

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax assets	10,908	11,105	11,499	11,699
Deferred income tax liabilities	(2,874)	(2,717)	(2,724)	(2,574)

(a) Deferred tax assets

The movements in deferred tax assets during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Impairment	Provision for dismantling and restoring	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As **at 1 January 2022**	–	1,662	1,736	3,398
Recognised in profit or loss	7,296	95	119	7,510
As at 31 December 2022 and 1 January 2023	7,296	1,757	1,855	10,908
Reduction due to lease payments	–	–	(29)	(29)
Recognised in profit or loss	–	128	98	226
As at 31 December 2023 and 1 January 2024	7,296	1,885	1,924	11,105
Additions from new leases	–	–	187	187
Reduction due to lease payments	–	–	(47)	(47)
Recognised in profit or loss	–	138	116	254
As at 31 December 2024 and 1 January 2025	7,296	2,023	2,180	11,499
Reduction due to lease payments	–	–	(23)	(23)
Recognised in profit or loss	1	122	100	223
As at 31 October 2025	7,297	2,145	2,257	11,699

(b) Deferred tax liabilities

The movements in deferred tax liabilities during the Track Record Period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Right-of-use assets	Total
	RMB'000	*RMB'000*
As at 1 January 2022	3,032	3,032
Recognised in profit or loss	(158)	(158)
As at 31 December 2022 and 1 January 2023	2,874	2,874
Recognised in profit or loss	(157)	(157)
As at 31 December 2023 and 1 January 2024	2,717	2,717
Additions from new leases	187	187
Recognised in profit or loss	(180)	(180)
As at 31 December 2024 and 1 January 2025	2,724	2,724
Recognised in profit or loss	(150)	(150)
As at 31 October 2025	2,574	2,574

18. TRADE PAYABLES

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	311	265	452	1,181

Note: The credit period of trade payables are normally within one month. The carrying amounts of Guizhou Xingye's trade payables approximated their fair values as at the end of each reporting period during the Track Record Period.

The ageing analysis of the trade payables of Guizhou Xingye's as at 31 December 2022, 2023 and 2024 and 31 October 2025 according to the date of transaction is as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
– Within 1 year	263	252	201	810
– Over 1 year but within 2 years	6	–	239	120
– Over 2 years but within 3 years	1	6	–	239
– Over 3 years	41	7	12	12
	311	265	452	1,181

19. OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to related parties	149,656	334,646	521,135	397,576
Construction and equipment payables	35,085	35,065	34,918	34,918
Employee benefits payables	255	260	120	6
Tax payable	183	673	111	330
	185,179	370,644	556,284	432,830

The amounts due to a related party, Beijing Jingyuntong Technology Co., Ltd., as at 31 December 2022, 2023, 2024 and 31 October 2025 included a loan principal of RMB143,650,000, RMB211,650,000, RMB389,150,000 and RMB368,622,000 respectively, with the remaining amount bearing interest. The loan was unsecured and bore interest at a rate of 4.69%, 5.71%, 5.06% and 4.79% per annum.

20. BORROWINGS

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Secured and guaranteed:				
Current portion of long-term borrowings	54,404	62,692	–	–
Non-current				
Secured and guaranteed:				
Long-term borrowings	189,369	126,677	–	–

As at 31 December 2022 and 2023, the borrowings bore a fixed interest rate of 7.34% per annum.

Note: Guizhou Xingye entered into a sale and leaseback agreement with certain finance lease companies. In the opinion of the directors of Guizhou Xingye, the transfer does not satisfy the requirements for recognition as a sale. Guizhou Xingye continues to recognise the solar power station and accounts for the transfer proceeds as a borrowing. The borrowings were denominated in RMB and were repaid in advance in 2024. As at 31 December 2022 and 2023, the borrowings amounting to RMB243,773,000 and RMB189,369,000 were secured by way of pledge over the 100% equity interests in Guizhou Xingye held by Beijing Jingyuntong Technology Co., Ltd. and Guizhou Xingye's trade receivables from electricity charges, and guaranteed by Beijing Jingyuntong Technology Co., Ltd, and the pledges over its equity interests, trade receivables and related guarantees were discharged in November 2024. The details of Guizhou Xingye's assets pledged for Guizhou Xingye's borrowings are disclosed in Note 23 to the Historical Financial Information.

Pursuant to the borrowing agreement, transaction cost of approximately RMB7,500,000 was due for payment in the fifth year of the drawn down date. During the year ended 31 December 2024, management decided to settle the borrowings in 2024, resulting in the release of RMB7,154,000 (with adjusting of time factor) in transaction cost as other gains.

During the Track Record Period, Guizhou Xingye did not breach any financial covenants under the agreements of borrowings. Guizhou Xingye's borrowings were repayable as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed as:				
– Within 1 year	54,404	62,692	–	–
– Over 1 year but within 2 years	62,692	55,863	–	–
– Over 2 years but within 3 years	55,863	56,558	–	–
– Over 3 years	70,814	14,256	–	–
	243,773	189,369	–	–

21. PROVISIONS

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Provision for dismantling and restoration	7,026	7,537	8,085	8,575

The movements of provisions during the Track Record Period are as follows:

	Provision for dismantling and restoration
	RMB'000
As at 1 January 2022	6,645
Net amount of provision during the year	381
As at 31 December 2022 and 1 January 2023	7,026
Net amount of provision during the year	511
As at 31 December 2023 and 1 January 2024	7,537
Net amount of provision during the year	548
As at 31 December 2024 and 1 January 2025	8,085
Net amount of provision during the period	490
As at 31 October 2025	8,575

22. SHARE CAPITAL

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Paid-in capital	232,000	232,000	232,000	232,000	232,000

Note: On 15 December 2022, Guizhou Xingye received a capital contribution of RMB2,980,000 from Beijing Shengyu.

23. PLEDGED ASSETS

At the end of each year/period for the Track Record Period, Guizhou Xingye's certain assets have been pledged for borrowings. The carrying amounts of the pledged assets of Guizhou Xingye at the end of each year/period for the Track Record Period are as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	286,436	333,285	–	–

24. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities during the Track Record Period are as follows:

	Borrowings *RMB'000*	Lease liabilities *RMB'000*	Amounts due to related parties *RMB'000*	Total *RMB'000*
As at 1 January 2022	296,700	6,945	110,691	414,336
Cash flows	(56,250)	–	44,739	(11,511)
Interest paid	(20,128)	–	(11,780)	(31,908)
Interest expense	23,451	477	6,006	29,934
As at 31 December 2022 and 1 January 2023	243,773	7,422	149,656	400,851
Cash flows	(56,250)	(116)	68,000	11,634
Interest paid	(15,999)	–	(6,006)	(22,005)
Interest expense	17,845	391	10,541	28,777
As at 31 December 2023 and 1 January 2024	189,369	7,697	222,191	419,257
Cash flows	(169,313)	(187)	177,500	8,000
Interest paid	(3,355)	–	(10,541)	(13,896)
Interest expense	866	464	19,530	20,860
New leases or termination	–	749	–	749
Reversed of transaction costs liabilities	(7,154)	–	–	(7,154)
Other non-cash movements	(10,413)	–	–	(10,413)
As at 31 December 2024 and 1 January 2025	–	8,723	408,680	417,403
Cash flows	–	(92)	143	51
Interest paid	–	–	(6,331)	(6,331)
Interest expense	–	400	15,755	16,155
Waiver of loans	–	–	(20,671)	(20,671)
As at 31 October 2025	–	9,031	397,576	406,607
As at 1 January 2024	189,369	7,697	222,191	419,257
Cash flow (unaudited)	(169,313)	(187)	177,500	8,000
Interest paid (unaudited)	(3,355)	–	(10,541)	(13,896)
Interest expense (unaudited)	866	334	16,194	17,394
Reversed of transaction costs liabilities	(7,154)	–	–	(7,154)
Other non-cash movements	(10,413)	–	–	(10,413)
As at 31 October 2024 (unaudited)	–	7,844	405,344	413,188

(b) Major non-cash investing and financing activities

The other non-cash movements included a decrease in borrowings resulting from the offset of deposits against the relevant payment obligations during the year ended 31 December 2024 and the ten months ended 31 October 2024.

25. RELATED PARTY DISCLOSURES

Saved as disclosed in elsewhere to the Historical Financial Information, Guizhou Xingye entered into the following related party transactions during the Track Record Period:

Relationships with related parties

Name of related party	Relationship with the Guizhou Xingye
Beijing Jingyuntong Technology Co., Ltd.	Parent Company (99.1379% owned)
Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd.	Commonly controlled by Beijing Jingyuntong Technology Co., Ltd. and holds a 0.8621% minority stake in Guizhou Xingye
Zibo Jingyuntong Photovoltaic Co., Ltd.	Commonly controlled entity (same ultimate controlling party: Beijing Jingyuntong Technology Co., Ltd.)
Lujiang Nihe Hongri Photovoltaic Power Generation Co., Ltd.	Commonly controlled entity (same ultimate controlling party: Beijing Jingyuntong Technology Co., Ltd.)
Nantong Yuntai New Energy Technology Co., Ltd.	Commonly controlled entity (same ultimate controlling party: Beijing Jingyuntong Technology Co., Ltd.)
Hubei Xinye Green Energy Technology Co., Ltd.	Commonly controlled entity (same ultimate controlling party: Beijing Jingyuntong Technology Co., Ltd.)
Fengyang Dalihua New Energy Technology Co., Ltd.	Commonly controlled entity (same ultimate controlling party: Beijing Jingyuntong Technology Co., Ltd.)
Jinan Jingyuntong New Energy Co., Ltd.	Commonly controlled entity (same ultimate controlling party: Beijing Jingyuntong Technology Co., Ltd.)
Jingyuntong (Tianjin) Construction Engineering Co., Ltd.	Commonly controlled entity (same ultimate controlling party: Beijing Jingyuntong Technology Co., Ltd.)

(a) Transactions with related parties

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Sales transactions:					
Zibo Jingyuntong Photovoltaic Co., Ltd.	–	190	–	–	–
Jingyuntong (Tianjin) Construction Engineering Co., Ltd.	–	25	–	–	–
	–	215	–	–	–
Repayment of borrowings from related parties:					
Beijing Jingyuntong Technology Co., Ltd.	5,000	–	5,000	5,000	2,360
Lujiang Nihe Hongri Photovoltaic Power Generation Co., Ltd.	1,000	–	–	–	–
Nantong Yuntai New Energy Technology Co., Ltd.	751	–	–	–	–
Hubei Xinye Green Energy Technology Co., Ltd.	1,300	–	–	–	–
Fengyang Dalihua New Energy Technology Co., Ltd.	1,000	–	–	–	–
Jinan Jingyuntong New Energy Co., Ltd.	1,000	–	–	–	–
	10,051	–	5,000	5,000	2,360
Addition of borrowings from related parties:					
Beijing Jingyuntong Technology Co., Ltd.	52,790	68,000	182,500	182,500	2,503
Fengyang Dalihua New Energy Technology Co., Ltd.	1,000	–	–	–	–
Jinan Jingyuntong New Energy Co., Ltd.	1,000	–	–	–	–
	54,790	68,000	182,500	182,500	2,503
Interest payments:					
Beijing Jingyuntong Technology Co., Ltd.	11,780	6,006	10,541	10,541	6,331

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest expenses:					
Beijing Jingyuntong Technology Co., Ltd.	6,006	10,541	19,530	16,194	15,755
Dividend declared:					
Beijing Jingyuntong Technology Co., Ltd.	–	111,486	–	–	–
Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd.	–	969	–	–	–
	–	112,455	–	–	–
Reversal of dividend declared:					
Beijing Jingyuntong Technology Co., Ltd.	–	–	–	–	111,486
Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd.	–	–	–	–	969
	–	–	–	–	112,455
Waiver of loans from shareholder:					
Beijing Jingyuntong Technology Co., Ltd.	–	–	–	–	20,671

(b) Balances with related parties

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables:				
Zibo Jingyuntong Photovoltaic Co., Ltd.	–	215	–	–
Amounts due to related parties:				
Loans payable:				
Beijing Jingyuntong Technology Co., Ltd.	143,650	211,650	389,150	368,622
Interest payables:				
Beijing Jingyuntong Technology Co., Ltd.	6,006	10,541	19,530	28,954
Dividend payables:				
Beijing Jingyuntong Technology Co., Ltd.	–	111,486	111,486	–
Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd.	–	969	969	–
	–	112,455	112,455	–
	149,656	334,646	521,135	397,576

(c) Guarantees

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantee provided for Beijing Jingyuntong Technology Co., Ltd.	399,375	216,458	–	–
Guarantee obtained from Beijing Jingyuntong Technology Co., Ltd.	243,773	189,369	–	–

Note: In the opinion of the directors of the Guizhou Xingye, the fair value of guarantee provided by Beijing Jingyuntong Technology Co., Ltd. is insignificant.

(d) Compensation of key management personnel of Guizhou Xingye

During the Track Record Period, as the key management personnel of Guizhou Xingye were all remunerated by Beijing Jingyungtong, none of the key management personnel of Guizhou Xingye received any form of compensation from Guizhou Xingye, including salaries, allowances, bonuses and benefits in kind, retirement scheme contributions, share-based compensation expenses and fees.

26. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each financial instrument as at the end of each year/period for the reporting period are as follows:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost				
– Trade receivables	286,436	333,285	371,848	402,014
– Financial assets included in other receivables	11	13	14	36
– Cash and cash equivalents	5,481	4,566	2,895	2,036
	291,928	337,864	374,757	404,086
Financial liabilities				
Financial liabilities measured at amortised cost				
– Trade payables	311	265	452	1,181
– Financial liabilities included in other payables	184,741	369,711	556,053	432,494
– Borrowings	243,773	189,369	–	–
– Lease liabilities	7,422	7,697	8,723	9,031
	436,247	567,042	565,228	442,706

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to Guizhou Xingye.

Guizhou Xingye's maximum exposure to credit risk is represented by cash and cash equivalents, trade receivables and other receivables. Guizhou Xingye does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

As at 31 December 2022, 2023, and 2024 and 31 October 2025, Guizhou Xingye have no credit risk other than financial assets whose carrying amounts best represent the maximum exposure to credit risk.

(a) Cash and cash equivalents

To manage risk arising from cash and cash equivalents, Guizhou Xingye only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

(b) Trade receivables and other receivables

Guizhou Xingye has trade and other receivables for provision of services or sales of goods subject to the expected credit loss model on adoption of IFRS 9.

Guizhou Xingye applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables.

Management assessed the impairment of trade and other receivables based on expected credit losses methodology. The impairment of individually significant trade and other receivables were assessed on an individual basis based on management's estimates of the discounted future cash flows. Individual insignificant trade and other receivables balances were grouped based on their credit risk characteristics for overall evaluation. The collective impairment provision was determined by management based on historical loss experience, taking into considerations of forward-looking macroeconomic data, industry risk and other circumstances.

To measure the expected credit losses, trade and other receivables have been grouped based on their credit risk characteristics for overall evaluation.

The expected loss rates are based on the payment profiles of sales over a period of 60 months before the end of each reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Guizhou Xingye has identified the Consumer Price Index and Gross Domestic Product to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables

As at 31 December 2022, 2023, and 2024 and 31 October 2025, Guizhou Xingye had trade receivables amounting to approximately RMB286,436,000, RMB333,285,000, RMB371,848,000 and RMB402,014,000, respectively. The expected credit loss of these receivables is insignificant as continuous settlements were noted and there was no history of default. The settlement of these subsidies is paid by Guizhou Power Grid Co., Ltd. and funded by the Ministry of Finance of China.

Other receivables

As stated in Note 15 to the Historical Financial Information, impairment on deposits and other assets accounted for as amortised cost is measured as either 12-month ECL or lifetime ECL. The allowance of Guizhou Xingye's recognised for expected credit losses is immaterial and does not have a material adverse impact on Guizhou Xingye's financial position, results of operations, or cash flows for the Track Record Period.

Liquidity risk

Guizhou Xingye aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, Guizhou Xingye maintains flexibility in funding by maintaining adequate balances of such. The table below analyses Guizhou Xingye's financial liabilities by relevant maturity groupings based on the remaining period since the end of each year/period for the Track Record Period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Within 1 year and on demand *RMB'000*	1 to 2 years *RMB'000*	2 to 3 years *RMB'000*	Over 3 years *RMB'000*	Total *RMB'000*
As at 31 December 2022					
Borrowings	72,249	68,120	63,991	74,183	278,543
Trade payables	311	–	–	–	311
Other payables and accruals	184,741	–	–	–	184,741
Lease liabilities	93	93	93	11,190	11,469
	257,394	68,213	64,084	85,373	475,064
As at 31 December 2023					
Borrowings	68,120	63,991	59,863	14,321	206,295
Trade payables	265	–	–	–	265
Other payables and accruals	369,711	–	–	–	369,711
Lease liabilities	93	93	1,756	9,410	11,352
	438,189	64,084	61,619	23,731	587,623
As at 31 December 2024					
Trade payables	452	–	–	–	452
Other payables and accruals	556,053	–	–	–	556,053
Lease liabilities	93	1,756	305	10,074	12,228
	556,598	1,756	305	10,074	568,733
As at 31 October 2025					
Trade payables	1,181	–	–	–	1,181
Other payables and accruals	432,494	–	–	–	432,494
Lease liabilities	1,756	305	93	9,982	12,136
	435,431	305	93	9,982	445,811

Capital management

The primary objectives of Guizhou Xingye's capital management are to safeguard Guizhou Xingye's ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

Guizhou Xingye sets the amount of capital in proportion to risk. Guizhou Xingye manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, Guizhou Xingye may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. Guizhou Xingye is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	780,084	809,835	819,462	834,191
Total liabilities	447,088	579,417	576,268	454,191
Liability-to-asset ratio	57.31%	71.55%	70.32%	54.45%

28. CONTINGENT LIABILITY

As of the end of each of the Track Record Period, Guizhou Xingye did not have any contingent liabilities.

As of 31 December 2022, 2023 and 2024 and 31 October, 2025, Guizhou Xingye has no any outstanding litigation or contingent liability that in the opinion of the directors of Guizhou Xingye would have material impact to Guizhou Xingye's financial position.

29. EVENT AFTER THE END OF THE REPORTING PERIOD

On 21 October 2025, China Shuifa Singyes entered into an equity transfer agreement to acquire the 100% equity interests in Guizhou Xingye at a consideration of RMB600,000,000 from the shareholders of Beijing Jingyuntong Technology Co., Ltd., (the "**Beijing Jingyuntong**") and Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd., (the "**Shengyu Yuntong**") and acquire the debts of Guizhou Xingye owing to Beijing Jingyuntong and Shengyu Yuntong. The acquisition consideration consists of RMB216,025,000 in cash for the 100% shares of Guizhou Xingye and acquire the debts of the Guizhou Xingye owing to Jingyuntong and Shengyu Yuntong in the total amount of RMB383,975,000 in cash.

In December 2025, the transaction has been completed and China Shuifa Singyes has paid RMB500,000,000 in cash and remained RMB100,000,000 will be paid in instalments. An amount equivalent to one-third of the national tariffs received by the Guizhou Xingye shall be paid by the Company within three working days after the receipt of each sum of such national tariffs. Upon completion of the transaction, Guizhou Xingye becomes a wholly-owned subsidiary of China Shuifa Singyes.

The information set out in this Appendix III, which does not form part of the Accountants' Report of Guizhou Xingye as set out in Appendix II and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with "Financial Information of Group" set out in Appendix I and the "Accountants' Report of Guizhou Xingye" set out in Appendix II.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

On 21 October 2025, the China Shuifa Singyes Energy Holdings Limited (the "Company") entered into an equity transfer agreement to acquire the 100% equity interests in Guizhou Xingye Green Energy Technology Co., Ltd. ("Guizhou Xingye") at a consideration of RMB600,000,000 (the "Acquisition") from Beijing Jingyuntong Technology Co., Ltd. (the "Jingyuntong") and Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd. (the "Shengyu Yuntong"), which are independent parties, and repay the debts of Guizhou Xingye owing to Jingyuntong and Shengyu Yuntong. The Acquisition consideration consists of RMB216,025,000 in cash for the 100% equity interest of Guizhou Xingye and repayment of the debts of the Guizhou Xingye owing to Jingyuntong and Shengyu Yuntong in the total amount of RMB383,975,000 in cash (the "Debts"). Upon completion of the Acquisition, Guizhou Xingye will become a wholly-owned subsidiary of the Company.

The following is an illustrative unaudited pro forma consolidated statement of assets and liabilities of the Company and its subsidiaries (hereinafter collective referred to as the "Group") and Guizhou Xingye (collectively referred to as the "Enlarged Group") (the "Unaudited Pro Forma Financial Information"), which has been prepared on the basis of the notes set out below and in accordance with paragraph 4.29 of the Listing Rules for the purpose of illustrating the effect of the Acquisition as if the Acquisition had been completed on 31 October 2025 for inclusion in this circular.

The Unaudited Pro Forma Financial Information has been prepared using the accounting policies consistent with those of the Group as set out in the published interim report of the Company for the six months ended 30 June 2025.

The Unaudited Pro Forma Financial Information is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2025 as extracted from the unaudited condensed consolidated financial statements set out in the published report of the Group for the six months ended 30 June 2025; and (ii) the audited statement of financial position of Guizhou Xingye as at 31 October 2025 as extracted from the Accountants' Report of Guizhou Xingye set out in Appendix II to this circular, after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the Acquisition; and (ii) factually supportable as if the Acquisition had been undertaken as at 31 October 2025.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information contained in this circular, including the accountant's report on the financial information of the Guizhou Xingye as set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only and is based on a number of assumptions, estimates and uncertainties. Because of its hypothetical nature, it may not give a true picture of the consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2025 or any future dates. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the consolidated statement of assets and liabilities of the Enlarged Group that would have been attained had the Acquisitions been completed as at 31 October 2025, nor purport to predict the future consolidated statement of assets and liabilities of the Enlarged Group.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSET AND LIABILITIES OF THE ENLARGED GROUP

	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2025	Audited statement of assets and liabilities of Guizhou Xingye as at 31 October 2025	Pro forma adjustments		Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
ASSETS					
Non-current assets					
Property, plant and equipment	7,707,305	407,406	–	–	8,114,711
Right-of-use assets/prepaid land lease payments	313,431	10,297	–	–	323,728
Investment properties	326,948	–	–	–	326,948
Other intangible assets	68,973	–	–	–	68,973
Goodwill	23,130	–	–	–	23,130
Prepayments in advance	96,875	–	–	–	96,875
Investments accounted for using equity method	4,966	–	–	–	4,966
Investment in joint venture	–	–	–	–	–
Deferred tax assets	389,784	11,699	–	–	401,483
Financial assets at fair value through profit or loss	–	–	–	–	–
Financial assets at fair value through other comprehensive income	24,804	–	–	–	24,804
Investment in subsidiaries	–	–	–	–	–
Available-for-sale investments	–	–	–	–	–
Pledged deposits	–	–	–	–	–
Total non-current assets	8,956,216	429,402	–	–	9,385,618

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP AND GUIZHOU XINGYE

	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2025	Audited statement of assets and liabilities of Guizhou Xingye as at 31 October 2025	Pro forma adjustments		Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Current assets					
Inventories	102,123	–	–	–	102,123
Amount due from subsidiaries	–	–	–	–	–
Construction contracts	–	–	–	–	–
Contract assets	3,779,365	–	–	–	3,779,365
Trade and bills receivables	6,833,074	402,014	–	(35,190)	7,199,898
Prepayments, deposits and other receivables	2,446,027	739	383,975	(383,975)	2,446,766
Pledged deposits	86,339	–	–	–	86,339
Non-current assets held for sale	–	–	–	–	–
Financial assets at fair value through profit or loss	4,759	–	–	–	4,759
Cash and cash equivalents	270,257	2,036	(100,000)	–	172,293
Total current assets	13,521,944	404,789	283,975	(419,165)	13,791,543
Total assets	22,478,160	834,191	283,975	(419,165)	23,177,161

	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2025	Audited statement of assets and liabilities of Guizhou Xingye as at 31 October 2025	Pro forma adjustments		Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
LIABILITIES					
Non-current liabilities					
Bonds payables	100,868	–	–	–	100,868
Borrowings	5,096,517	–	–	–	5,096,517
Provision	–	8,575	–	–	8,575
Lease liability	51,650	7,740	–	–	59,390
Deferred tax liability	103,868	2,574	–	–	106,442
Deferred income	138,837	–	–	–	138,837
Total non-current liabilities	5,491,740	18,889	–	–	5,510,629

	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2025	Audited statement of assets and liabilities of Guizhou Xingye as at 31 October 2025	Pro forma adjustments		Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Current liabilities					
Trade and bills payables	4,289,401	1,181	–	–	4,290,582
Contract liabilities	131,137	–	–	–	131,137
Amount due to subsidiaries	–	–	–	–	–
Other payables and accruals	4,310,825	432,830	500,000	(419,165)	4,824,490
Provision	884	–	–	–	884
Bank advances for discounted bills	–	–	–	–	–
Borrowings	1,385,564	–	–	–	1,385,564
Bonds payables	1,417,616	–	–	–	1,417,616
Convertible bond	–	–	–	–	–
Other current liabilities	–	–	–	–	–
Lease liabilities	16,728	1,291	–	–	18,019
Tax payable	160,906	–	–	–	160,906
Dividend payable	11,701	–	–	–	11,701
Total current liabilities	11,724,762	435,302	500,000	(419,165)	12,240,899
Total liabilities	17,216,502	454,191	500,000	(419,165)	17,751,528
Net assets	5,261,658	380,000	(216,025)	–	5,425,633

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The amounts are extracted from the unaudited condensed consolidated statements of financial position of the Group as at 30 June 2025 as set out in the Company's published unaudited interim report for the six months ended 30 June 2025 issued on 29 August 2025.

2. The amounts are extracted from the audited statement of financial position of Guizhou Xingye as at 31 October 2025 as set out in the Accountants' Report on Guizhou Xingye in Appendix II to this circular.

3. The Acquisition is prepared based on the acquisition method in accordance with International Financial Reporting Standard 3 the ("IFRS 3") "Business Combinations".

   In accordance with IFRS 3, the consideration transferred in a business combination is measured at fair value at the acquisition date as at the completion date of the Acquisition. Accordingly, for the purpose of the Unaudited Pro Forma Financial Information, the Directors have estimated the values of the identifiable assets and liabilities of Guizhou Xingye with reference to the valuation in relation to the purchase price allocation of the Acquisition carried out by an independent qualified professional valuer as set out in the Valuation Report on Guizhou Xingye in Appendix V to this circular.

   Pursuant to the agreement of the Acquisition, the total consideration is RMB600,000,000 including RMB216,025,000 in cash for the 100% equity interest of Guizhou Xingye and repay the debts of the Guizhou Xingye owing to Jingyuntong and Shengyu Yuntong in the total amount of RMB383,975,000. For the settlement, RMB500,000,000 will be settled in 25 October 2025, the remaining consideration is required to be payable in installments upon receipt of each sum of the national tariffs.

   The consideration to be paid is estimated to be RMB600,000,000, which is assumed to be partially funded through a loan of approximately RMB400,000,000 due to Shuifa Group Co., Ltd (the "Shuifa Group"), with the remaining balance to be settled by the Company's available cash on hand.

   As of 31 October 2025, the Group has paid RMB500,000,000 (the "First Instalment") to Jingyuntong, comprising the consideration of the acquisition RMB216,025,000 in cash and repayment RMB283,975,000 in the Debt. Accordingly, the Group's recognition of an other receivable due from Guizhou Xingye in respect of the debt settlement payments

   In accordance with HKFRS 3 (Revised), the excess of consideration over the fair value of identifiable net assets shall be accounted for as a goodwill. The adjustment represents goodwill arising from the Acquisition which is calculated as follows.

   Details of the proposed acquisition of Guizhou Xingye are as following:

	RMB'000
The total consideration of the transaction	600,000
Less: Repayment of the Debts	383,975
Consideration of the Acquisition of 100% equity interest of Guizhou Xingye	216,025
Less: Fair value of net identified net assets of Guizhou Xingye as at 31 October 2025	380,000
Negative goodwill, net	(163,975)

4. The adjustments represent the elimination of the intercompany balances between the Guizhou Xingye and the Group as at 30 June 2025 upon the completion of the Acquisition.

5. Apart from the above, no other adjustment has been made to reflect any trading results or transactions entered into by the Enlarged Group subsequent to 31 October 2025.

B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

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To the Directors of China Shuifa Singyes Energy Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Shuifa Singyes Energy Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), Guizhou Xingye Green Energy Technology Co., Ltd. (the "Guizhou Xingye") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 31 October 2025, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages III-1 to III-8 of the Company's circular dated 30 April 2026, in connection with the proposed acquisition of the Guizhou Xingye (the "Transaction") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-1 to III-8 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group's financial position as at 31 October 2025 as if the Transaction had taken place at 31 October 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 June 2025, on which a review report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the HKICPA, 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 Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 31 October 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Rongcheng (Hong Kong) CPA Limited
Certified Public Accountants
Kwan Shui Cheung, Esmond
Practising Certificate Number: P05371
Hong Kong
30 April 2026

The following sets forth the Target Company's management discussion and analysis for the three years ended 2022, 2023 and 2024, and for the ten months ended 31 October 2025, prepared based on the financial information set forth in Appendix II to this circular.

LIQUIDITY AND FINANCIAL RESOURCES

In 2022, the Target Company maintained stable liquidity, with net cash from operating activities amounting to RMB39.2170 million, primarily generated from sales of electricity. As at the end of 2022, the Target Company had outstanding bank borrowings of RMB387.4230 million.

In 2023, the Target Company maintained stable liquidity, with net cash from operating activities amounting to RMB9.5750 million, primarily generated from sales of electricity. As at the end of 2023, the Target Company had outstanding borrowings of RMB401.0190 million.

In 2024, the Target Company maintained stable liquidity, with net cash from operating activities amounting to RMB4.2270 million, primarily generated from sales of electricity. As at the end of 2024, the Target Company had outstanding borrowings of RMB389.150 million.

For the ten months ended 31 October 2025, the Target Company maintained stable liquidity, with net cash from operating activities amounting to RMB5.4210 million, primarily generated from sales of electricity. As at 31 October 2025, the Target Company had outstanding borrowings of RMB368.6220 million.

CAPITAL STRUCTURE

The Target Company's funds are primarily generated from operating cash flow, credit facilities from financial institutions and loans from shareholders, and are mainly used for project investments, construction projects and debt refinancing.

The Target Company's borrowings and cash are denominated in RMB.

As at the end of 2022, the Target Company had fixed-rate borrowings of approximately RMB387.4230 million. As at the end of 2023, the Target Company had fixed-rate borrowings of approximately RMB401.0190 million; as at the end of 2024, fixed-rate borrowings of approximately RMB389.150 million; and as at 31 October 2025, fixed-rate borrowings of approximately RMB368.6220 million.

The Target Company does not use financial instruments for hedging. The Target Company has no foreign currency investments.

The following table shows the breakdown of the Target Company's borrowing balance (including borrowings from related parties) for the three years ended 31 December 2022, 2023 and 2024 and for the ten months ended 31 October 2025:

	As at 31 December 2022 *(RMB'000)*	As at 31 December 2023 *(RMB'000)*	As at 31 December 2024 *(RMB'000)*	As at 31 October 2025 *(RMB'000)*
External borrowings (finance lease)	243,773	189,369	–	–
Borrowings from related parties (original shareholder: Beijing Jingyuntong)	143,650	211,650	389,150	368,622

The principal business of the Target Company involves the generation and sale of electricity from photovoltaic power plants. The payback period for power plant projects is approximately 25 years, and the construction phase prior to grid connection requires significant capital investment, which is typically sourced through external financing. In the early stages, the Target Company raised funds through finance leases.

To optimize its debt structure and reduce financing costs, the Target Company initiated a debt refinancing process in 2022 and completed it in early 2024, using loans from original shareholder to fully repay the outstanding external finance lease obligations.

The Target Company's borrowing patterns showed no seasonal characteristics during the three years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2025.

Pursuant to the terms of the Equity Transfer Agreement, the Group will assume the Target Company's debt, specifically, the Debts owed by the Target Company to the original shareholder (i.e. Vendor A) when acquiring the Target Company.

REVENUE

The Target Company's revenue for the year 2022 was RMB65.3971 million, primarily from sales of electricity.

The Target Company's revenue for the year 2023 was RMB65.4304 million, primarily from sales of electricity.

The Target Company's revenue for the year 2024 was RMB52.1089 million, primarily from sales of electricity.

The Target Company's revenue for the ten months ended 31 October 2025 was RMB38.8919 million, primarily from sales of electricity.

The Target Company's revenue from sales of electricity remained largely stable, though it was slightly affected by extreme weather conditions.

For the three years ended 31 December 2022, 2023 and 2024 and the ten months ended 31 October 2025, the electricity sales price for the Target Company's Liupanshui Photovoltaic Power Station was largely stable at approximately RMB1,000 per MWh. In 2022 and 2023, the power generation at the Target Company's Liupanshui Photovoltaic Power Station remained stable, and accordingly, revenue in 2023 was relatively stable compared to 2022; in 2024, due to a decrease in effective sunshine hours, revenue declined by 20.4% compared to 2023; During the ten months ended 31 October 2025, power generation further declined due to various weather-related factors, resulting in a 18.2% decrease in revenue compared to the same period of the previous year.

Specific analysis by year/period is as follows:

1. Comparison of 2023 and 2022:

   Revenue for 2022 was RMB65,397,000, while revenue for 2023 was RMB65,430,000. Electricity generation in 2023 increased slightly compared to 2022, resulting in a steady rise in revenue.

2. Comparison of 2024 and 2023:

   In 2024, revenue amounted to RMB52,109,000, representing a year-over-year decrease of RMB13,321,000, or 20.4%, compared to RMB65,430,000 in 2023. The decline in revenue was primarily caused by a decrease in electricity generation. In 2024, electricity generation totaled 52,109 MWh, representing a year-over-year decrease of approximately 20.4% compared to 65,430 MWh in 2023. The decline in electricity generation in 2024 was primarily due to an increase in the frequency of cloudy and rainy weather with limited sunshine in Liupanshui, Guizhou, resulting in a significant decrease in effective sunshine hours compared to 2023. Additionally, periodic high temperatures during the summer of 2024 further reduced generation efficiency. These dual factors led to a year-over-year decrease in photovoltaic electricity generation.

3. Comparison of the ten months ended 31 October 2025 and the ten months ended 31 October 2024:

   Revenue for the ten months ended 31 October 2025, was RMB38,892,000, a year-over-year decrease of RMB8,673,000, or approximately 18.2%, compared to RMB47,565,000 for the same period in 2024. The decline in revenue was primarily due to a decrease in electricity generation. Electricity generation for the ten months

ended 31 October 2025, was 38,892 MWh, a year-over-year decrease of approximately 18.2% compared to 47,565 MWh for the same period in 2024. The decline in power generation in 2025 was primarily due to weaker sunlight conditions in the Liupanshui region in 2025, resulting in a year-over-year decrease in effective sunshine hours. In addition, the intermittent heavy rainfall caused cloudy weather and high temperatures reduced the power generation efficiency of photovoltaic modules. These multiple factors collectively led to a year-over-year decrease in photovoltaic power generation.

BUSINESS OUTLOOK

In the future, the Target Company will actively establish a professional power trading team, build a "policy think tank + supplier directory" database, participate in inter-provincial spot trading, and hedge against power rationing risks. The Target Company will strive to build an integrated system featuring "direct green power connections and the integration of generation, grid, load, and storage": transitioning from a power generator to a comprehensive energy service provider, adopting a "load-driven generation" approach to develop green power solutions for industrial parks.

The estimated investment for the reconstruction of the 35MW portion of the Liupanshui Project by the Target Company is approximately RMB20.0 million, which will be funded through operating cash flow and bank loans. Should the reconstruction be delayed, it is expected to affect only the Target Company's new power generation capacity and revenue. The existing 65MW power plant at the Liupanshui Project will remain unaffected. There will be no material adverse impact on the Target Company's ability to continue as a going concern or its ability to settle its debt.

SIGNIFICANT INVESTMENTS

The Target Company had no external investments in the years 2022, 2023, 2024 and the ten months ended 31 October 2025.

SIGNIFICANT ACQUISITIONS AND DISPOSALS

The Target Company had no significant acquisitions or disposals during the years 2022, 2023 and 2024 and the ten months ended 31 October 2025.

NUMBER OF EMPLOYEES AND REMUNERATIONS

The Target Company's remuneration standards and payment calculations are linked to operational performance and job performance; no separate dividend or share option plans have been established. The Target Company regularly conducts training programs on practical job skills, professional competencies and compliance awareness, and continuously improves its employee empowerment and competency development system.

The Target Company had a total of 14 employees at the end of 2022, 13 employees at the end of 2023, 13 employees at the end of 2024, and 11 employees as at 31 October 2025.

For the year ended 31 December 2022, the total remuneration costs of the Target Company were RMB1,490,000. For the year ended 31 December 2023, the total remuneration costs of the Target Company were RMB1,638,000. For the year ended 31 December 2024, the total remuneration costs of the Target Company were RMB1,573,000. For the ten months ended 31 October 2025, the total remuneration costs of the Target Company were RMB1,078,000.

The Target Company's remuneration standards and payment calculations are linked to operational performance and job performance; it does not have separate bonus or share option plans. The Target Company regularly conducts training programs on practical job skills, professional competencies and compliance, and continuously refines its employee empowerment and professional development system.

FUTURE SIGNIFICANT INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

For the next year, the Target Company plans to focus on the continued construction of a 35MW photovoltaic project, with an estimated investment of approximately RMB20 million. Funds will be raised through operating cash flow and bank loans.

GEARING RATIO

The Target Company's gearing ratio as at the end of 2022 was 57.31%. The calculation basis for the gearing ratio is total liabilities/total assets.

The Target Company's gearing ratio as at the end of 2023 was 71.55%. The calculation basis for the gearing ratio is total liabilities/total assets.

The Target Company's gearing ratio as at the end of 2024 was 70.32%. The calculation basis for the gearing ratio is total liabilities/total assets.

The Target Company's gearing ratio as at 31 October 2025 was 54.45%. The calculation basis for the gearing ratio is total liabilities/total assets.

CHARGE ON ASSETS

As at 31 December 2022 and 2023, borrowings amounting to RMB243,773,000 and RMB189,369,000, respectively, were secured by the 100% equity interest in the Target Company held by Vendor A and the Target Company's trade receivables for electricity charges (31 December 2022: RMB286,436,000; 31 December 2023: RMB333,285,000), with Vendor A providing guarantees. The Target Company repaid all debts in 2024 and released the related equity pledge, trade receivables pledge and related guarantees in November 2024.

FOREIGN EXCHANGE RATE FLUCTUATION RISK

The Target Company operates domestically and has no foreign currency assets or liabilities; it has not engaged in foreign exchange hedging.

CONTINGENT LIABILITIES

As at the end of 2022, the Target Company had estimated liabilities of RMB7.0261 million, primarily consisting of estimated site restoration costs following the conclusion of power plant operations.

As at the end of 2023, the Target Company had estimated liabilities of RMB7.5371 million, primarily consisting of estimated site restoration costs following the conclusion of power plant operations.

As at the end of 2024, the Target Company had estimated liabilities of RMB7.0261 million, primarily consisting of estimated site restoration costs following the conclusion of power plant operations.

As at 31 October 2025, the Target Company had estimated liabilities of RMB7.0261 million, primarily consisting of estimated site restoration costs following the conclusion of power plant operations.

The following is the First Valuation Report from the Valuer, which was prepared in Chinese and the English version is for reference only. If there is any discrepancy between the Chinese and English version of the summary of the valuation report, the Chinese version shall prevail.

This asset valuation report has been prepared in accordance with the China Asset Valuation Standards.

PROJECT ON THE VALUE OF THE ENTIRE SHAREHOLDER INTERESTS IN GUIZHOU XINGYE GREEN ENERGY TECHNOLOGY CO., LTD.* INVOLVING IN THE PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN GUIZHOU XINGYE GREEN ENERGY TECHNOLOGY CO., LTD.* BY SHUIFA GREEN ENERGY CO., LTD.*

ASSET VALUATION REPORT

Zhonglianlu Valuation Report No. [2025] 13176

China United Assets Appraisal Group Shandong Co., Ltd.
2 June 2025

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STATEMENT

1. This Asset Valuation Report has been prepared in accordance with the Basic Standards for Asset Valuation issued by the Ministry of Finance and the Asset Appraisal Practice Standards and Code of Ethics issued by the China Appraisal Society.

2. The principal or other users of this Asset Valuation Report shall use it in accordance with the scope of use specified in this report and as prescribed by laws and administrative regulations. The asset valuation institution and asset valuers shall not be held liable for any use of this report by the principal or other users of the Asset Valuation Report that violates the aforementioned provisions.

   This Asset Valuation Report is solely for use by the principal, other users specified in the asset valuation engagement contract, and users regulated by laws and administrative regulations. Other than that, no other institution or individual may become user of the Asset Valuation Report.

   This asset valuation institution and its valuers advise users of the Asset Valuation Report to correctly understand and utilize the valuation conclusions. The valuation conclusions do not equate to the realizable value of the appraised subject and should not be construed as a guarantee of such realizable value of the appraised subject.

3. The authenticity, legality and completeness of the information provided by the principal and other relevant parties constitute a prerequisite for the validity of the valuation conclusions. The list of assets and liabilities included in the valuation scope, along with the predictive financial information and ownership documentation required for the valuation, have been declared by the principal and the appraised entity and confirmed by them through affixing seals or other means.

4. This asset valuation institution and its valuers have no existing or expected conflicts of interest with the appraised subject in this Asset Valuation Report; no existing or expected conflicts of interest with any relevant parties and hold no bias toward such relevant parties.

5. The asset valuers have conducted on-site investigation of the appraised subject and the related assets covered in the Asset Valuation Report. Necessary attention has been given to the legal title status of the appraised subject and related assets. Verification has been performed on the legal title documentation pertaining to the appraised subject and related assets. Any identified issues have been truthfully disclosed. The valuer have requested the principal and other relevant parties to rectify property rights to meet the requirements for issuing the Asset Valuation Report.

6. The analysis, judgments and conclusions presented in this Asset Valuation Report are subject to the assumptions and limitations stated herein. Users of this Asset Valuation Report shall fully consider the assumptions, limitations, special notes and their impact on the valuation conclusions as detailed in the Asset Valuation Report.

7. This asset appraisal institution and its professional asset valuers comply with laws, administrative regulations and asset valuation standards, adhering to the principles of independence, objectivity and impartiality, and assume legal responsibility for the Asset Valuation Report issued.

PROJECT ON THE VALUE OF THE ENTIRE SHAREHOLDER INTERESTS IN GUIZHOU XINGYE GREEN ENERGY TECHNOLOGY CO., LTD.* INVOLVING IN THE PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN GUIZHOU XINGYE GREEN ENERGY TECHNOLOGY CO., LTD.* BY SHUIFA GREEN ENERGY CO., LTD.*

ASSET VALUATION REPORT

ZHONGLIANLU VALUATION REPORT NO. [2025] 13176

SUMMARY

China United Assets Appraisal Group Shandong Co., Ltd. had been engaged by Shuifa Green Energy Co., Ltd.* to conduct valuation on the market value of the entire shareholder interest in Guizhou Xingye Green Energy Technology Co., Ltd.* as of the Valuation Benchmark Date involving the proposed acquisition of 100% equity interest in Guizhou Xingye Green Energy Technology Co., Ltd.* by Shuifa Green Energy Co., Ltd.*.

The appraised subject is the entire equity interest value of Guizhou Xingye Green Energy Technology Co., Ltd.*. The scope of valuation includes all assets and related liabilities of Guizhou Xingye Green Energy Technology Co., Ltd.* as of the valuation benchmark date, primarily including current assets, non-current assets, current liabilities and non-current liabilities.

The valuation benchmark date is 30 September 2024.

This valuation had been conducted in compliance with the laws, administrative regulations and asset valuation standards governing asset valuation of the PRC, adhering to the principles of independence, objectivity and impartiality. Based on the actual condition of the assets subject to appraisal, relevant market transaction data, prevailing market price standards, with reference to the historical cost records of the assets, and subject to premise that the assets would be used continuously and there is an open market, the asset-based approach and income approach had been employed to evaluate the entire shareholder interests. The valuation result under the income approach had been ultimately adopted as the final conclusion of this valuation.

Following the implementation of the valuation procedures including inventory verification, on-site inspection, market research and valuation estimation, the net assets of Guizhou Xingye Green Energy Technology Co., Ltd.* as of the valuation benchmark date amounted to RMB265,238,900. The assessed value stood at RMB246,025,300, reflecting an impairment of RMB19,213,600, representing an impairment rate of 7.24%.

Users of this report are urged to pay special attention to the matters specifically stated in this report when using this report.

In accordance with relevant laws and regulations governing asset valuation, asset valuation reports involving statutory valuation services may only be utilized after the principal has fulfilled the asset valuation supervision and management procedures as required by laws and regulations. The validity period for using the valuation results was one year, effective from 30 September 2024, to 29 September 2025.

The above content is extracted from the full text of the Asset Valuation Report. For detailed information regarding this valuation engagement and to correctly understand the valuation conclusions, please carefully review the full text of the Asset Valuation Report.

XINGYE GREEN ENERGY TECHNOLOGY CO., LTD.* INVOLVING IN THE PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN GUIZHOU XINGYE GREEN ENERGY TECHNOLOGY CO., LTD.* BY SHUIFA GREEN ENERGY CO., LTD.*

ASSET VALUATION REPORT

ZHONGLIANLU VALUATION REPORT NO. [2025] 13176

To Shuifa Green Energy Co., Ltd.*:

China United Assets Appraisal Group Shandong Co., Ltd. has accepted the company's engagement. In accordance with relevant laws, administrative regulations and asset valuation standards, adhering to the principles of independence, objectivity and impartiality, employing the asset-based approach and income approach, and following necessary valuation procedures, we have assessed the market value of the entire shareholder interest of Guizhou Xingye Green Energy Technology Co., Ltd.* as of the valuation benchmark date involving in the proposed acquisition of 100% equity interest in Guizhou Xingye Green Energy Technology Co., Ltd.* by Shuifa Green Energy Co., Ltd.*. The findings of the asset valuation are hereby reported as follows:

I. PRINCIPAL, APPRAISED ENTITY AND OTHER USERS OF THE ASSET APPRAISAL REPORT

(I) Information About the Principal

Name:	Shuifa Green Energy Co., Ltd.
Type:	Joint stock company with limited liability (Hong Kong, Macao and Taiwan Investment, Unlisted)
Address:	North Zone, Comprehensive Building, Building 1, Art Town, No. 128 Huanshan East Road, Taishan District, Tai'an City, Shandong Province
Legal Representative:	Kong Dezhen
Registered Capital:	RMB912 million
Date of Establishment:	28 February 2013
Business Term:	28 February 2013 to indefinite term
Social Credit Code:	91430300062226419N

Scope of Business:	licensed activities: power generation, transmission, and supply (distribution); construction project contracting; power supply services; electrical installation services; thermal energy production and supply. (Projects subject to approval under the law may only commence operations after obtaining approval from relevant authorities. Specific business activities shall be subject to the approval documents or permits issued by relevant authorities.) General Projects: technical services, technical development, technical consulting, technical exchange, technology transfer, technology promotion; wind power generation technical services; solar power generation technical services; biomass energy technical services; energy storage technical services; sales of smart transmission, distribution and control equipment; emerging energy technology R&D; power generation technical services; transmission, distribution and control equipment manufacturing; new materials technology promotion services; photovoltaic equipment and component manufacturing; photovoltaic equipment and component sales; motor manufacturing; mechanical equipment R&D; nuclear power equipment sets and engineering technology R&D; water resource-specific machinery manufacturing; wind farm-related system R&D; offshore wind power-related system R&D; undertaking parent company engineering construction projects; energy conservation management services. (Except for items subject to approval in accordance with the law, business activities may be conducted independently in accordance with the law based on the business license.)

(II) Information about the Appraised Entity

Name:	Guizhou Xingye Green Energy Technology Co., Ltd.*
Type:	Other company with limited liability

Address:	Office on the 4th Floor, Personnel Bureau Building, Zhongshan District, Liupanshui City, Guizhou Province
Legal Representative:	Xie Yueyun
Registered Capital:	RMB232 million
Date of Establishment:	17 June 2015
Business Term:	17 June 2015 to 16 June 2045
Social Credit Code:	91520201346987033R
Business Scope:	activities prohibited by laws, regulations or decisions of the State Council shall not be conducted; activities requiring permits (approval) under laws, regulations or decisions of the State Council shall be conducted upon obtaining approval from the competent authority and based on the permit (approval) documents; activities not requiring permits (approval) under laws, regulations or decisions of the State Council may be conducted at the discretion of the market entity. (Development, sales, technical consulting, and services for electricity and thermal energy; development investment, and construction of new energy; development, construction, production, sales and operation of wind and solar power generation; engineering general contracting related to solar power generation; research, development, design, and application of smart grid, energy conservation and environmental protection, and new energy technologies.)

1. Historical Development

Guizhou Xingye Green Energy Technology Co., Ltd.* was established in June 2015. The company's equity structure at the time of establishment was as follows:

No.	Name of Shareholder	Way of Contribution	Subscribed Capital Contribution *(RMB10,000)*	Subscription Ratio *(%)*
1	Hunan Singyes Green Energy Co., Ltd.	Monetary	1,000.00	100.00
	Total		**1,000.00**	**100.00**

In June 2017, Hunan Singyes Green Energy Co., Ltd. transferred its 100% equity interest in Guizhou Xingye Green Energy Technology Co., Ltd. to Beijing Jingyuntong Technology Co., Ltd.*. Following this change, the equity structure was as follows:

No.	Name of Shareholder	Way of Contribution	Subscribed Capital Contribution *(RMB10,000)*	Subscription Ratio *(%)*
1	Beijing Jingyuntong Technology Co., Ltd. *	Monetary	1,000.00	100.00
	Total		**1,000.00**	**100.00**

In June 2018, the company's registered capital was increased to RMB230 million. Following this change, the equity structure was as follows:

No.	Name of Shareholder	Way of Contribution	Subscribed Capital Contribution *(RMB10,000)*	Subscription Ratio *(%)*
1	Beijing Jingyuntong Technology Co., Ltd. *	Monetary	23,000.00	100.00
	Total		**23,000.00**	**100.00**

In September 2022, the company's registered capital was increased to RMB232 million, with Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd.* acquiring a stake. Following this change, the equity structure was as follows:

No.	Name of Shareholder	Way of Contribution	Subscribed Capital Contribution *(RMB10,000)*	Subscription Ratio *(%)*
1	Beijing Jingyuntong Technology Co., Ltd. *	Monetary	23,000.00	99.1379
2	Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd. *	Monetary	200.00	0.8621
	Total		**23,200.00**	**100.00**

Following this change and up to the valuation benchmark date, there were no further changes to the equity structure.

As of the valuation benchmark date, the equity structure of the appraised entity was as follows:

No.	Name of Shareholder	Way of Contribution	Subscribed Capital Contribution *(RMB10,000)*	Subscription Ratio *(%)*
1	Beijing Jingyuntong Technology Co., Ltd. *	Monetary	23,000.00	99.1379
2	Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd. *	Monetary	200.00	0.8621
	Total		**23,200.00**	**100.00**

2. Assets, Financial Position and Operating Status

(1) Statement of Financial Position

As of the valuation benchmark date of 30 September 2024, Guizhou Xingye Green Energy Technology Co., Ltd.* recorded total assets of RMB839.6196 million, liabilities of RMB574.3806 million, and net assets of RMB265.2389 million. From January to September 2024, operating revenue reached RMB44.8582 million, with total profit of RMB20.5298 million and net profit of RMB16.6915 million.

The following table sets out the asset and financial position of Guizhou Xingye Green Energy Technology Co., Ltd.* for the recent years:

Statement of Assets, Liabilities and Financial Position

Amount Unit: RMB10,000

Item	30 September 2024	31 December 2023	31 December 2022	31 December 2021
Total assets	83,961.96	84,842.64	81,972.96	82,085.88
Liabilities	57,438.06	60,008.45	46,994.49	48,273.03
Net asset	26,523.89	24,834.19	34,978.46	33,812.84

Item	January to September 2024	2023	2022	2021
Operating revenue	4,485.82	6,564.59	6,539.71	8,226.05
Total profit	2,052.98	1,447.33	987.50	1,308.63
Net profit	1,669.15	1,112.78	799.24	1,064.19
Auditing Authority	Beijing Dehao International Certified Public Accountants (Special General Partnership)			

The above financial data is extracted from the standard and unqualified audit report (Dehao Shenzi [2025] 12000008) issued by Beijing Dehao International Certified Public Accountants (Special General Partnership). The valuation was conducted based on the audited financial statements of the entity.

(2) Operating Status

Guizhou Xingye Green Energy Technology Co., Ltd. primarily engages in the operation and power generation of photovoltaic power stations. The power station is a ground-mounted centralized solar power generation project with a registered installed capacity of 100 MW. As of the valuation benchmark date, the actual installed capacity was 65.091275 MW. The benchmark desulfurized coal

electricity price applied is RMB0.3515/kWh, and the national tariffs is RMB0.6485/kWh. With no electricity curtailment, the power station is currently operating in good condition.

(III) Relationship Between the Principal and the Apprasied Entity

The principal for this asset valuation is Shuifa Green Energy Co., Ltd.*, and the appraised entity is Guizhou Xingye Green Energy Technology Co., Ltd*. Shuifa Green Energy Co., Ltd.* proposes to acquire 100% equity interest in Guizhou Xingye Green Energy Technology Co., Ltd.*.

(IV) Users of this Report

The users of this valuation report are the principal and other report users as stipulated by national laws and regulations.

II. VALUATION PURPOSE

According to the minutes of the 30th Party Committee Meeting of Shuifa Xingye [2024], Shuifa Green Energy Co., Ltd.* proposes to acquire 100% equity interest in Guizhou Xingye Green Energy Technology Co., Ltd.*. It is necessary to appraise the value of the entire shareholder interest in Guizhou Xingye Green Energy Technology Co., Ltd.* to provide a value reference for the said economic action.

III. VALUATION SUBJECT AND VALUATION SCOPE

(I) Valuation Subject and Valuation Scope

The subject of valuation is the entire shareholder interest in Guizhou Xingye Green Energy Technology Co., Ltd.* The scope of valuation includes all assets and related liabilities of Guizhou Xingye Green Energy Technology Co., Ltd*. As of the valuation benchmark date, the audited balance sheet showed total assets of RMB839.6196 million, liabilities of RM 574.3806 million, and net assets of RMB265.2389 million. Specifically, this included current assets of RMB372.3987 million; non-current assets of RMB467.2209 million; current liabilities of RMB557.4383 million; and non-current liabilities of RMB16.9424 million.

All asset and liability figures above are extracted from the audit report Dehao Shenzi [2025] 12000008 issued by Beijing Dehao International Certified Public Accountants (Special General Partnership). The valuation was conducted based on the audited financial statements of the entity.

The subject and scope of the engaged valuation are consistent with those involved in the economic action.

(II) Major Assets and Characteristics

As of the valuation benchmark date, current assets primarily consisted of cash and cash equivalents, accounts receivable, prepayments and other receivables. Non-current assets mainly comprise fixed assets, construction in progress, right-of-use assets, long-term deferred expenses and deferred income tax assets.

The book value of tangible assets included in the valuation scope was RMB451.4235 million, accounting for 53.77% of total assets within the valuation scope. These comprised machinery and equipment, vehicles, electronic equipment and construction in progress.

The tangible assets of Guizhou Xingye Green Energy Technology Co., Ltd.* are primarily as follows:

1. The tangible assets are mainly distributed within the office premises and project sites of Guizhou Xingye Green Energy Technology Co., Ltd.*;

2. Machinery and Equipment: primarily solar power stations, specifically including photovoltaic module systems, photovoltaic module columns, beams, supports, inverters and combiner boxes, main transformers, high-voltage switchgear, SVG-Type Dynamic Reactive Power Compensation Device and photovoltaic module secondary equipment systems, etc. These assets are mainly stored within the photovoltaic power generation project site, with project construction completed in June 2017. As of the valuation benchmark date, the solar power station operated normally at 65.091275 MW. With routine usage, maintenance and management, its economic and technical condition was better. This solar power station was constructed under the EPC General Contracting Agreement for the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project, between the contracting party, Guizhou Xingye Green Energy Technology Co., Ltd.*, and the contractor, Zhuhai Singyes Green Construction Technology Co., Ltd.* Fixed assets were recorded at the EPC total contract price, with no further financial accounting treatment applied to the fixed asset cards.

3. The vehicles consist of two pickup trucks. As of the valuation benchmark date, the vehicles were in normal operational, maintenance and management condition, with average economic and technical status.

4. Electronic equipment primarily consists of office devices such as desktop computers, totaling 6 items. As of the valuation benchmark date, the electronic equipment was in normal operational, maintenance and management status, with a general economic and technical condition.

5. Construction in Progress - equipment engineering primarily consists of solar power station-related photovoltaic modules, ground piles and box transformers, with an installed capacity of 35.09 MW. The initial installation and

commissioning date was June 2017. Due to site issues, the equipment was dismantled, with the removal of 7.12 MW commencing on 19 January 2021, and 28.02 MW began dismantling on 13 February 2022. Upon inspection, the dismantled equipment is stored in good condition with no damage, and all components are expected to be reinstalled and operational.

(III) Intangible Assets Declared by the Entity with or without Book Records

As of the valuation benchmark date, there were no intangible assets within the scope of the entity's declaration that were either recorded in the books or unrecorded.

(IV) Types and Quantities of Off-Balance-Sheet Assets Declared by the Entity

As of the valuation benchmark date, there were no off-balance-sheet assets within the scope of the entity's declaration.

(V) Asset Types, Quantities and Carrying Amounts (or Appraised Values) Involved in the Conclusion Referenced from Reports Issued by Other Institutions

The carrying amounts of all assets and liabilities as of the valuation benchmark date in this valuation report are extracted from the audit results of the audit report Dehao Shenzi [2025] 12000008 issued by Beijing Dehao International Certified Public Accountants (Special General Partnership).

Other than this, no other institutions' reports were referenced

IV. TYPE OF VALUE

Based on the purpose of this valuation, the value type determined for this valuation is market value.

Market value refers to the estimated amount of an asset's value in a normal and fair transaction on the valuation benchmark date between a willing buyer and a willing seller, each acting rationally and without any coercion or compulsion.

V. VALUATION BENCHMARK DATE

The valuation benchmark date for this project is 30 September 2024.

This benchmark date was determined by the principal after comprehensive consideration of the appraised entity's asset scale, workload, estimated time required for the valuation, compliance factors and other relevant considerations, based on thorough consultation with all intermediary institutions.

VI. BASIS OF VALUATION

(I) Economic Activity Documents

1. Minutes of the 30th Meeting of the Party Committee of Shuifa Xingye [2024].

(II) Legal Basis

1. Law of the People's Republic of China on Asset Valuation (《中華人民共和國資產評估法》) (adopted at the 21st Session of the Standing Committee of the 12th National People's Congress on 2 July 2016);

2. Company Law of the People's Republic of China (《中華人民共和國公司法》) (secondly Revised at the 7th Session of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. Civil Code of the People's Republic of China (《中華人民共和國民法典》) (adopted at the 3rd Session of the 13th National People's Congress on 28 May 2020);

4. Securities Law of the People's Republic of China (《中華人民共和國證券法》) (revised at the 15th Session of the Standing Committee of the 13th National People's Congress on 28 December 2019, as promulgated by Order No. 37 of the President of the People's Republic of China);

5. Law of the People's Republic of China on State-Owned Assets of Enterprises (《中華人民共和國企業國有資產法》) (adopted at the 5th Session of the Standing Committee of the 11th National People's Congress on 28 October 2008);

6. Interim Regulations on the Supervision and Administration of State-Owned Assets of Enterprises (《企業國有資產監督管理暫行條例》) (State Council Order No. 378, amended by State Council Order No. 709);

7. Measures for the Supervision and Administration of State-Owned Assets Transactions in Enterprises (《企業國有資產交易監督管理辦法》) (Order No. 32 of the State-owned Assets Supervision and Administration Commission and the Ministry of Finance, 2016);

8. Measures for the Administration of State-Owned Assets Appraisal (《國有資產評估管理辦法》) (State Council Order No. 732);

9. Interim Measures for the Administration of State-Owned Property Rights Transfer in Enterprises (《企業國有產權轉讓管理暫行辦法》) (Order No. 3 of the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance);

10. Interim Measures for the Administration of State-Owned Assets Appraisal in Enterprises (《企業國有資產評估管理暫行辦法》) (Order No. 12 of the State-owned Assets Supervision and Administration Commission, 25 August 2005);

11. Opinions of the Ministry of Finance on Reforming the Administrative Management Approach for State-Owned Assets Appraisal and Strengthening the Supervision and Administration of Assets Appraisal (《財政部關於改革國有資產評估行政管理方式、加強資產評估監督管理工作的意見》) (Guo Ban Fa [2001] No. 102, 2001);

12. Notice on Strengthening the Management of State-Owned Asset Appraisal in Enterprises (《關於加強企業國有資產評估管理工作有關問題的通知》) (Guo Zi Wei Chan Quan [2006] No. 274);

13. Notice on Matters Concerning the Review of State-Owned Asset Appraisal Reports in Enterprises 《關於企業國有資產評估報告審核工作有關事項的通知》(Guo Zi Chan Quan [2009] No. 941);

14. Guidelines for the Filing of State-Owned Enterprise Asset Valuation Projects (《企業國有資產評估項目備案工作指引》) (Guo Zi Fa Chan Quan [2013] No. 64);

15. Notice on Fully Implementing the Pilot Program for Replacing Business Tax with Value-Added Tax (《關於全面推開營業税改征增值税試點的通知》) (Cai Shui [2016] No. 36);

16. Notice on Adjusting Value-Added Tax Rates (《關於調整增值税税率的通知》) (Cai Shui [2018] No. 32);

17. Announcement on Policies Concerning Deepening the Reform of Value-Added Tax (《關於深化增值税改革有關政策的公告》) (announcement No. 39 of 2019 by the Ministry of Finance, State Taxation Administration and General Administration of Customs, 20 March 2019);

18. Notice of the Shandong Provincial State-owned Assets Supervision and Administration Commission on Issuing the Interim Measures for Asset Valuation Management of Provincially-Affiliated Enterprises (《山東省國資委關于印發省屬企業資產評估管理暫行辦法的通知》) (Lu Guo Zi Chan Quan [2023] No. 4);

19. Regulations on the Supervision and Administration of State-Owned Assets in Enterprises of Shandong Province (《山東省企業國有資產監督管理條例》) (announcement No. 101 of the Standing Committee of the Shandong Provincial People's Congress);

20. Notice of the State-Owned Assets Supervision and Administration Commission of the Shandong Provincial People's Government on Further Standardizing the Supervision of State-Owned Asset Transactions in Enterprises (《山東省人民政府國有資產監督管理委員會關于進一步規範企業國有資產交易監管的通知》) (Lu Guo Zi [2020] No. 2);

21. Other laws, regulations, rules, and policies related to the valuation.

(III) Standard Basis

1. Basic Standards for Asset Valuation (《資產評估基本準則》) (Cai Zi [2017] No. 43);

2. Code of Professional Ethics for Asset Valuation (《資產評估職業道德準則》) (Zhong Ping Xie [2017] No. 30);

3. Practice Standards for Asset Valuation—Asset Valuation Procedures (《資產評估執業準則－資產評估程序》) (Zhong Ping Xie [2018] No. 36);

4. Practice Standards for Asset Valuation—Asset Valuation Procedures (《資產評估執業準則－資產評估程序》) (Zhong Ping Xie [2018] No. 35);

5. Practice Standards for Asset Valuation —Asset Valuation Methods (《資產評估執業準則－資產評估方法》) (Zhong Ping Xie [2019] No. 35);

6. Practice Standards for Asset Valuation - Asset Valuation Engagement Contract (《資產評估執業準則－資產評估委託合同》) (Zhong Ping Xie [2017] No. 33);

7. Practice Standards for Asset Valuation - Asset Valuation File (《資產評估執業準則－資產評估檔案》) (Zhong Ping Xie [2018] No. 37);

8. Practice Standards for Asset Valuation - Utilization of Expert Work and Related Reports (《資產評估執業準則－利用專家工作及相關報告》) (Zhong Ping Xie [2017] No. 35);

9. Practice Standards for Asset Valuation – Business Value (《資產評估執業準則－企業價值》) (Zhong Ping Xie [2018] No. 38);

10. Practice Standards for Asset Valuation – Machinery and Equipment (《資產評估執業準則－機器設備》) (Zhong Ping Xie [2017] No. 39);

11. Guidelines for Enterprise State-Owned Asset Valuation Reports (《企業國有資產評估報告指南》) (Zhong Ping Xie [2017] No. 42);

12. Guidelines for Business Quality Control of Asset Appraisal Institutions (《資產評估機構業務質量控制指南》) (Zhong Ping Xie [2017] No. 46);

13. Guiding Opinions on Types of Asset Valuation (《資產評估價值類型指導意見》) (Zhong Ping Xie [2017] No. 47);

14. Guiding Opinions on Legal Ownership of Asset Valuation Subject (《資產評估對象法律權屬指導意見》) (Zhong Ping Xie [2017] No. 48);

15. (Asset Appraisal Expert Guidance No. 8—Verification and Validation in Asset Appraisal (《資產評估專家指引第8號－資產評估中的核查驗證》) (Zhong Ping Xie [2019] No. 39);

16. Asset Appraisal Expert Guidance No. 12—Calculation of Discount Rates in Enterprise Value Appraisal Using the Income Approach (《資產評估專家指引第12號－收益法評估企業價值中折現率的測算》) (Zhong Ping Xie [2020] No. 38);

17. Other standards relevant to the valuation.

(IV) Title Basis

1. Purchase contracts or receipts for significant assets;

2. Vehicle registration certificates;

3. Other property title documents.

(V) Pricing Basis

1. Relevant information from the price information database of China United Asset Appraisal Group Shandong Co., Ltd.;

2. National macroeconomic, industry, regional market and corporate statistical analysis data;

3. Announcements regarding the loan prime rate (LPR) published by the National Interbank Funding Center on the valuation benchmark date, as authorized by the People's Bank of China;

4. Other information.

(VI) Other Reference Information

1. Financial statements and audit reports for the previous years and as of the valuation benchmark date of Guizhou Xingye Green Energy Technology Co., Ltd.*;

2. Tonghuashun iFind Financial Terminal;

3. Investment Valuation (《投資估價》) (by Damodaran, translated by Lin Qian, Tsinghua University Press);

4. Valuation: Measuring and Managing the Value of Companies (3rd Edition) (《價值評估：公司價值的衡量與管理(第3版)》) (by T. Copeland, T, etc., translated by Hao Shaolun and Xie Guanping, published by China Electronics Press);

5. Other information.

VII. VALUATION METHODOLOGY

Based on the valuation purpose of this project, the scope of valuation including all assets and liabilities of the entity. Pursuant to the provisions of relevant asset valuation standards, including the Basic Standards for Asset Valuation (《資產評估基本準則》), the Practice Standards for Asset Valuation – Business Value (《資產評估執業準則－企業價值》), and the Practice Standards for Asset Valuation – Asset Valuation Methods (《資產評估執業準則－資產評估方法》), the fundamental valuation approaches may include the market approach, income approach and asset-based approach.

The market approach in business valuation refers to an valuation method that compares the valuation subject with comparable listed companies or comparable transaction cases to determine its value. Two commonly used methods under the market approach are the listed company comparison method and the transaction case comparison method. Due to the scale of the appraised entity and the characteristics of its industry, it is currently difficult to find matching listed companies or comparable transaction cases within the publicly available information of China's domestic capital markets. Therefore, the market approach was not employed for this valuation.

The income approach in business valuation refers to a valuation method that capitalizes or discounts expected future earnings to determine the value of the appraised entity. Commonly used specific methods under the income approach include the dividend discount model and the discounted cash flow method. The dividend discount model is a specific technique that discounts projected dividends to establish the value of the appraised entity. The discounted cash flow method typically encompasses the entity free cash flow discount model and the equity free cash flow discount model. This valuation is based on the assumption of the valuation subject is operating on going concern. The entity can provide complete historical financial data, and its management has conducted analysis and projections regarding the future operations.

Furthermore, analysis of the entity's financial data indicates that its future earnings and operational risks can be quantified monetarily, meeting the fundamental conditions for applying the income approach.

The asset-based approach reflects business value from the perspective of asset acquisition and construction, serving economic objectives and providing a basis for post-transaction management and performance evaluation. Therefore, this valuation employs the asset-based approach.

Considering factors such as the valuation subject, value type and data collection status, this valuation utilizes both the asset-based approach and the income approach for the appraised entity.

(I) Asset-Based Approach Valuation

The asset-based approach determines the overall asset value by estimating the investment required to reconstruct a business or independent profit-making entity identical as the appraised entity as of the valuation benchmark date. Specifically, it involves adding up the appraised values of all constituent assets of the entity and subtracting the appraised value of liabilities to derive the business value.

The valuation methods for various assets and liabilities are as follows:

1. Current Assets

Current assets include cash and cash equivalents, accounts receivable, prepayments and other receivables.

(1) Cash and cash equivalents

For bank deposits, the valuers reviewed bank statements to verify the true existence of the bank deposits. The valuers also examined the bank statements to check for any unrecorded bank deposits and deposits received after the valuation benchmark date, so as to confirm the appraised value based on the verified book value.

(2) Accounts Receivable

The valuers verified the ledger entries, conducted spot checks on selected original vouchers and related documentation, and confirmed the authenticity of transactions, aging, business details and amounts. The verification results showed that the amounts in the accounts, statements, and vouchers were consistent. Building upon the verified accounts receivable, the valuers analyzed specific details including amounts owed, duration and reasons for delinquency, recovery

status, debtors' financial position, creditworthiness and operational management, etc. by using historical data and findings from current investigations.

Based on the entity's specific circumstances, the aging analysis method was applied. Referencing accounting practices for calculating bad debt provisions, estimated valuation risk losses were derived by analyzing aging patterns and historical recovery.

Following the above criteria, the valuation risk loss for accounts receivable was determined. The bad debt provision was assessed as zero in accordance with relevant valuation regulations. The valuation value was established as the total accounts receivable minus the assessed risk loss.

(3) Prepayments

The appraiser verified the ledger entries, examined original vouchers and related documentation, and confirmed the authenticity, aging, business details and amounts of the transactions. No instances were identified where counterparties to prepayments were bankrupt, dissolved or unable to provide services on time as required. Based on the verified book value, the appraised value was determined according to the likelihood of actual recovery.

(4) Other Receivables

The valuers verified the ledger entries, conducted spot checks on selected original vouchers and related documentation, and confirmed the authenticity of transactions, aging, business details and amounts. The verification confirmed that amounts in accounts, statements and vouchers were consistent.

Other receivables employed the individual recognition method to estimate valuation risk losses. For transactions with related parties where there was sufficient reason to believe full recovery was possible, the valuation risk loss was set at 0%. For transactions where a portion was highly unlikely to be recovered and the unrecoverable amount was difficult to determine, the valuation risk loss was estimated using the accounting method for calculating bad debt provisions, based on aging analysis and historical recovery patterns. The assessed value is determined by subtracting the estimated risk loss from the verified carrying amount of other receivables.

2. Non-Current Assets

(1) Fixed Assets - Equipment Assets

For the purpose of this valuation, adhering to the principle of continuing use and based on market prices, combined with the characteristics of the

commissioned equipment and the collected data, the machinery and equipment assets were primarily appraised using the replacement cost method. The calculation formula is:

Appraised Value = Replacement Cost × Comprehensive Newness Rate

① Determination of Replacement Cost

Based on local market information and recent market price data from sources such as Zhongguancun Online and Pacific Computer Network, the acquisition price of electronic equipment as of the valuation benchmark date was determined. Typically, manufacturers of such equipment provide free transportation and installation and commissioning services. Since the appraised entity is a general value-added taxpayer, the replacement cost of the electronic equipment in this appraisal was calculated excluding value-added tax, i.e.:

Replacement Cost = Tax-Inclusive Acquisition Price ÷ (1 + 13%)

② Determination of Comprehensive Newness Rate

The remaining useful life was calculated based on the equipment's economic service life. For equipment still in use beyond its economic service life, estimate its remaining useful life through on-site inspection, upon which, the newness rate was calculated using the formula:

Newness Rate = Remaining Useful Life ÷ (Years Used + Remaining Useful Life) × 100%

(2) Construction in Progress

The cost approach was employed for valuation based on the characteristics of construction in progress, the type of valuation and the availability of supporting documentation.

Projects identified during inventory verification as lacking physical substance, or classified as renovation expenses or cost-related expenditures, are valued at zero. Items determined to be ancillary costs associated with fixed assets already transferred to fixed asset valuation are accounted for within the fixed asset valuation process.

For construction-in-progress projects that are not yet completed or completed but not yet accepted, projects commenced within six months from the valuation benchmark date would be valued at their verified book value. For projects where the commencement date is more than six months from the

valuation benchmark date, if the book value does not include capital costs, the valuation shall be adjusted by adding capital costs based on a reasonable construction period. If the book value significantly deviates from the price level at the valuation benchmark date, the project cost shall be adjusted to reflect the price level at the valuation benchmark date.

For this project, based on actual circumstances and considering that subsequent installation costs would be borne by a third-party company without requiring additional expenditures from the project company, the valuation was conducted using methods applicable to fixed assets, taking into account the impact of the newness rate on the valuation amount.

(3) Right-of-Use Assets

The accounting scope of right-of-use assets primarily includes assets such as leased land held by property-holding entities.

The valuers verified the entity's general ledger, breakdowns, financial statements and detailed inventory assessment lists. They reviewed relevant original documents and lease agreements, analyzing the initial measurement and amortization amounts for each leased asset to ensure accuracy and reasonableness. These findings complied with the accounting provisions of the lease accounting standards. The carrying amount reasonably reflected the equity value of the related right-of-use assets held by the entity as of the valuation benchmark date. Therefore, the assessed value was confirmed based on the verified carrying amount.

(4) Long-term Deferred Expenses

Long-term deferred expenses include compensation payments for crops. During the verification process, the valuers cross-checked the detailed ledger with the general ledger and statement balances to ensure consistency. They verified alignment with the commissioned detailed assessment schedule, reviewed accounting records including payment amounts, occurrence dates and transaction details, and conducted spot checks on original accounting vouchers and contracts to confirm the authenticity and completeness of the accounting entries. Upon verification, the original amounts of the long-term deferred expenses were found to be true and accurate, with the amortized balances correctly determined. The appraised value was established based on the carrying amount.

(5) Deferred Income Tax Assets

Deferred income tax assets are recognized for deductible temporary differences arising from estimated liabilities, credit impairment losses and lease liabilities. These deductible temporary differences result from discrepancies

between the carrying amounts of assets and liabilities and their tax bases due to differences between an entity's accounting policies and tax law requirements. They represent a future tax payment right (or obligation) for the entity. This right (or obligation) will not be altered by asset valuation.

During the verification process, the valuers cross-checked the detailed ledger with the general ledger and financial statement balances to ensure consistency. They also verified the details against the commissioned appraisal schedule, reviewing transaction amounts, occurrence dates, and business details in the accounting records to confirm the authenticity and completeness of the deferred tax asset. Based on this verification, the appraised value was determined using the verified book value.

3. Liabilities

The actual debtors and liability amounts for each liability are verified after achieving the valuation purpose, and the appraisal value will be determined based on the liability items and amounts that the appraised entity must actually bear after achieving the valuation purpose.

(II) Income Approach Valuation

1. Overview of the Income Approach

According to the Practice Standards for Asset Valuation – Business Value (《資產評估執業準則－企業價值》), the income approach in the valuation of business value is also known as the discounted cash flow method. It is a technique for assessing asset value by discounting an enterprise's projected future net cash flows into present value. The fundamental principle of the income approach involves estimating the asset's anticipated future net cash flows and discounting them to present value using an appropriate discount rate to derive the appraised value.

2. Basic Valuation Principles

Based on the findings of this due diligence and the asset composition and principal business characteristics of the valuation subject, this valuation estimates the value of the equity capital using the valuation subject's audited financial statements. The fundamental valuation principles adopted are as follows:

(1) For assets and principal business operations included in the statement scope, expected returns (net cash flows) was predicted based on historical operating trends and business types, then discount these to determine the value of operating assets;

(2) For assets (liabilities) included in the statement scope but not considered in the expected returns (net cash flows) projection, separately predict their values;

(3) adding up the values of the said assets and liabilities to derive the business value of the valuation subject. After deducting the value of interest-bearing debt, the value of the entire shareholder equity interest in the valuation subject is appraised.

3. Valuation Model

(1) Basic Model

The basic model for this valuation was:

$$E=B-D \quad (1)$$

Where:

E: Entire shareholder equity (net asset) value of the valuation subject;
B: Business value of the valuation subject;

$$B=P+C \quad (2)$$

P: Value of the operating assets of the valuation subject;

$$P=\sum_{i=1}^{n}\frac{R_i}{(1+r)^i}+\frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Where:

R_i: Expected earnings (free cash flow) of the valuation subject for the i-th future year;
r: Discount rate;
n: Future operating term of the valuation subject;
C: Value of surplus or non-operating assets (liabilities) existing as of the valuation benchmark date of the valuation subject;

$$C=C_1+C_2 \quad (4)$$

C_1: Value of current surplus or non-operating assets (liabilities) as of the valuation benchmark date;
C_2: Value of non-current surplus or non-operating assets (liabilities) as of the valuation benchmark date;
D: Value of interest-bearing debt of the valuation subject;

(2) Revenue Indicator

This valuation employed the entity's free cash flow as the revenue indicator for the operating assets of the valuation subject. Its fundamental definition is:

$$\begin{aligned} R = {} & \text{Net Profit} + \text{Depreciation and Amortization} + \\ & \text{Interest on Debt After Tax} - \text{Additional Capital} \end{aligned} \quad (5)$$

Based on the valuation subject's operational history and future market development, estimate its free cash flow over the future operating term. Discount and add up the free cash flows over the future operating term to calculate the value of the entity's operating assets.

(3) Discount Rate

This valuation employed the Weighted Average Cost of Capital (WACC) model to determine the discount rate r.

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

Where:

W_d: Debt ratio of the valuation subject;

$$w_d = \frac{D}{(E+D)} \quad (7)$$

W_e: Equity ratio of the valuation subject

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: Interest rate on interest-bearing debt after income tax;
r_e: Cost of equity capital. This valuation determined the cost of equity capital r_e using the Capital Asset Pricing Model (CAPM).

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (9)$$

Where:

r_f: Risk-free rate of return;
r_m: Market expected rate of return;
ε: Risk adjustment coefficient reflecting the valuation subject's characteristics;
β_e: Expected market risk coefficient of the valuation subject's equity capital;

$$\beta_e = \beta_u \times (1+(1-t) \times \frac{D}{E}) \quad (10)$$

β_u: Expected unlevered market risk coefficient of comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

D_i, E_i: Representing the interest-bearing debt and equity capital of comparable companies respectively

(4) Determination of the Revenue Period

The primary business of the appraised entity is photovoltaic power generation, with the economic life of key photovoltaic power generation equipment generally being 25 years. As of the valuation benchmark date, the appraised entity operated normally, with its primary photovoltaic project being the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project. According to the information provided by the appraised entity, the power station commenced receiving electricity fees and national tariff in January 2017 and achieved full-capacity grid connection on 30 April 2018.

Upon discussions with the appraised entity, the valuers learned that due to disputes over the project's land use rights, the appraised entity dismantled 7.12 MW of capacity between 19 January 2021 to 26 January 2021, and 28.02 MW between 13 February 2022 to 5 March 2022. As of the valuation benchmark date, the project's actual installed capacity stood at 65 MW. The 35 MW of dismantled equipment has been properly stored by the appraised entity.

After discussing with the principal, the dismantled 35MW portion will be rebuilt by the principal, Shuifa Green Energy Co., Ltd. As of the reporting date, the client had re-selected a land compliant with policy requirements, and

the relevant procedures had been processing. The reconstruction was expected to be completed and commence grid-connected power generation by 31 December 2025.

In summary, the revenue period for the appraised entity has a finite term. The revenue period for the 65MW unit spaned from the valuation benchmark date to 31 December 2041 (25 years from the commencement of obtaining grid-connected revenue). The reconstruction of the 35MW and 65MW units constituted a single project, with their revenue periods aligned with that of the 65MW unit. Thus, their revenue period has extended from the valuation benchmark date to 31 December 2041.

VIII. IMPLEMENTATION AND STATUS OF VALUATION PROCEDURES

The entire valuation process was conducted in five phases:

(I) Valuation Preparation Phase

1. In February 2025, consensus was reached with the appraised entity on the purpose of this valuation, the valuation benchmark date, and the scope of valuation, and an asset valuation work plan was formulated.

2. Coordinating with the appraised entity in conducting asset inventory checking and completing asset valuation declaration forms. The valuation project team conducted on-site preliminary assessments of the assets subject to valuation, assisted the entity in completing asset declaration procedures, and collected necessary documentation for the valuation process.

(II) On-Site Valuation Phase

The project team's on-site valuation phase was scheduled on February 2025. Main tasks included:

1. Listening to presentations from the principal and relevant personnel of the appraised entity regarding the entity's overall situation and the history and current status of the assets subject to valuation. Understanding the entity's financial systems, operational conditions, etc.

2. Reviewing and verifying the asset inventory and valuation declaration details provided by the entity. Cross-checking these details with relevant financial records and coordinate with the entity to adjust any discrepancies identified. For submitted information such as future development plans and profit projections, carrying out discussions with enterprise management to reach consensus on future development trends.

3. Through on-site inspections, visits and thematic seminars, we conducted investigations and verifications of the current status and composition of the operating assets of the appraised entity. Particular emphasis was placed on detailed investigations into investment activities and future operational projections that impact valuation assessments. Relevant financial data, including accounting statements and ledgers, were reviewed.

4. We conducted discussions with corporate management and finance personnel to understand the entity's operational status. Building upon asset verification and due diligence, we further undertook market research to gather macro-industry data pertaining to the relevant business sector, as well as financial information and market intelligence from comparable companies.

5. Based on the asset inventory assessment declaration details, spot checks and physical counts were conducted on tangible assets such as fixed assets.

6. Ownership documentation for the assets subject to valuation was reviewed and collected, and the ownership materials provided by the entity were verified.

7. For general-purpose equipment, price data was primarily gathered through market research and consultation of relevant materials.

8. Based on the actual conditions and characteristics of the assets subject to valuation, specific models and methods for asset valuation were determined. Preliminary valuation calculations were performed for assets and liabilities within the valuation scope based on the verified inventory results.

(III) Valuation Consolidation Phase

We analysed and consolidated preliminary review results for various appraised assets, and made necessary adjustments, modifications and refinements to the valuation results.

(IV) Report Submission Phase

Based on the above work, we drafted a preliminary asset valuation report. After initial review, we exchanged opinions with the principal regarding the valuation results. Following independent analysis of relevant feedback, we made revisions and adjustments in accordance with the valuation institution's internal asset valuation report review system and procedures. Finally, the official asset valuation report was issued.

IX. VALUATION ASSUMPTIONS

In this valuation, the valuers adhered to the following valuation assumptions:

(I) General Assumptions

1. Transaction assumption:

Transaction assumption assumes that all assets to be appraised are already in the trading process, and the Valuers conducts valuation by market simulation based on transaction conditions of the assets to be appraised. The transaction assumption is a basic premise for an asset valuation.

2. Open market assumption:

The open market assumption assumes that in respect of assets traded in the market, or assets to be traded in the market, both parties to the asset transaction have equal status and have the opportunity and time to obtain sufficient market information in order to make rational judgments about the functions, uses and transaction prices of the asset. The open market assumption is based on the assumption that assets can be traded openly in the market.

3. Continued use of assets assumption

The continued use of assets assumption assumes that the valuation method, parameters, and basis should be determined based on the continuing usage of the asset based on current use, manner of usage, scale, frequency, and conditions or on a changed basis of the asset being appraised.

4. Going concern assumption:

The going concern assumption assumes that the overall assets of an enterprise will be the valuation target, i.e. the enterprise as an operating will continue as a going concern in accordance with its operating targets in the external environment that it is in; the operator of the enterprise is responsible for and capable of taking responsibilities; the enterprise operates in a legal manner and can obtain adequate profits in order to maintain its ability to continue as a going concern.

(II) Specific Assumptions

1. There having been no significant changes in the macroeconomic, industrial and development policies of the country and region in which the appraised entity is located since the valuation benchmark date, other than those already known to the public;

2. There having been no material changes in the bases and rates of tax, policy-based levies, etc. related to the appraised entity since the valuation benchmark date, other than those already known to the public;

3. The management of the appraised entity having performed their duties diligently as of the valuation benchmark date, and will continue to operate under its existing operating and management model;

4. The accounting policies adopted by the appraised entity after the valuation benchmark date remain consistent in material respects with the accounting policies and accounting verification methods used in the valuation report;

5. The manner of the acquisition and utilization of the appraised entity's production and business premises remain consistent and unchanged compared to those on the valuation benchmark date;

6. The entity shall continue its operations during the future operating period based on the composition of revenue and cost and operating strategy in accordance with the operating plan confirmed as of the valuation benchmark date. Future gains and losses resulting from changes in type of business due to changes in management, operating strategy and business environment have not been taken into account;

7. It is assumed that during the future operating period, the various expenses of the appraised entity will continue to be incurred in accordance with the operating plan and business needs confirmed as of the valuation benchmark date;

8. It is assumed that there will be no other force majeure or unforeseen factors which will cause any material adverse effect to the appraised entity during the forecast period;

9. The impact of inflation has not been considered in the valuation;

10. It is assumed that the basic information and financial information provided by the appraised entity is true, accurate, and complete;

11. The scope of the valuation is based solely on the valuation declaration form provided by the appraised entity; no regard has been given to contingent assets or contingent liabilities out of the list provided by the appraised entity which may exist;

12. All assets in the valuation are based on actual inventory as of the valuation benchmark date, and the current market prices of the relevant assets are based on the domestic prices in effect as of the valuation benchmark date;

13. It is assumed that there are no matters that are undisclosed and not reflected in the books that would give rise to any compensation liability as of the valuation benchmark date;

14. The valuation assumes that prices of electricity will remain unchanged at the level on the valuation benchmark date throughout the forecast period;

15. It is assumed that the operating cycle in respect of 35MW capacity is consistent with that of 65MW capacity, with an income period until the end of 2041;

16. As of the valuation benchmark date, the actual installed capacity of the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project was 65MW. According to relevant information provided by the principal, the reconstruction in respect of the 35MW capacity will be completed by the client, Shuifa Green Energy, with investment cost of approximately RMB20 million and an estimated completion date of 31 December 2025. The valuation assumes that the aforementioned matters can be completed on schedule, meaning the 35MW project will feed electricity into the grid and generate revenue in 2026. This project is expected to increase capital expenditures by RMB20 million (excluding value-added tax) in 2025;

17. According to information provided by the principal and the appraised entity, the 35MW reconstruction project requires relocation, and the land lease contract has not been signed as of the valuation benchmark date. Based on the data provided by the principal, it is assumed that the lease of 622 mu of land at a rent of RMB500/mu will be required for the 35MW reconstruction project, with a 10% increase every five (5) years;

18. Assuming a three-year retrieval period for national tariff, all national tariffs paid prior to (but not including) 2023 will be retrieved in 2025. The valuation did not take into account the impact of changes in the aforementioned assumption on the valuation. If there is any material change to the retrieval period and circumstances of the retrieval, the adjusted appraised value should be recalculated;

19. As of the reporting date, the results of the national tariff review have not yet been announced. According to information provided by the entity, the main reason that the review approval of the project has not been announced is the dismantling of the 35MW capacity, such that full feed-in capacity has not been achieved. Upon completion of reconstruction in the second half of the year, it is expected that the review approval will be announced. Considering that factors affecting the national tariff review can be eliminated, the valuation assumes that the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project will obtain approval in the national tariff review; and the national tariff will be calculated on a normal basis during the review period and payment will resume

upon approval. If the national tariff review is not conducted in accordance with the assumptions or the review results are inconsistent with the assumptions, the adjusted appraised value should be recalculated;

20. It is assumed that the annual cash flow of the appraised entity during the year after the valuation benchmark date are even inflows.

When events occur that are inconsistent with the said assumptions, this valuation generally becomes invalid.

X. VALUATION CONCLUSION

In accordance with the national laws, regulations, rules and valuation standards governing asset valuation, and adhering to the principles of independence, impartiality and objectivity, we have performed the statutory and necessary procedures for asset valuation. Using generally accepted valuation methods, we have assessed the value of the entire shareholder interest in Guizhou Xingye Green Energy Technology Co., Ltd.* as of the valuation benchmark date of 30 September 2024, and have reached the following conclusion:

(I) Conclusion of Asset-Based Approach Valuation

Based on the asset-based approach valuation, as of the valuation benchmark date, the book net assets of Guizhou Xingye Green Energy Technology Co., Ltd.* amounted to RMB265.2389 million. The appraised value was RMB-74.3377 million, indicating an impairment loss of RMB339.5766 million, representing an impairment rate of 128.03%.

The results of the asset-based approach are detailed in the table below:

Summary of Asset Valuation Results

Unit: 10,000 yuan

Item		Book Value *B*	Appraised Value *C*	Increase or Decrease in Value *D=C-B*	Rate of Increase% *E=D/B×100%*
1	Current assets	37,239.87	37,239.87	–	–
2	Non-current assets	46,722.09	12,764.43	–33,957.66	–72.68
3	Of which: long-term equity investments	–	–	–	
4	Investment properties	–	–	–	
5	Fixed assets	27,611.79	8,195.16	–19,416.63	–70.32
6	Construction in progress	17,530.57	2,989.54	–14,541.03	–82.95
7	Intangible assets	–	–	–	
8	Of which: land use right	–	–	–	
9	Other non-current assets	–	–	–	
10	**Total assets**	**83,961.96**	**50,004.30**	**–33,957.66**	**–40.44**
11	Current liabilities	55,743.83	55,743.83	–	–
12	Non-current liabilities	1,694.24	1,694.24	–	–
13	**Total liabilities**	**57,438.06**	**57,438.07**	**–**	**–**
14	**Net assets (shareholders' equity)**	**26,523.89**	**–7,433.77**	**–33,957.66**	**–128.03**

(II) Conclusions of the Income Approach Valuation

Based on the income approach valuation, the book value of the net assets of Guizhou Xingye Green Energy Technology Co., Ltd. as of the valuation benchmark date was RMB265.2389 million. The appraised value was RMB246.0253 million, representing an impairment of RMB19.2136 million, with an impairment rate of 7.24%.

(III) Analysis of Results from Two Valuation Approaches

The income approach yielded a valuation result that was RMB320.3630 million higher than the asset-based approach, representing a difference rate of 430.96%. After analyzing the foundations and value components of the two valuation approaches, it is revealed that:

The income approach evaluates assets based on their anticipated profitability, with key indicators being future earnings and discount rates. When forecasting future metrics, it comprehensively considers factors such as domestic macroeconomic conditions, industry trends, corporate development plans and operational capabilities, thereby reflecting the

future profitability and growth potential of both the entity itself and its industry. The asset-based approach evaluates assets using replacement cost as the value standard, reflecting the socially necessary labor expended in asset acquisition (construction costs). These acquisition costs typically fluctuate with changes in the national economy. The asset-based approach cannot capture an entity's future profitability and growth potential.

In summary, we believe the income approach yields a more reasonable valuation result that objectively reflects the market value of the entire shareholder interest in Guizhou Xingye Green Energy Technology Co., Ltd*. Therefore, this asset valuation report adopts the income approach valuation as the final appraisal conclusion.

(IV) Valuation Conclusion

Based on the income approach valuation, the value of the entire shareholder interest in Guizhou Xingye Green Energy Technology Co., Ltd.* as of the valuation benchmark date of 30 September 2024 was RMB246,025,300.

XI. SPECIAL NOTES

(I) Title Defects

Nil.

(II) Mortgage Security Matters

Nil.

(III) Pending Matters, Legal Disputes and Other Uncertainties

Nil.

(IV) Subsequent Events

As of the valuation report date, no significant subsequent events have occurred at the appraised entity.

(V) Other Matters Requiring Explanation

1. If changes occur in asset quantity or pricing standard after the valuation benchmark date but within the validity period, the following principles shall apply:

   (1) When asset quantity changes, the asset value shall be adjusted accordingly based on the original valuation methodology;

(2) When changes in asset pricing standards significantly impact the appraised asset value, the principal shall promptly engage a qualified valuation institution to re-determine the valuation;

(3) For changes in asset quantity or pricing standards occurring after the valuation benchmark date, the principal shall fully consider such changes when determining the actual consideration of assets and make corresponding adjustments.

2. Interest income generated from deposits and uncertain gains or losses such as foreign exchange gains or losses are not considered in the valuation.

3. This valuation constitutes a professional judgment on the value of the assets subject to valuation. Its valuation analysis and conclusions are provided solely for record-keeping and review by the competent property valuation authorities and as a reference for the principal's consideration determination purposes. The scope of this valuation, along with the data, statements and relevant information employed, were provided by the principal and the appraised entity. The principal and the appraised entity are responsible for the authenticity and completeness of the information they provided. The legal responsibilities of the valuers and the valuation institution lie solely in making a professional judgment on the asset value stated in this report for the stated valuation purpose. This does not involve any judgment by the valuers and the valuation institution regarding the economic actions corresponding to the valuation purpose.

4. All title certificates and related information referenced in the valuation report were provided by the principal and the appraised entity, who shall bear legal responsibility for their authenticity.

5. The valuers did not conduct technical inspections of the equipment's parameters and performance as of the valuation benchmark date. The valuers made judgements based on field surveys, assuming the technical documentation and operational records provided by the appraised entity are accurate and valid, without utilizing any testing instruments.

6. The valuation results herein reflect the current market value determined based on the purpose of this valuation on the assumptions of continued use and an open market. They do not account for potential future collateral or guarantee obligations, nor do they consider the impact of additional costs that may arise from special transaction methods on the assessed value. Furthermore, they do not take into account in the impacts of changes in national macroeconomic policies or the impact of natural forces and other force majeure events on asset valuation.

7. The use of profit forecasts by the valuation institution for the appraised entity does not constitute a guarantee of the entity's future profitability.

8. The purpose of the valuers conducting asset valuation services is to estimate the value of the valuation subject and issue a professional opinion, and does not assume responsibility for the decisions made by relevant parties. The valuation conclusion should not be regarded as a guarantee of the achievable price of the valuation subject.

9. In this assessment, the valuers were unable to obtain information such as the feasibility study report for the 35MW reconstruction project. Considering that the reconstructed 35MW facility will form part of the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project, certain parameters in this valuation were derived from the Feasibility Study Report for the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project and data from the 65MW project.

   The above parameter values and data have been confirmed by the principal and the appraised entity. Should the actual parameters after reconstruction differ from the values used in this valuation, it may significantly impact the valuation results. Users of this report are advised to take note.

10. This income approach valuation was based on the following special assumptions:

    ① The 65MW operational period is assumed to commence upon obtaining grid-connected revenue, with the 35MW operational cycle aligned with the 65MW project, extending through the end of 2041.

    ② As of the valuation benchmark date, the actual installed capacity of the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project is 65MW. According to relevant information provided by the principal, the reconstruction of the 35MW capacity is to be completed by the principal, Shuifa Green Energy Co., Ltd. The reconstruction investment is approximately RMB20 million, with an expected completion date of 31 December 2025. This valuation assumed the above matters will be completed on schedule, meaning the 35MW project will commence grid-connected power generation and generate revenue in 2026. This project is expected to increase capital expenditures by RMB20 million (excluding VAT) in 2025.

    ③ Based on information provided by the principal and the appraised entity, the 35MW reconstruction project requires a new site selection. As of the reporting date, the land lease contract has not yet been signed. According to data provided by the principal, it is assumed that the 35MW reconstruction project will lease 622 mu of land at a rent of 500 yuan per mu, with a 10% increase every five years.

    ④ This valuation assumes a 3-year national tarrif recovery period, with all national tarrif prior to 2023 (excluding 2023) recovered by 2025.

The above parameter values and data have been confirmed by the principal and the appraised entity. Should the said assumptions fail to materialize as expected, it will significantly impact the valuation conclusions, thus requiring re-valuation and adjustment to the valuation. Users of this report are hereby advised to take note.

11. On 24 March 2022, the National Development and Reform Commission, the National Energy Administration and the Ministry of Finance jointly issued the "Notice on Conducting Self-Inspection of Renewable Energy Power Generation Subsidies" (《關于開展可再生能源發電補貼自查工作的通知》), deciding to launch a nationwide verification of renewable energy power generation subsidies to further clarify the baseline figures for such subsidies. According to the document, the self-inspection targets include power grid and power generation enterprises. The scope covers all grid-connected renewable energy power generation projects with subsidy requirements as of 31 December 2021, primarily wind power, centralized photovoltaic power stations, and biomass power generation projects.

On 6 January 2023, China Southern Power Grid Co., Ltd. issued the "Announcement on Publishing the List of the First Batch of Renewable Energy Power Generation Subsidy-Compliant Projects" (《關於公佈第一批可再生能源發電補貼合規項目清單的公告》), disclosing the first batch of renewable energy power generation subsidy-compliant projects. The Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project was not included in the list.

According to the entity's explanation, Guizhou Province initiated the national subsidy verification process on 7 July 2022, and the appraised entity has submitted all required verification information as requested. As of the reporting date, the project has not yet been announced as having passed verification. The primary reason is that 35MW of capacity was dismantled, preventing the project from achieving full grid connection status. The appraised entity is currently actively advancing reconstruction efforts. The project's reconstruction has received approval from the local energy bureau, and there are no obstacles to restoring full 100MW operational capacity. Upon completion of reconstruction, the project is expected to be announced as having passed verification.

Based on the above facts and considering that factors affecting the national subsidy verification can be eliminated, this assessment assumes that the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project will pass the national subsidy verification. During the verification period, the national subsidy will be calculated normally and will resume normal disbursement upon successful verification. The aforementioned matters have been supplemented in the "Valuation Assumptions - Special Assumptions" section. Should this assumption fail to materialize as expected, it will significantly impact the valuation

conclusions, thus requiring revaluation and adjustment to the valuation. Users of this report are advised to take note.

XII. RESTRICTIONS ON USE OF THE ASSET VALUATION REPORT

1. This valuation report may only be used for the purposes specified herein and shall not be used for any other purpose.

2. This valuation report is intended solely for the use of the designated report user specified herein. The company shall not be liable for any losses incurred by any other entity or individual using this valuation report other than by the designated user specified herein.

3. Except as required by laws and regulations or as stipulated in the asset valuation engagement agreement, no part of this valuation report may be extracted, quoted or disclosed in public media without the prior written consent of this institution. This institution shall bear no liability for any legal consequences arising from the unauthorized extraction, quotation or disclosure of all or any part of this report.

4. Users of the asset valuation reports shall correctly understand and utilize the valuation conclusions. Valuation conclusions are not equivalent to the realizable value of the valuation subject and should not be regarded as a guarantee of such realizable value.

5. In accordance with relevant laws and regulations governing asset valuation, asset valuation reports pertaining to statutory valuation services must be utilized only after the principal has fulfilled the asset valuation supervision and management procedures required by law. The validity period for using the valuation results is one year, effective from 30 September 2024, to 29 September 2025.

XIII. ASSET VALUATION REPORTING DATE

The asset valuation reporting date was 2 June 2025.

(no text on this page)

China United Assets Appraisal Group Shandong Co., Ltd.

Asset valuer:【Guo Haiguo】

Asset valuer:【Wang Ying】

2 June 2025

APPENDIX TO ASSET VALUATION REPORT

1. Economic activity documents (copies);
2. Valuation schedule;
3. Audit report as of valuation benchmark date (copies);
4. Business licenses of the principal and the appraised entity (copies);
5. Commitment ketters from principal and the appraised entity;
6. Commitment letters of the asset valuers;
7. Asset valuation filing announcement of China United Assets Appraisal Group Shandong Co., Ltd. (copy);
8. Business license of China United Assets Appraisal Group Shandong Co., Ltd. (copy);
9. Registration cards of the qualification certificate of the asset valuers (copy);
10. Asset valuation engagement contract.

EXTRACT OF VALUATION EXPLANATION

I. ANALYSIS OF MACROECONOMIC DEVELOPMENT

(I) Global Overview

In the first quarter of 2024, the China External Environment Monitor PMI (CEEM-PMI) fell below the boom-bust line. Amid global economic divergence, the US economy continued to expand, the European economy saw an accelerated recovery, and Japan's overall economic performance remained stable. Furthermore, India maintained strong economic growth, Brazil recovered at a moderate pace, South Africa posted a weak recovery momentum, and Russia maintained short-term economic resilience. The six ASEAN member states and South Korea exhibited a financial market pattern featuring relatively weak exchange rates and solid overall stock market performance.

1. Economic Developments in the US

US manufacturing PMI returned to expansion, while the non-manufacturing PMI maintained steady growth. Compiled by the Institute for Supply Management (ISM), US manufacturing PMI recorded 49.1, 47.8 and 50.3 from January to March respectively, moving above the boom-bust line for the first time in 16 months. The non-manufacturing PMI stood at 53.4, 52.6 and 51.4 respectively, remaining above the boom-bust threshold for 15 consecutive months and exceeding the fourth-quarter average of 51.7 last year. Previously, the US manufacturing sector notched its longest contraction cycle over the past two decades since the Internet bubble crisis. Currently, overall domestic demand is improving steadily alongside stronger industrial output.

2. Economic Developments in Europe

European PMI witnessed a moderate upturn. The quarterly average composite PMI stood at 49.1, edging up slightly from the average of 47.2 recorded in the fourth quarter of 2023. In March, business activities across the euro area expanded for the first time since May 2023, with the composite PMI rising from 49.2 in February to 50.3, surpassing market expectations. The manufacturing sector in the euro area remained in sustained contraction, with its manufacturing PMI declining for two consecutive months from 46.6 in January to 46.1 in March. By contrast, the services sector in the euro area posted a strong recovery momentum, with its quarterly average PMI reaching 50.0, higher than the 48.4 registered in the previous quarter.

3. Economic Developments in Japan

Japan's overall economic performance remained moderate. From January to March, Japan's manufacturing PMI stood at 48.0, 47.2 and 48.2 respectively, with a three-month average of 47.8, down from 48.5 in the fourth quarter of 2023. Over the same period, Japan's services PMI rebounded, recording 53.1, 52.9 and 51.7

respectively, all staying above the boom-bust line and averaging 52.6. Although this reading rose from 51.5 in the fourth quarter of 2023, it remained lower than the average for the first three quarters of 2023, with a gradual downward trend across the first three months of the year.

4. Economic Developments in ASEAN

The six ASEAN member states and South Korea generally remained in expansionary territory. In terms of PMI indicators, overall ASEAN readings stayed above the boom-bust line, with a quarterly average reading of 50.7. Monthly PMI data reflected a steady improvement in regional economic sentiment, registering 50.3, 50.4 and 51.5 respectively from January to March. Nevertheless, this upward momentum was mainly driven by Indonesia, a domestic demand-oriented economy. Singapore, Vietnam and South Korea, three frontier economies in the region, showed signs of peaking and cooling, suggesting mounting risks of a cyclical downturn induced by weaker external demand.

5. Economic Developments in BRICS

Russia demonstrated notable short-term economic resilience, with considerable uncertainties lingering over the medium and long term. In 2023, Russia's year-on-year economic growth reached 3.6%, outpacing the International Monetary Fund's forecast of 2.2% in October 2023. The average growth rate for 2022 and 2023 stood at 1.2%, remaining markedly below the level prior to the outbreak of the Ukraine crisis.

Brazil sustained a modest economic recovery, alongside a slowdown in the growth of its trade surplus. In the fourth quarter of 2023, Brazil's real GDP rose by 2.1% year on year and fell by 0.04% quarter on quarter. The four-year average year-on-year growth rate relative to the same period in 2019 came in at 1.7%, reflecting ongoing mild economic recovery.

India maintained strong economic growth, primarily bolstered by vigorous investment. In the fourth quarter of 2023, India's real GDP grew by 8.4% year on year and 3.4% quarter on quarter, with a 7.1% year-on-year increase across the first three quarters. In particular, private consumption increased by 3.5% year on year, and fixed asset investment expanded by 10.6%. Robust investment remained the key driver of India's economic expansion.

South Africa still lacked sufficient momentum for economic recovery, with continued declines in investment. In the fourth quarter of 2023, South Africa's real GDP grew by 1.2% year on year, posting its first quarter-on-quarter negative growth since 2021. Specifically, private consumption rose by 0.3% year on year, while investment fell by 3.0% year on year. Investment stayed in negative territory, though the decline narrowed from the previous quarter. Real investment in the fourth quarter of 2023 remained notably lower than the levels recorded in the same period of 2019.

(II) Domestic Overview

In the first half of the year, under the strong leadership of the Party Central Committee with President Xi Jinping at its core, all local governments and departments earnestly implemented the decisions and arrangements of the Party Central Committee and the State Council. Adhering to the principles of pursuing progress while ensuring stability, promoting stability through progress, and establishing the new before abolishing the old, China effectively implemented various macroeconomic policies. The national economy maintained overall stability and sound progress, featuring steady production growth, sustained demand recovery, general stability in employment and prices, continuous rises in resident income, accelerated expansion of new growth drivers, and new advances in high-quality development.

Preliminary calculations showed that China's GDP in the first half of the year reached RMB61,683.6 billion. Measured at constant prices, the figure rose by 5.0% over the previous year. By industry, the added value of the primary industry was RMB3,066.0 billion, up 3.5% year on year; that of the secondary industry was RMB23,653.0 billion, an increase of 5.8%; and that of the tertiary industry was RMB34,964.6 billion, increasing by 4.6%. By quarter, GDP grew 5.3% year on year in the first quarter, and 4.7% in the second quarter. On a quarter-on-quarter basis, GDP increased by 0.7% in the second quarter.

1. Another Summer Grain Harvest, Overall Stable Animal Husbandry

In the first half of the year, the added value of agriculture (planting industry) increased by 4.0% year on year. Summer grain output achieved another bumper harvest. The total summer grain output nationwide amounted to 149.78 million tons, an increase of 3.63 million tons or 2.5% year on year. The output of pork, beef, mutton and poultry meat reached 47.12 million tons in the first half of the year, up 0.6% year on year. Specifically, the output of beef and poultry meat rose by 3.9% and 6.3% respectively, while the output of pork and mutton decreased by 1.7% and 0.9%. Milk output grew by 3.4%, and egg output went up by 2.7%. At the end of the second quarter, the live-pig inventory stood at 415.33 million head, down 4.6% year on year. The number of pigs slaughtered in the first half of the year totalled 363.95 million head, a year-on-year drop of 3.1%.

2. Rapid Growth in Industrial Production, Notable Supporting Role of Equipment Manufacturing

The added value of industrial enterprises above the designated size nationwide increased by 6.0% year on year in the first half of the year. In terms of three sectors, the added value of the mining industry grew by 2.4%, that of the manufacturing industry rose by 6.5%, and that of the production and supply of electricity, heat power, gas and water expanded by 6.0%. The added value of the equipment manufacturing industry climbed by 7.8%, and that of the high-tech manufacturing industry increased by 8.7%, with growth rates 1.8 and 2.7 percentage points higher

than the overall level of industrial enterprises above the designated size respectively. By economic type, the added value of state-holding enterprises grew by 4.6%, that of share-holding enterprises rose by 6.5%, that of enterprises funded by foreign investors and investors from Hong Kong, Macao and Taiwan expanded by 4.3%, and that of private enterprises climbed by 5.7%. With regard to major products, the output of 3D printing equipment, new energy vehicles and integrated circuits surged by 51.6%, 34.3% and 28.9%, respectively. In June, the added value of industrial enterprises above the designated size grew by 5.3% year on year and by 0.42% month on month. In the same month, the purchasing managers' index (PMI) for the manufacturing sector stood at 49.5%, unchanged from the previous month; the production and operation expectation index of enterprises reached 54.4%, up 0.1 percentage points month on month. From January to May, industrial enterprises above the designated size nationwide achieved total profits of RMB2,754.4 billion, an increase of 3.4% year on year.

3. Continued Recovery of the Service Sector, Sound Development of Modern Service Industries

The added value of the service sector rose by 4.6% year on year in the first half of the year. Of this total, the added value of information transmission, software and information technology services increased by 11.9%, that of leasing and business services grew by 9.8%, that of transportation, warehousing and postal services expanded by 6.9%, that of accommodation and catering services picked up by 6.6%, and that of wholesale and retail trade climbed by 5.7%. In June, the index of service production (ISP) increased by 4.7% year on year. Of this, the production index of information transmission, software and information technology services surged by 13.5%, that of leasing and business services rose by 9.7%, and that of transportation, warehousing and postal services grew by 5.4%. From January to May, the operating revenue of service enterprises above the designated size expanded by 8.5% year on year. In June, the business activity index of the service sector stood at 50.2%; its business activity expectation index reached 57.6%, increasing by 0.6 percentage points month on month. Among them, the business activity indices for air transportation, postal services, telecommunications, radio, television and satellite transmission services, monetary and financial services, as well as insurance services all remained in the high prosperity range above 55.0%.

4. Sustained Growth in Market Sales, Sound Expansion in Service Consumption

The total retail sales of consumer goods reached RMB23,596.9 billion in the first half of the year, up 3.7% year on year. By location of business premises, retail sales of consumer goods in urban areas stood at RMB20,455.9 billion, rising by 3.6%, while those in rural areas amounted to RMB3,141.0 billion, growing by 4.5%. By consumption type, retail sales of goods reached RMB20,972.6 billion, increasing by 3.2%, and catering revenue stood at RMB2,624.3 billion, climbing by 7.9%. Sales of daily necessities and some upgraded consumer goods maintained sound growth. Retail

sales of grain, oil and foodstuffs and beverages by units above designated size rose by 9.6% and 5.6% respectively, while those of communication equipment as well as sports and entertainment supplies increased by 11.3% and 11.2%. Online retail sales nationwide hit RMB7,099.1 billion, up 9.8% year on year. Of this total, online retail sales of physical goods reached RMB5,959.6 billion, expanding by 8.8%, accounting for 25.3% of the total retail sales of consumer goods. In June, the total retail sales of consumer goods increased by 2.0% year on year, and decreased by 0.12% month on month. The service retail sales grew by 7.5% year on year in the first half of the year.

5. Expansion of Fixed Asset Investment, Rapid Growth in High-tech Industry Investment

The national investment in fixed assets (excluding rural households) reached RMB24,539.1 billion in the first half of the year, up 3.9% year on year; after deducting real estate development investment, the national investment in fixed assets rose by 8.5%. By sector, infrastructure investment rose by 5.4%, manufacturing investment grew by 9.5%, and real estate development investment declined by 10.1%. The floor space of newly built commercial buildings sold nationwide stood at 479.16 million square meters, down 19.0%; and the sales amount of newly built commercial buildings amounted to RMB4,713.3 billion, recording a decrease of 25.0%. By industry, investment in the primary industry grew by 3.1%, that in the secondary industry expanded by 12.6%, and that in the tertiary industry contracted by 0.2%. Private investment rose by 0.1%; after deducting real estate development investment, private investment posted an increase of 6.6%. Investment in high-tech industries increased by 10.6% year on year, among which investment in high-tech manufacturing and high-tech services grew by 10.1% and 11.7% respectively. In high-tech manufacturing, investment in the manufacturing of aircraft, spacecraft and related equipment as well as computer and office equipment increased by 38.3% and 12.1%. In high-tech services, investment in e-commerce services and scientific and technological achievement commercialisation services climbed by 24.1% and 17.4%. In June, fixed asset investment (excluding rural households) edged up by 0.21% month on month.

6. Rapid Growth in Goods Imports and Exports, Continuous Optimisation of Trade Structure

The total value of goods imports and exports reached RMB21,168.8 billion in the first half of the year, rising by 6.1% year on year. Of this total, exports registered RMB12,129.8 billion, advancing by 6.9%; and imports hit RMB9,039.0 billion, edging up by 5.2%. By subtracting imports from exports, the trade surplus registered RMB3,090.9 billion. Imports and exports under general trade increased by 5.2%, accounting for 65.0% of the total value of goods imports and exports. Imports and exports of private enterprises expanded by 11.2%, occupying 55.0% of the total volume, up 2.5 percentage points over the previous year. Exports of mechanical and electrical products surged by 8.2%, accounting for 58.9% of total exports. In June, the

total value of goods imports and exports came to RMB3,670.5 billion, climbing by 5.8% year on year. Among them, exports stood at RMB2,187.1 billion, growing by 10.7%; and imports amounted to RMB1,483.4 billion, posting a moderate drop of 0.6%.

7. Moderate Rebound in Consumer Prices, Narrowing Decline in Industrial Producer Prices

The consumer price index (CPI) edged up by 0.1% year on year in the first half of the year, after remaining flat year on year in the first quarter. By category, prices of food, tobacco and alcohol contracted by 1.4%, clothing prices went up by 1.6%, housing prices edged up by 0.2%, prices of daily necessities and services advanced by 0.9%, transportation and communication prices slipped by 0.7%, prices of education, culture and recreation rose by 2.0%, healthcare prices gained 1.4%, and prices of other goods and services jumped by 3.3%. Within the category of food, tobacco and alcohol, fresh fruit prices dropped by 7.8%, fresh vegetable prices fell by 2.7%, pork prices remained flat, and grain prices increased by 0.5%. Core CPI, which excludes food and energy prices, posted a 0.7% rise year on year. In June, consumer prices went up by 0.2% year on year and dipped by 0.2% month on month.

The producer prices for industrial products declined by 2.1% year on year in the first half of the year, with the decline narrowing by 0.6 percentage points from the first quarter. In June, the index fell by 0.8% year on year and dipped by 0.2% month on month. The purchasing prices for industrial producers registered a 2.6% year-on-year drop in the first half of the year, down 0.5% year on year and up 0.1% month on month in June.

8. Sound Overall Employment Situation, Declining Surveyed Urban Unemployment Rate

The average surveyed urban unemployment rate nationwide stood at 5.1% in the first half of the year, down 0.1 percentage points from the first quarter and 0.2 percentage points from the same period of the previous year. In June, the national surveyed urban unemployment rate was 5.0%, unchanged from the previous month and 0.2 percentage points below the same month last year. The surveyed unemployment rate of locally registered labourers stood at 5.0%; that of non-locally registered labourers came in at 4.8%, among which the rate for non-locally registered labourers with rural household registration was 4.7%. The surveyed urban unemployment rate in 31 major cities stood at 4.9%. The average weekly working hours of enterprise employees nationwide reached 48.6 hours. At the end of the second quarter, the total number of outgoing rural migrant workers hit 189.97 million, growing by 1.6% year on year.

9. Continuous Growth in Residential Income, Faster Rural Income Expansion than Urban Areas

The per capita disposable income of national residents reached RMB20,733 in the first half of the year, with a nominal growth of 5.4% year on year and a real growth of 5.3% after deducting price factors. Grouped by permanent residence, the per capita disposable income of urban residents registered RMB27,561, representing a 4.6% nominal increase and a 4.5% real increase year on year; that of rural residents came to RMB11,272, with a 6.8% nominal rise and a 6.6% real rise. By income source, the per capita wage income, net operating income, net property income and net transfer income of national residents posted nominal increases of 5.8%, 6.4%, 2.1% and 5.0% respectively. The median per capita disposable income of national residents stood at RMB17,358, registering a nominal growth of 5.9% over the previous year.

Overall, China's economy operated generally stably in the first half of the year, with steady progress in economic transformation and upgrades. At the same time, it should be noted that with an intricate and volatile external environment as well as insufficient domestic effective demand, the foundation for economic recovery and upward momentum still needs to be further consolidated. For the next stage, we should adhere to Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as our guide, uphold the general principle of pursuing progress while ensuring stability, accurately and comprehensively implement the new development philosophy, accelerate the building of a new development paradigm, strive to promote high-quality development, invigorate market vitality and internal momentum with greater efforts, and consolidate and enhance economic recovery and upward momentum, boosting sustained and healthy economic development.

II. INDUSTRY ANALYSIS

(I) Current Development and Trends of the New Energy Power Generation Industry

1. Rapid Growth of Wind and Photovoltaic Installed Capacity Driven by Dual Carbon Goals

Electric power underpins the development of the modern economy and provides energy supply as well as operational support for national economic growth. Indispensable to industrial production and residents' daily lives, the electric power industry stands as a key pillar sector vital to national welfare and people's livelihood within China's national economy.

The 14th Five-Year Plan for Energy has been issued to actively advance the transition of the energy structure. In March 2022, the National Development and Reform Commission and the National Energy Administration jointly promulgated the *14th Five-Year Plan for a Modern Energy System*, which sets forth China's energy development guidelines, major goals and key tasks, and outlines plans and

arrangements for building a modern energy system and promoting high-quality energy development during the 14th Five-Year Plan period. For the electric power industry, it establishes quantified targets for total installed capacity, share of non-fossil energy in power generation, annual per capita residential electricity consumption, and flexible retrofitting of coal-fired power units.

Driven by the dual carbon goals, new breakthroughs have been achieved in the installed capacity of renewable energy. In the first quarter of 2024, newly added installed capacity of renewable energy across the country reached 63.67 million kW, a year-on-year increase of 34% and accounting for 92% of all newly added installed capacity. Renewable energy power generation registered 687.5 billion kWh in the first quarter of 2024, making up roughly 30.7% of total electricity generation. Specifically, hydropower generation by industrial enterprises above the designated size was 210.2 billion kWh, with 555 hydropower utilisation hours nationwide on average. Wind power generation rose 16% year on year to 263.6 billion kWh, and photovoltaic power generation climbed 42% to 161.8 billion kWh. On the development front, newly grid-connected hydropower capacity came to 1.81 million kW during the same period, newly grid-connected wind power capacity hit 15.50 million kW, and newly grid-connected photovoltaic capacity totalled 45.74 million kW.

2. Untapped Potential in New Energy Utilisation Hours

Average annual thermal power utilisation hours registered 4,880 in the 12th Five-Year Plan period and fell to 4,252 throughout the 13th Five-Year Plan period. A shrinking share of thermal power in the overall installed capacity mix since the 14th Five-Year Plan has exposed fluctuating new energy output. Tighter power supply and demand balances have consequently lifted thermal power utilisation hours. The reading hit 1,128 hours from January to March 2024, rising by 31 hours from the same period a year earlier and remaining at a relatively high level.

3. Active Local Incentives for Renewable Energy Development and Consumption

In November 2022, the National Development and Reform Commission, the National Bureau of Statistics, and the National Energy Administration jointly issued the *Notice on Excluding Newly Added Renewable Energy Consumption from Total Energy Consumption*. Building on earlier policies including the *Plan for Improving Dual Control System of Energy Consumption Intensity and Total Energy Consumption* and the *Comprehensive Work Plan for Energy Conservation and Emission Reduction During the 14th Five-Year Plan Period*, the *Notice* restated that newly added renewable energy power consumption shall be excluded from local assessments of total energy consumption. For local governments and industrial enterprises, new renewable energy projects and increased renewable energy absorption will not take up regional energy consumption quotas, substantially raising acceptance of new energy sources.

On 25 July 2023, the National Development and Reform Commission, the Ministry of Finance and the National Energy Administration issued the *Notice on Achieving Full Coverage of Renewable Energy Green Electricity Certificates to Promote Renewable Energy Power Consumption*. The document requires intensified publicity and promotion of green electricity certificates, aiming to foster a social atmosphere for renewable energy power consumption, and to encourage all energy-consuming units to proactively fulfill social responsibilities for renewable energy power consumption.

(II) Market Supply and Demand and Reasons for Changes

1. Supply

In the first quarter of 2024, China's newly grid-connected photovoltaic capacity reached 45.74 million kW, a year-on-year increase of 36%. This included 21.93 million kW of utility-scale photovoltaic capacity and 23.80 million kW of distributed photovoltaic capacity. As of the end of March 2024, China's cumulative installed photovoltaic capacity hit 659 million kW, comprising 379 million kW of utility-scale photovoltaic capacity and 280 million kW of distributed photovoltaic capacity. China's photovoltaic power generation totalled 161.8 billion kWh in the first quarter of 2024, rising by 42% year on year. In the first quarter of 2024, China's newly grid-connected wind power capacity stood at 15.50 million kW, including 14.81 million kW of onshore wind power and 0.69 million kW of offshore wind power. As of the end of March 2024, China's cumulative grid-connected wind power capacity reached 457 million kW, up by 22% year on year, including 419 million kW of onshore wind power and 38.03 million kW of offshore wind power. China's wind power generation amounted to 263.6 billion kWh in the first quarter of 2024, a year-on-year growth of 16%.

In recent years, R&D capabilities across the industrial chain of new energy power generation have continued to improve, and technological innovation has been steadily strengthened. This has driven continuous gains in the efficiency of power generation equipment and sustained cost reductions. With the falling levelised cost of energy (LCOE) in photovoltaic and wind power industries, alongside gradual improvements in the absorption of clean energy, high-quality resource regions are well positioned to take the lead in market-oriented reform. With the advent of the grid parity era, the growth potential of the photovoltaic and wind power markets will be fully unlocked.

2. Demand

With the intensive efforts to advance project tendering and commencement in recent years, the demand for power stations is expected to expand. Domestic demand for photovoltaic and wind power continues to grow. The latest data indicate that China is gathering pace in green and low-carbon energy transition. In the first quarter of

2024, national power generation with renewable energy reached 687.5 billion kWh, accounting for approximately 30.7% of the total power generation. Among this, wind and photovoltaic power generation stood at 425.3 billion kWh, a year-on-year increase of 25%, and the construction of large-scale wind and photovoltaic bases is progressing smoothly.

In the medium to long term, the demand for the new energy industry is mainly influenced by national policies and plans. Guided by the installed capacity targets of the "14th Five-Year Plan", the pace of photovoltaic project tendering by central and local state-owned enterprises in China has accelerated recently.

(III) Trends and Reasons for Changes in Industrial Profit Margins

1. Pricing Mechanism Evolves with Industry Development

China's solar tariff has undergone four major stages: benchmark tariff, bidding-based tariff, guided tariff, and grid parity.

(1) Benchmark Tariff

In July 2011, the National Development and Reform Commission (NDRC) issued the *Notice on Improving the On-Grid Tariff Policy for Solar Photovoltaic Power Generation* (NDRC Price [2011] No. 1594), which established a unified national benchmark on-grid tariff for non-tendered photovoltaic projects. According to the policy, for solar photovoltaic projects approved before 1 July 2011, completed and put into operation by 31 December 2011, and without previously set tariff, the on-grid tariff shall be RMB1.15 per kWh (tax inclusive). For projects approved on or after 1 July 2011, and those approved before 1 July 2011 but not completed by 31 December 2011, the on-grid tariff shall be RMB1.00 per kWh in all provinces (autonomous regions and municipalities directly under the State Council) except Xizang, where the tariff remains at RMB1.15 per kWh.

In 2013, the NDRC issued the *Notice on Using Price Leverage to Promote the Healthy Development of the Photovoltaic Industry*, launching a differentiated benchmark tariff system for three resource regions together with a tariff subsidy mechanism. From 2013 to 2017, competent national authorities adjusted photovoltaic tariffs downward in line with industry development, and encouraged localities to determine project developers and on-grid tariffs through market-based bidding. Prices formed through market competition shall not be higher than the benchmark on-grid tariff for the corresponding resource region set by the state.

(2) Bidding-based Tariff

In 2018, the NDRC, the Ministry of Finance, and the National Energy Administration issued the *Notice on Matters Concerning Photovoltaic Power Generation in 2018* (NDRC Energy [2018] No. 823), requiring that for all conventional photovoltaic power stations, project developers must be selected through competitive bidding, with the price determined through bidding not higher than the lowered benchmark on-grid tariff. Market-based allocation of projects became a new trend in the photovoltaic industry.

(3) Guided Tariff

On 28 April 2019, the NDRC issued the *Notice on Matters Related to Improving the On-Grid Tariff Mechanism for Photovoltaic Power Generation* (NDRC Price [2019] No. 761), which changed the benchmark on-grid tariff for utility-scale photovoltaic power stations to guided tariff. The policy also required that the on-grid tariff for newly built utility-scale photovoltaic power stations, in principle, shall be determined through market competition and not exceed the guided tariff for the resource region where they are located.

(4) Grid Parity

On 7 June 2021, the NDRC issued the *Notice on Matters Concerning the New Energy On-Grid Tariff Policy in 2021* (NDRC Price [2021] No. 833). According to the policy, starting from 2021, grid parity will replace central government subsidy for newly registered utility-scale photovoltaic power stations and industrial & commercial distributed photovoltaic projects. The on-grid tariff for new projects launched in 2021 is subject to the local benchmark coal-fired power tariff. The era of grid parity for solar photovoltaic power has arrived.

2. Technological Progress Drives Continuous Declines in Solar Power System Installation Costs

Advances in solar photovoltaic technology mainly centre on improving power generation efficiency. Factors influencing the power generation efficiency of solar photovoltaic systems include the conversion efficiency of photovoltaic cells, system utilisation efficiency, and grid interconnection loss. Among them, the conversion efficiency of photovoltaic cells plays a fundamental and decisive role, and also serves as a key indicator of technological maturity.

In recent years, China's photovoltaic manufacturing industry has developed rapidly, with continuous improvements in technology. China's photovoltaic enterprises have achieved breakthroughs successively in PERC, TOPCon, HJT, IBC and other high-efficiency crystalline silicon cell production technologies. Meanwhile, related technologies including half-cut cells, bifacial modules, shingled cells, multi-busbar

design, and large-size wafers have successively matured and been gradually applied. Following the increase from 158.75 mm to 166 mm in mainstream wafer size, 182 mm and 210 mm products have also entered a stage of mass production. With the extensive application of advanced technologies and processes for wafers, cells and modules, the industrialisation efficiency of photovoltaic cells has increased year by year, with module power continuously rising and the technical costs of downstream photovoltaic systems dropping substantially. In addition, with the decline in non-technical costs such as land expenses and grid-connection costs, the investment and operation costs of photovoltaic systems in China have continued to decrease, making grid parity possible for photovoltaic electricity.

According to global LCOE data released by the International Renewable Energy Agency (IRENA), the weighted average LCOE of global photovoltaic power generation fell from USD0.381 per kWh in 2010 to USD0.048 per kWh in 2021. Compared with the global average, China's photovoltaic LCOE is lower and its cost effectiveness is even more competitive. In 2021, China's photovoltaic LCOE was USD0.034 per kWh, representing a sharp decline of 88.9% from USD0.305 per kWh in 2010. China's solar photovoltaic manufacturing industry is leading in the world, with particularly notable competitive edges in photovoltaic module manufacturing costs.

(IV) Industry Competitive Landscape and Marketisation Level

1. The New Energy Power Generation Industry

At present, China's new energy industry sees fierce competition, with market participants mainly concentrated in three segments: photovoltaic power generation, wind power generation, and hydropower generation.

In terms of photovoltaic power generation, after years of large-scale development, China's photovoltaic industry has grown into a new energy industry with an annual output value of more than RMB400 billion. It's the world's No.1 in terms of industrial scale, manufacturing capacity, technological level, and corporate strength, which makes it one of the few strategic emerging industries in China with dominant international advantages. Domestically, an oligopoly market has taken shape, led by LONGi and also represented by other strong players such as Trina Solar, JA Solar and Jinko Power, resulting in a high industry concentration.

In terms of wind power generation, China's wind power industry has entered a stage of fast, large-scale development in recent years, with both newly added and cumulative installed capacity leading in the world for consecutive years. Representative enterprises at home include Goldwind, Envision, Mingyang Smart Energy, Yuanda, and Shanghai Electric Wind Power.

China's hydropower industry is dominated by state-owned enterprises. Due to strict administrative, capital, and technological thresholds, the number of hydropower operators in China remains limited. Major large-scale groups include China Yangtze Power, China Datang Corporation, China Huadian Corporation, China Huaneng Group, State Power Investment Corporation, CHN Energy, and SDIC Power.

2. Major Companies in the Industry

(1) China Energy Investment Corporation Co., Ltd.

China Energy Investment Corporation Co., Ltd. (CHN Energy) was formed through the restructuring and merger of China Guodian Corporation and Shenhua Group Co., Ltd., both Fortune Global 500 enterprises. It was officially established on 28 November 2017. CHN Energy covers multiple energy sectors including coal, thermal power, new energy and hydropower, with operations across 31 provinces, autonomous regions and municipalities directly under the State Council in China, as well as more than 10 countries and regions abroad such as the US and Canada. It is the world's largest coal producer, thermal power generator, wind power generator, and coal-to-liquids and coal chemical enterprise.

(2) State Power Investment Corporation Limited (SPIC)

State Power Investment Corporation Limited is a large state-owned enterprise established through the merger of the former China Power Investment Corporation and State Nuclear Power Technology Corporation in June 2015. It is a comprehensive energy group possessing assets in hydropower, thermal power, nuclear power and new energy sectors. In 2021, SPIC's total installed wind power capacity reached 2,231 MW, and the share of installed clean energy capacity exceeded 60%. Its installed capacity of photovoltaic, new energy and renewable energy ranks first in the world.

(3) Huaneng Renewables Corporation Limited

Huaneng Renewables Corporation Limited (0958.HK) was founded in 2010 and listed on the HKEX in 2011. As a subsidiary held by China Huaneng Group Co., Ltd, it is dedicated to the investment, construction and operation of new energy projects, focusing on wind power development and operation, and also pursuing the development of solar energy and other renewable energy sources.

(V) Favourable and Unfavourable Factors Affecting Industry Development

1. Favourable Factors

(1) National Policies Support Development of New Energy Power Generation

To further drive energy conservation, emission reduction and sustainable development, the Chinese government has rolled out a raft of policies to encourage and support development of the renewable energy sector, and regulate and guide the scale and growth pace of the photovoltaic and wind power industries. In recent years, to boost the consumption of power generated with photovoltaic, wind and other renewable energies, the NDRC and the National Energy Administration have successively released policies covering the renewable portfolio standard, guaranteed utilisation hour requirements, cross-regional power transmission and enhanced local energy consumption. China depicted prospects for the 14th Five-Year Plan period, with large-scale energy bases and ultra-high voltage power transmission acting as dual growth drivers. The CAGR of installed capacity is expected to reach 15.6%-18.6% from 2022 to 2025. During the 14th Five-Year Plan period, development priorities will shift back to regions with superior resource endowments to advance the construction of multi-energy complementary energy bases.

(2) Technological Progress Drives Continuous Cost Reductions across the Renewable Energy Sector

After years of development, China's renewable energy sector has witnessed steady improvement in R&D capabilities across the industrial chain and continuous strengthening of technological innovation. This has boosted the efficiency of power generation equipment and driven constant cost declines. In terms of photovoltaic power, the reduction in LCOE is mainly driven by lower initial investment and construction costs for power stations as well as improved equipment efficiency. Over the past three years, higher efficiency of photovoltaic modules, advances in manufacturing processes, and falling prices of raw materials such as polycrystalline and monocrystalline modules have collectively reduced the LCOE of photovoltaic systems. In terms of wind power, technological upgrades for wind power equipment and higher operational efficiency have further lowered the LCOE of wind farms.

Grid parity has currently been achieved in areas with abundant solar and wind resources. With further technological progress, large-scale and intensive land use and construction models will create a more market-oriented pathway for the sound and orderly development of the industry.

2. Unfavourable Factors

(1) New Energy Power Generation Relies Heavily on Government Subsidy

At present, China is vigorously developing the photovoltaic and wind power industries, and has successively introduced policies including renewable energy subsidies, tax incentives and guaranteed power purchase. Along with national policy adjustments, relevant subsidies have been scaled back, exerting an adverse impact on the profit margins of the photovoltaic and wind power industries and thereby lowering the overall profitability of the industry.

(2) New Energy is Yet to be Fully and Effectively Utilised

In recent years, China's installed capacity of new energy has grown rapidly, leading to a mismatch between the construction and actual utilisation of new energy projects. While construction has been overly fast, the actual utilisation rate remains relatively low. This is mainly owed to the excessive and hasty development of large-scale projects, coupled with a lack of overall planning for power delivery. Project construction fails to take into account local power consumption capacity and cross-regional power transmission demands. Additionally, the limitations of energy storage technology serve as another contributing factor.

(3) Competition from Other Renewable Energy Sources

In recent years, the new energy sector has advanced by leaps and bounds. In addition to photovoltaic and wind power generation, power generation with other environment-friendly energy sources including nuclear, tidal, biomass and waste-to-energy power generation has also developed rapidly, with continuous growths in installed capacity. If power generation with other renewable energy sources achieves substantial breakthroughs and progress in safety, environmental performance, technical feasibility and other aspects, while photovoltaic and wind power generation progresses slowly in technological innovation and falls behind other renewable energy industries in terms of power generation efficiency and cost, photovoltaic and wind power generation will be influenced adversely.

(VI) Cyclical, Regional and Seasonal Nature of the Industry

1. Cyclical Nature

Development of the new energy power generation sector is influenced by various factors such as downstream power consumption scale, power energy structure, and national policies. Therefore, the sector, to some extent, develops in sync with the broader macroeconomy. Driven by the rising market demand for new energy and the need to replace traditional energy sources to drive sustainable development, the new

energy power generation sector has witnessed rapid development in recent years. With stable policies supporting the new energy power generation market and continuous advancement of relevant technologies, the new energy power generation sector is expected to maintain fast and sound development for a certain period of time in the future.

2. Regional Nature

Photovoltaic power stations and wind farms are generally constructed in areas with abundant solar and wind energy resources. In the early stage of development, China's utility-scale ground-mounted photovoltaic power stations were mainly built in areas with concentrated solar energy resources, such as the Qinghai-Xizang Plateau, northern Gansu, northern Ningxia, and southern Xinjiang. In recent years, with the fast development of distributed photovoltaic power stations, the proportion of installed capacity in central and eastern regions has been increasing continuously. In China, wind farms are mainly distributed in southeast coastal areas and the "Three Northern Regions" (northeastern, northwestern and northern China) with abundant wind resources. Some inland areas, such as Xinjiang, also boast rich wind resources due to topographical conditions.

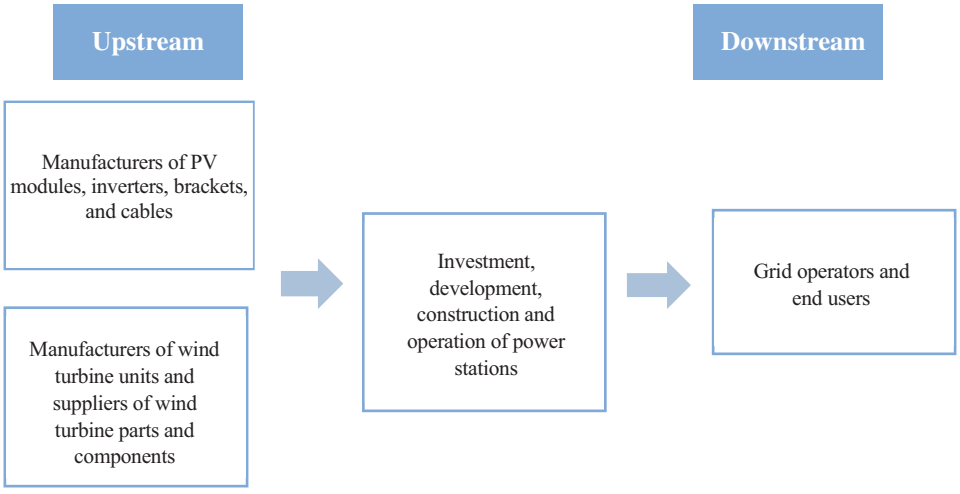
3. Seasonal Nature

In China, power generation with solar and other new energy sources exhibits certain seasonal characteristics. Specifically, most parts of China lie in the northern temperate zone of the Northern Hemisphere, with longer sunshine duration and stronger light intensity in summer, and shorter sunshine duration and weaker light intensity in winter. Therefore, photovoltaic power generation projects generally generate more electricity in summer and less in winter. By contrast, wind resources are abundant in spring, autumn and winter, while relatively scarce in summer, resulting in less electricity generated by wind power projects in summer.

(VII) Industry Upstream and Downstream Overview

The upstream of the photovoltaic and wind power generation industries consists of manufacturers of power generation equipment and modules, while the downstream comprises provincial power grid companies. The industrial chain relationship is shown in the figure below:

Figure 4-1 Industrial Chain Relationship



Upstream of the Industrial Chain

The upstream of the photovoltaic and wind power generation industries comprises power equipment manufacturers and power equipment parts & component suppliers. Representative enterprises include Mingyang Smart Energy, Goldwind, Dongfang Electric, CRRC Wind Power, Sungrow Power, Orient Cable, PowerChina, among others. In recent years, with the continuous advances in manufacturing processes, the cost of power equipment has declined steadily, leading to a corresponding drop in the investment cost across the new energy power generation sector.

Downstream of the Industrial Chain

The downstream of the photovoltaic and wind power generation industries mainly consists of provincial power grid companies, as well as end users including enterprises and residents (distributed photovoltaic power generation). In recent years, on one hand, with China's social and economic development, overall demand for electricity has been on the rise; on the other hand, due to the limited reserves of energy sources used for traditional thermal power generation as well as the significant environmental pollution they cause, the proportion of power generated with renewable energy such as photovoltaic and wind power has gradually increased. The strong demand in the downstream provides robust support for the sustainable development of the photovoltaic and wind power industries.

PART VI TECHNICAL EXPLANATION OF THE INCOME APPROACH VALUATION

I. Subject of Valuation under the Income Approach

The subject of valuation under the income approach for this engagement is the total shareholders' equity of Guizhou Xingye Green Energy Technology Co., Ltd.

II. Overview of the Income Approach

(I) Definition and Principle of the Income Approach

In accordance with the *Practice Standards of Asset Appraisal – Enterprise Value*, the income approach in enterprise value valuation, also referred to as the discounted cash flow method, is a method for assessing asset value by discounting an enterprise's expected future net cash flows to their present value. The fundamental concept of the income approach is to estimate the expected net cash flows of the asset in the future and convert them into present value using an appropriate discount rate, thereby deriving the valuation result.

(II) Preconditions for Applying the Income Approach

The basic conditions for applying the income approach are that the enterprise possesses the basis and conditions to continue as a going concern, there exists a relatively stable relationship between operations and earnings, and future earnings and risks can be forecast and quantified. The principal difficulty in applying the discounted cash flow method lies in forecasting expected future cash flows, as well as ensuring the objectivity and reliability of data collection and processing. Where the forecast of expected future cash flows is relatively objective and impartial, and the selection of the discount rate is reasonable, the valuation result demonstrates a relatively high degree of objectivity.

(III) Reasons and Basis for Selecting the Income Approach

The valued entity possesses the basis and conditions to continue as a going concern, and its future earnings and risks can be forecast and quantified. Accordingly, the income approach has been selected for this valuation.

III. Assumptions for Earnings Forecast

(I) There are no material changes in the current national laws, regulations and policies, in the national macroeconomic conditions, or in the political, economic and social environments in the regions where the parties to this transaction are located.

(II) Based on the actual condition of the assets as at the valuation date, it is assumed that the enterprise will continue as a going concern.

(III) It is assumed that the management of the valued entity is responsible, and that its management team is capable of fulfilling its duties.

(IV) Unless otherwise stated, it is assumed that the enterprise fully complies with all relevant laws and regulations.

(V) It is assumed that the accounting policies to be adopted by the valued entity in the future are substantially consistent, in all material respects, with those applied in the preparation of this report.

(VI) It is assumed that, based on the existing management model and management level, the business scope and operating mode of the enterprise remain consistent with the current status.

(VII) For the purpose of this valuation, it is assumed that during the forecast period, the principal business, product structure, composition of revenue and costs, as well as sales strategy and cost control measures of the valued entity, will remain consistent with the post-commissioning and full-capacity operation status, without material changes.

(VIII) During the forecast period, it is assumed that the period expenses of the valued entity will not change significantly compared with the current level, and will maintain the trend of recent years, varying in line with changes in business scale.

(IX) It is assumed that as at the valuation date, there are no undisclosed matters that have not been reflected in the accounts which would give rise to compensation liabilities.

(X) Given that monetary funds and bank deposits of the enterprise change frequently in the course of production and operation, and that idle funds have been treated as excess assets, interest income on deposits is not considered in this valuation. In addition, no consideration is given to uncertain gains or losses other than interest-bearing debt.

(XI) It is assumed that interest rates, exchange rates, tax bases and tax rates, and policy-based levies and charges remain materially unchanged.

(XII) It is assumed that there are no other force majeure events or unforeseeable factors that would have a material adverse impact on the enterprise.

(XIII) It is assumed that the electricity tariff remains at the level as at the valuation date throughout the forecast period.

(XIV) It is assumed that, following the valuation date, the annual cash flows of the valued entity are evenly distributed throughout the year.

(XV) It is assumed that the operating period of the 65 MW capacity commences upon the recognition of grid-connected revenue. The operating period of the 35 MW capacity is consistent with that of the 65 MW capacity, with the income period extending to the end of 2041.

(XVI) As at the valuation date, the actual installed capacity of the Liupanshui Wangjiazhai 100 MW Photovoltaic Power Station Project is 65 MW. According to relevant information provided by the client, the 35 MW reconstruction project will be completed by the client, Shuifa Green Energy Co., Ltd. The reconstruction investment is approximately RMB20 million, with an expected completion date of 31 December 2025. For the purpose of this valuation, it is assumed that the above arrangements can be completed as scheduled, i.e. the 35 MW project will be connected to the grid and commence power generation in 2026, thereby generating revenue. The project is expected to incur capital expenditure of RMB20 million (excluding VAT) in 2025.

(XVII) Based on information provided by the client and the valued entity, the 35 MW reconstruction project requires relocation of the site, and as at the report date, the land lease agreement has not yet been executed. According to data provided by the client, it is assumed that the 35 MW reconstruction project will lease 622 mu of land at a rental rate of RMB500 per mu, with an increase of 10% every five years.

(XVIII) It is assumed that the government subsidy recovery period is three years, and all government subsidies prior to (but excluding) 2023 will be recovered in 2025. This valuation does not consider the potential impact of changes in the above assumptions. If there are significant changes in the subsidy recovery period or recovery arrangements, the valuation shall be recalculated and adjusted accordingly.

(XIX) As at the report date, the results of the government subsidy verification have not yet been announced. According to information provided by the enterprise, the main reason for the delay in subsidy verification approval is the dismantling of the 35 MW capacity, which has prevented full-capacity grid connection. It is expected that the verification will be approved upon completion of the reconstruction in the second half of the year.

Considering that the factors affecting the government subsidy verification can be eliminated, it is assumed for this valuation that the Liupanshui Wangjiazhai 100 MW Photovoltaic Power Station Project will pass the subsidy verification. Government subsidies during the verification period will be calculated as normal and will resume regular disbursement upon approval. If the subsidy verification does not proceed as assumed or the verification result differs from the assumption, the valuation results shall be recalculated and adjusted accordingly.

Where significant changes occur in the future economic environment, or events inconsistent with the above assumptions arise, the valuation result will generally become invalid. The valuation firm shall bear no responsibility for any changes in the valuation conclusion arising from changes in these assumptions.

IV. Income Approach Valuation Calculation and Analysis Process

(I) Income Approach Valuation Model

1. Valuation Approach

Based on the due diligence conducted for this engagement, as well as the asset composition and principal business characteristics of the valued entity, this valuation estimates the equity value of the valued entity based on its parent company's financial statements. The fundamental valuation approach adopted in this engagement is as follows:

(1) For assets and principal business operations within the scope of the financial statements, the expected earnings (net cash flows) are forecast based on historical operating trends and business categories, and are discounted to derive the value of operating assets;

(2) Assets (liabilities) that are included within the scope of the financial statements but are not considered in the forecast of expected earnings (net cash flows) – such as monetary funds, dividends receivable (payable) and other current assets (liabilities) existing as at the valuation date, as well as non-current assets (liabilities) such as obsolete or idle equipment, real estate, and construction-in-progress not reflected in profit or loss – are defined as excess or non-operating assets (liabilities) existing as at the valuation date, and are valued separately;

(3) Long-term equity investments included within the scope of the financial statements but not considered in the estimation of expected earnings (net cash flows) are valued separately;

(4) The values of the above-mentioned assets and liabilities are aggregated to derive the enterprise value of the valued entity. After deducting the value of interest-bearing debt as at the valuation date, the equity value (total shareholders' equity) of the valued entity is determined.

In determining the equity value, no premium or discount arising from control rights or minority interests has been considered, nor has the impact of equity liquidity on the valuation results.

2. Valuation Model

(I) Basic Model

The basic model adopted in this valuation is as follows:

$$E = B - D \quad (1)$$

Where:

E: Equity value (net asset value) of the valued entity;
B: Enterprise value of the valued entity;
D: Value of interest-bearing debt of the valued entity;

$$B = P + I + C \quad (2)$$

Where:

P: Value of operating assets of the valued entity;
I: Value of long-term investments as at the valuation date;
C: Value of excess or non-operating assets (liabilities) existing as at the valuation date;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Where:

R_i: Expected earnings (free cash flows) of the valued entity in year i;
r: Discount rate;
n: Future operating period of the valued entity;

$$C = C_1 + C_2 \quad (4)$$

Where:

C_1: Value of current excess or non-operating assets (liabilities) existing as at the valuation date;
C_2: Value of non-current excess or non-operating assets (liabilities) existing as at the valuation date.

(II) Earnings Indicator

For this valuation, free cash flow to the firm (FCFF) is adopted as the earnings indicator for the operating assets of the valued entity. It is defined as follows:

$$R = EBIT \times (1-t) + \text{Depreciation and amortisation} - \text{Incremental capital} \quad (5)$$

Based on the historical operating performance of the valued entity and future market development, the free cash flows over the future operating period are estimated. The resulting free cash flows are then discounted to their present value and aggregated to arrive at the operating asset value of the enterprise.

(III) Discount Rate

The weighted average cost of capital (WACC) model is adopted to determine the discount rate r:

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

Where:

w_d: Debt ratio of the valued entity;

$$w_d = \frac{D}{(E+D)} \quad (7)$$

w_e: Equity ratio of the valued entity;

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: After-tax cost of interest-bearing debt;
r_e: Cost of equity capital. In this valuation, the capital asset pricing model (CAPM) is used to determine the cost of equity capital r_e;

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (9)$$

Where:

r_f: Risk-free rate of return;
r_m: Expected market return;

ε : Specific risk adjustment factor of the valued entity;
β_e: Expected market risk coefficient of the equity capital of the valued entity;

$$\beta_e = \beta_u \times (1+(1-t) \times \frac{D}{E}) \quad (10)$$

β_u: Expected unlevered market risk coefficient of comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

β_t: Expected average market risk coefficient of comparable companies' stocks (or assets);

$$\beta_t = 34\%K + 66\%\beta_\chi \quad (12)$$

Where:

K: Average risk value of the stock market over a certain period, generally assumed to be K = 1;
β_x: Historical average market risk coefficient of comparable companies' stocks (or assets);
D_i, E_i: Interest-bearing debt and equity capital of comparable companies, respectively.

(II) Determination of the Income Period

The principal business of the valued entity is photovoltaic power generation. The economic life of the main equipment of photovoltaic power generation units is generally 25 years. As at the valuation date, the valued entity is operating normally, and its principal photovoltaic project is the Liupanshui Wangjiazhai 100 MW Photovoltaic Power Station Project. According to information provided by the valued entity, the power station began to receive electricity tariff revenue and government subsidies in January 2017, and achieved full-capacity grid-connected operation on 30 April 2018.

Following communication with the valued entity, the valuers understood that, due to disputes over project construction land, 7.12 MW was dismantled between 19 January 2021 and 26 January 2021, and a further 28.02 MW was dismantled between 13 February 2022 and 5 March 2022. As at the valuation date, the actual installed capacity of the project was 65 MW, and the dismantled 35 MW equipment has been properly stored by the valued entity.

According to communication with the client, the dismantled 35 MW capacity will be reconstructed by the client Shuifa Green Energy Co., Ltd. As at the report date, the client has selected a land parcel that complies with relevant policy requirements, and the related procedures are currently in progress. The facility is expected to be reconstructed and connected to the grid for power generation by 31 December 2025.

Based on the above, the income period of the valued entity is determined to be finite. The income period of the 65 MW capacity extends from the valuation date to 31 December 2041 (being 25 years from the recognition of grid-connected revenue). The reconstructed 35 MW capacity forms part of the same project as the 65 MW capacity, and its income period is consistent with that of the 65 MW capacity, i.e. from the valuation date to 31 December 2041.

(III) Determination of Future Earnings

Guizhou Xingye Green Energy Technology Co., Ltd. was established on 17 June 2015, and its principal business is the Liupanshui Wangjiazhai 100 MW Photovoltaic Power Station Project. The project achieved grid-connected operation in April 2018.

Due to disputes over project construction land, 7.12 MW was dismantled between 19 January 2021 and 26 January 2021, and a further 28.02 MW was dismantled between 13 February 2022 and 5 March 2022. As at the valuation date, the actual installed capacity of the project was 65 MW, and the dismantled 35 MW equipment has been properly stored by the valued entity.

According to communication with the client, the dismantled 35 MW capacity will be reconstructed by the client Shuifa Green Energy Co., Ltd. As at the report date, the client has selected a land parcel that complies with relevant policy requirements, and the related procedures are currently in progress. The facility is expected to be reconstructed and connected to the grid for power generation by 31 December 2025.

1. Forecast of Operating Revenue

Operating revenue = Annual electricity sales revenue + Other business revenue

Annual electricity sales revenue = Annual settled electricity volume × On-grid tariff

Where:

Annual settled electricity volume = Actual installed capacity × Current-period power generation hours before degradation × Post-degradation efficiency × (1 − Overall loss rate)

(1) Forecast of Annual Settled Electricity Volume

(1) Installed Capacity

① As at the valuation date, the approved installed capacity of the project is 100 MW, and the actual installed capacity is 65 MW;

② The 35 MW capacity is expected to be reconstructed and completed on 31 December 2025, with an actual installed capacity of 35 MW.

(2) Power Generation Hours before Degradation

Power generation hours before degradation refer to the generation hours excluding the physical degradation effect of photovoltaic modules. The calculation formula is as follows:

Historical power generation hours before degradation = Electricity generation / Actual installed capacity / Post-degradation efficiency

Based on the historical operating data of the valued entity for 2021, 2022 and 2023, as well as enterprise forecasts, the valuers determine the power generation hours before degradation for the future income period. Details are as follows:

Forecast Table of Power Generation Hours before Degradation

		Historical power generation hours before degradation				Forecast power generation hours before degradation	
No.	Project	2021	2022	2023	January–September 2024	October–December 2024	2025 and thereafter
1	65 MW photovoltaic project	1,083.08	1,233.63	1,246.81	894.40	161.24	1,162.54
2	35 MW reconstructed photovoltaic project	–	–	–	–	–	1,162.54

(3) Post-degradation Efficiency

Based on industry analysis and the project feasibility study report, this valuation adopts a degradation rate of 2.5% for the first year, followed by an annual degradation rate of 0.70% thereafter.

(4) Overall Loss Rate

Based on historical data, this valuation adopts the two-year average overall loss rate for 2023–2024 for forecasting purposes, and determines the overall loss rate at 3.74%.

(2) Forecast of Electricity Tariff

Based on project approval documents, subsidy catalogues, and power purchase and sale agreements, and in combination with enterprise forecasts, the forecast tariffs for each project are as follows:

Approved On-grid Tariff and Government Subsidy Tariff Forecast

Unit: RMB/kWh

Project	Approved on-grid tariff (tax-inclusive)	Government subsidy tariff (tax-inclusive)
65 MW photovoltaic project	0.3515	0.6485
35 MW reconstructed photovoltaic project	0.3515	0.6485

Forecast of Composite On-grid Tariff (Tax-exclusive)

Unit: RMB/kWh

		Historical period			Forecast period		
No.	Project	2021	2022	2023	January–September 2024	October–December 2024	2025 and thereafter
1	65 MW photovoltaic project	0.3107	0.3110	0.3059	0.2737	0.0981	0.3111
2	35 MW reconstructed photovoltaic project	–	–	–	–	–	0.3111

(3) Forecast of Other Business Income

The valued entity's other business income mainly comprises sales of spare parts and consumables. According to enterprise interviews, such business is incidental in nature and does not constitute the principal business of the valued entity. Therefore, no forecast has been made in this valuation.

(4) Forecast of Operating Revenue

Based on the above, the operating revenue of Guizhou Xingye Green Energy Technology Co., Ltd. during the forecast period is set out in the table below:

Operating Revenue Forecast Table

Unit: RMB10,000

Item	October–December 2024	2025	2026	2027	2028	2029	2030
Total operating revenue	601.42	6,001.61	9,167.56	9,098.11	9,028.66	8,959.20	8,889.75
Government subsidy revenue	508.24	3,892.04	5,945.16	5,900.12	5,855.08	5,810.04	5,765.00
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	93.19	2,109.57	3,222.40	3,197.98	3,173.57	3,149.16	3,124.75
Project name							
65 MW photovoltaic project							
Actual installed capacity (10,000 kW)	6.51	6.51	6.51	6.51	6.51	6.51	6.51
Power generation hours before degradation (h)	162.32	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54
Post-degradation efficiency	93.80%	93.10%	92.40%	91.70%	91.00%	90.30%	89.60%
Electricity generation (10,000 kWh)	991.07	7,044.97	6,992.00	6,939.03	6,886.06	6,833.09	6,780.12
Overall loss rate	4.17%	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%
Settled electricity volume (10,000 kWh)	949.73	6,781.82	6,730.83	6,679.83	6,628.84	6,577.85	6,526.86
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	93.19	2,109.57	2,093.70	2,077.84	2,061.98	2,046.12	2,030.26
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.0981	0.3111	0.3111	0.3111	0.3111	0.3111	0.3111
Settled electricity volume (10,000 kWh)	949.73	6,781.82	6,730.83	6,679.83	6,628.84	6,577.85	6,526.86

Item	October–December 2024	2025	2026	2027	2028	2029	2030
Government subsidy revenue	508.24	3,892.04	5,945.16	5,900.12	5,855.08	5,810.04	5,765.00
Government subsidy tariff (RMB/kWh) tax-exclusive	0.5351	0.5739	0.5739	0.5739	0.5739	0.5739	0.5739
Current-period subsidised electricity volume (10,000 kWh)	949.73	6,781.82	10,359.34	10,280.86	10,202.38	10,123.90	10,045.42
Subtotal of revenue	601.42	6,001.61	8,038.87	7,977.96	7,917.06	7,856.16	7,795.26
Project name							
35 MW reconstructed photovoltaic project							
Actual installed capacity (10,000 kW)	–	–	3.51	3.51	3.51	3.51	3.51
Power generation hours before degradation (h)	–	–	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54
Post-degradation efficiency	0.00%	0.00%	92.40%	91.70%	91.00%	90.30%	89.60%
Electricity generation (10,000 kWh)	–	–	3,769.31	3,740.76	3,712.20	3,683.64	3,655.09
Overall loss rate	0.00%	0.00%	3.74%	3.74%	3.74%	3.74%	3.74%
Settled electricity volume (10,000 kWh)	–	–	3,628.52	3,601.03	3,573.54	3,546.05	3,518.56
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	–	–	1,128.69	1,120.14	1,111.59	1,103.04	1,094.49
Composite on-grid tariff (RMB/kWh) tax-exclusive	–	–	0.31	0.31	0.31	0.31	0.31
Settled electricity volume (10,000 kWh)	–	–	3,628.52	3,601.03	3,573.54	3,546.05	3,518.56
Subtotal of revenue	–	–	1,128.69	1,120.14	1,111.59	1,103.04	1,094.49

Item	2031	2032	2033	2034	2035	2036	2037
Total operating revenue	8,820.30	8,750.85	8,681.40	8,611.95	8,542.50	5,725.66	2,953.86
Government subsidy revenue	5,719.97	5,674.93	5,629.89	5,584.85	5,539.81	2,747.39	–
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	3,100.34	3,075.92	3,051.51	3,027.10	3,002.69	2,978.28	2,953.86
Project name							
65 MW photovoltaic project							
Actual installed capacity (10,000 kW)	6.51	6.51	6.51	6.51	6.51	6.51	6.51
Power generation hours before degradation (h)	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54
Post-degradation efficiency	88.90%	88.20%	87.50%	86.80%	86.10%	85.40%	84.70%
Electricity generation (10,000 kWh)	6,727.15	6,674.18	6,621.21	6,568.24	6,515.27	6,462.30	6,409.33
Overall loss rate	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%
Settled electricity volume (10,000 kWh)	6,475.87	6,424.88	6,373.89	6,322.90	6,271.91	6,220.91	6,169.92
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	2,014.40	1,998.54	1,982.67	1,966.81	1,950.95	1,935.09	1,919.23
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.3111	0.3111	0.3111	0.3111	0.3111	0.3111	0.3111
Settled electricity volume (10,000 kWh)	6,475.87	6,424.88	6,373.89	6,322.90	6,271.91	6,220.91	6,169.92
Government subsidy revenue	5,719.97	5,674.93	5,629.89	5,584.85	5,539.81	2,747.39	–
Government subsidy tariff (RMB/kWh) tax-exclusive	0.5739	0.5739	0.5739	0.5739	0.5739	0.5739	0.5739
Current-period subsidised electricity volume (10,000 kWh)	9,966.94	9,888.46	9,809.98	9,731.50	9,653.02	4,787.27	–
Subtotal of revenue	7,734.36	7,673.46	7,612.56	7,551.66	7,490.76	4,682.47	1,919.23

Item	2031	2032	2033	2034	2035	2036	2037
Project name							
35 MW reconstructed photovoltaic project							
Actual installed capacity (10,000 kW)	3.51	3.51	3.51	3.51	3.51	3.51	3.51
Power generation hours before degradation (h)	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54	1,162.54
Post-degradation efficiency	88.90%	88.20%	87.50%	86.80%	86.10%	85.40%	84.70%
Electricity generation (10,000 kWh)	3,626.53	3,597.98	3,569.42	3,540.87	3,512.31	3,483.76	3,455.20
Overall loss rate	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%
Settled electricity volume (10,000 kWh)	3,491.07	3,463.58	3,436.09	3,408.61	3,381.12	3,353.63	3,326.14
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	1,085.94	1,077.39	1,068.84	1,060.29	1,051.74	1,043.19	1,034.64
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.31	0.31	0.31	0.31	0.31	0.31	0.31
Settled electricity volume (10,000 kWh)	3,491.07	3,463.58	3,436.09	3,408.61	3,381.12	3,353.63	3,326.14
Subtotal of revenue	1,085.94	1,077.39	1,068.84	1,060.29	1,051.74	1,043.19	1,034.64

Item	2038	2039	2040	2041
Total operating revenue	2,929.45	2,905.04	2,880.63	2,856.22
Government subsidy revenue	–	–	–	–
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	2,929.45	2,905.04	2,880.63	2,856.22

Item	2038	2039	2040	2041
Project name				
65 MW photovoltaic project				
Actual installed capacity (10,000 kW)	6.51	6.51	6.51	6.51
Power generation hours before degradation (h)	1,162.54	1,162.54	1,162.54	1,162.54
Post-degradation efficiency	84.00%	83.30%	82.60%	81.90%
Electricity generation (10,000 kWh)	6,356.36	6,303.39	6,250.42	6,197.45
Overall loss rate	3.74%	3.74%	3.74%	3.74%
Settled electricity volume (10,000 kWh)	6,118.93	6,067.94	6,016.95	5,965.96
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	1,903.37	1,887.51	1,871.64	1,855.78
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.3111	0.3111	0.3111	0.3111
Settled electricity volume (10,000 kWh)	6,118.93	6,067.94	6,016.95	5,965.96
Government subsidy revenue	–	–	–	–
Government subsidy tariff (RMB/kWh) tax-exclusive	0.5739	0.5739	0.5739	0.5739
Current-period subsidised electricity volume (10,000 kWh)	–	–	–	–
Subtotal of revenue	1,903.37	1,887.51	1,871.64	1,855.78

Item	2038	2039	2040	2041
Project name				
35 MW reconstructed photovoltaic project				
Actual installed capacity (10,000 kW)	3.51	3.51	3.51	3.51
Power generation hours before degradation (h)	1,162.54	1,162.54	1,162.54	1,162.54
Post-degradation efficiency	84.00%	83.30%	82.60%	81.90%
Electricity generation (10,000 kWh)	3,426.65	3,398.09	3,369.54	3,340.98
Overall loss rate	3.74%	3.74%	3.74%	3.74%
Settled electricity volume (10,000 kWh)	3,298.65	3,271.16	3,243.67	3,216.18
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	1,026.08	1,017.53	1,008.98	1,000.43
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.31	0.31	0.31	0.31
Settled electricity volume (10,000 kWh)	3,298.65	3,271.16	3,243.67	3,216.18
Subtotal of revenue	1,026.08	1,017.53	1,008.98	1,000.43

2. Forecast of Operating Costs

The operating costs of the valued entity mainly include travel expenses, staff remuneration, depreciation, utilities, service fees, maintenance and repair expenses, lease expenses, commercial insurance, weed control costs, data communication fees, office expenses, low-value consumables, spare parts and consumables, compensation for young crops (long-term deferred expenses), and others. The forecast assumptions are as follows:

(1) Travel expenses: Forecast with reference to historical levels of travel expenses.

(2) Staff remuneration: Forecast with reference to historical levels of staff remuneration.

(3) Depreciation and compensation for young crops (long-term deferred expenses): Mainly representing power station fixed assets and the amortisation of long-term deferred expenses. In this valuation, depreciation included in operating costs is forecast based on the original book value of various fixed assets of the enterprise as at the valuation date and the amount of future planned capital expenditure. The depreciation to be recognised over the income period is calculated in accordance with the valued entity's prevailing accounting policies. Amortisation mainly relates to the amortisation of long-term deferred expenses arising from compensation for young crops, which is forecast over the income period based on their original cost and amortisation period.

(4) Maintenance and repair expenses: Forecast with reference to the historical average level. Considering the expected increase in maintenance costs in later years, an increase of 5% every five years is assumed.

(5) Lease expenses: Lease expenses include land-use right rentals recognised under right-of-use assets, which are used for the production area of the photovoltaic project (panel area). In this valuation, the forecast is based on the power station lease agreement as at the valuation date, and right-of-use assets are no longer considered in depreciation.

As at the valuation date, the 35 MW reconstruction project requires relocation, and the land lease agreement has not yet been executed. Based on data provided by the client, lease expenses for the 35 MW reconstruction project are forecast based on the leasing of 622 mu of land at RMB500 per mu, with an increase of 10% every five years.

(6) Other expenses are forecast based on historical levels.

The forecast results for operating costs of the valued entity are set out in the net cash flow forecast table.

3. Forecast of Taxes and Surcharges

The taxes and surcharges of the valued entity mainly include urban maintenance and construction tax, educational surcharge, local educational surcharge, stamp duty, and others.

According to the *Interim Regulations of the People's Republic of China on Urban Maintenance and Construction Tax* and the *Decision of the State Council on Amending the Interim Provisions on the Collection of Educational Surcharges*, the applicable

urban maintenance and construction tax rate is 7%, and the educational surcharge (including local educational surcharge) rate is 5%. The surcharges are forecast based on the input VAT and output VAT for each year of the forecast period of the valued entity, with each type of surcharge calculated separately according to its respective formula. Stamp duty is forecast at 0.03% of the total contract value.

The forecast results of taxes and surcharges are set out in the enterprise free cash flow forecast table.

4. Forecast of Period Expenses

(1) Selling Expenses

The valued entity has no selling expenses.

(2) Administrative Expenses

The administrative expenses of the valued entity mainly include business entertainment expenses, intermediary fees, and service fees. Administrative expenses are forecast based on historical levels. Considering the addition of the 35 MW project in 2026, a growth rate of 3% is applied, and the expenses remain unchanged in subsequent years. The detailed forecast is set out in the future cash flow forecast table.

(3) R&D Expenses

The valued entity has no R&D expenses.

(4) Finance Expenses

The finance expenses of the valued entity mainly consist of interest on borrowings. The relevant borrowings are intra-group loans between the valued entity and Beijing Jingyuntong Technology Co., Ltd. In this valuation, future annual interest expenses are forecast based on the enterprise's future borrowing and repayment plans, interest rates, and other relevant factors. The detailed forecast results are set out in the enterprise free cash flow forecast table.

5. Forecast of Income Tax

Enterprise income tax is a tax levied on the production and operation income and other income of domestic enterprises and operating entities in China. The applicable income tax rate of the valued entity is 25%.

In this valuation, the forecast of income tax is based on the projected total profit of the valued entity for each future year. After taking into account relevant tax adjustment items (both additions and deductions), the taxable income for each future year is determined. The income tax expense for each future year is then estimated based on the applicable enterprise income tax rate. The forecast results are set out in the enterprise free cash flow forecast table.

6. Forecast of Depreciation and Amortisation

(1) Depreciation Forecast

The valued entity's fixed assets mainly include machinery and equipment, transport equipment, and electronic office equipment. Fixed assets are stated at their actual cost at the time of acquisition. In this valuation, the power station's main machinery and equipment are depreciated over a useful life of 20 years with a residual value rate of 5.00%. Other machinery and equipment are depreciated over a useful life of 10 years with a residual value rate of 5.00%. Transport equipment and electronic office equipment are depreciated over a useful life of 5 years with a residual value rate of 5.00%. Depreciation over the future income period is estimated based on the audited original book value of assets as at the valuation date, future capital expenditure, and the enterprise's current accounting policies. Lease expenses related to right-of-use assets have been included in operating costs; therefore, no depreciation for right-of-use assets is considered. The depreciation forecast results are set out in the enterprise free cash flow forecast table.

(2) Amortisation Forecast

In this valuation, amortisation is forecast in accordance with the valued entity's applicable amortisation policies, based on the audited original book value of long-term deferred expenses as at the valuation date and their amortisation periods, to estimate amortisation expenses for each future year. The forecast results are set out in the enterprise free cash flow forecast table.

7. Additional Capital Forecast

Additional capital refers to the incremental working capital required by an enterprise without changing its current operating and production conditions, as well as long-term capital investments with a maturity of more than one year, such as capital expenditure for capacity expansion (purchase of fixed assets or other non-current assets), incremental working capital required, and asset replacement investment necessary for ongoing operations.

In this valuation, it is assumed that the valued entity will not undertake further capital investment to expand its existing operating capacity. Additional capital over the future operating period mainly consists of replacement investment for existing assets as at the valuation date and incremental working capital required for ongoing operations. Accordingly, additional capital in this report is defined as:

Additional capital = Asset replacement investment + Incremental working capital + Capital expenditure – Government subsidy recovery

(1) Estimation of Asset Replacement Investment

Based on the assumptions and basis for the earnings forecast, only replacement investment necessary to maintain post-expansion production and operation is required in future years. As the valued entity operates within a finite income period, maintenance and repair expenses required for the normal operation of major power generation equipment have already been included in operating costs; therefore, such expenses are not included again in asset replacement to avoid duplication.

(2) Estimation of Incremental Working Capital

Incremental working capital refers to the additional working capital required to maintain ongoing operations without changing the principal business conditions, including cash required for normal operations, inventory purchases, advances on behalf of customers (accounts receivable), and accounts payable. The incremental working capital reflects cash occupied through trade credit arising from changes in business activities, as well as cash and inventory required to maintain normal operations. At the same time, trade credit provided in economic activities reduces immediate cash outflows. Other receivables and other payables are generally related to non-operating or temporary transactions and are assessed separately based on their relevance to the operating business. Therefore, in principle, the estimation of the increase in working capital only considers key factors such as cash required for normal operations, accounts receivable, inventories, and accounts payable. In this report, incremental working capital is defined as:

Incremental working capital = Current-period working capital – Prior-period working capital

Where:

Working capital = Operating working capital

Operating working capital = Minimum cash balance + Operating receivables (net of government subsidy) + Inventories – Operating payables

For operating working capital, as these items all constitute operating assets of the enterprise and are highly correlated with revenue, operating working capital during the forecast period is forecast based on the historical ratio of working capital to revenue.

(3) Estimation of Capital Expenditure

According to information provided by the client, the 35 MW dismantled portion of the Liupanshui Wangjiazhai 100 MW Photovoltaic Power Station Project will be reconstructed by Shuifa Green Energy Co., Ltd., and is expected to be completed before 31 December 2025. The total reconstruction cost is estimated at RMB20 million.

Except for the above, no further capital investment will be made to the existing operating capacity, and no other expansion-related capital expenditure is considered.

(4) Government Subsidy Recovery

Based on historical government subsidy recovery patterns and the valuation assumptions, a recovery period of four years is applied in this valuation.

Government subsidy recovery = Opening balance of government subsidy receivables – Closing balance of government subsidy receivables

8. Recovery of Assets at the End of the Operating Period

Upon expiry of the 25-year operating period, the photovoltaic power station, owned by the valued entity, will be dismantled by the valued entity. Therefore, this valuation considers the residual value recovery of the photovoltaic power station at the end of the operating period.

For working capital, the entire amount of working capital invested in the final year of the operating period is assumed to be fully recovered. For fixed assets, after taking into account capital expenditure, asset replacement, and depreciation during the forecast period, and considering the effect of the discounting period, the assets are recovered at their carrying value at the end of the operating period. The forecast results are set out in the net cash flow forecast table.

9. Cash Flow Forecast Results

The forecast results of the valued entity's net cash flows over the future operating period are set out in the table below. In this valuation, the forecast of future earnings is primarily based on industry research and analysis, combined with a comprehensive assessment of the operating conditions of comparable companies,

market demand, and future industry development trends, and reflects a professional judgement. In the forecast, no consideration is given to uncertain non-operating income and expenses, subsidy income, or gains and losses arising from other non-recurring items.

Forecast Table of Future Net Cash Flows

Unit: RMB10,000

Item	October–December 2024	2025	2026	2027	2028	2029	2030
I. Total operating revenue	601.42	6,001.61	9,167.56	9,098.11	9,028.66	8,959.20	8,889.75
II. Total operating costs	1,199.99	4,582.12	3,960.46	3,962.62	3,961.52	3,960.08	3,961.47
Of which: operating costs	661.79	2,527.29	3,797.44	3,800.74	3,800.74	3,800.41	3,802.93
Taxes and surcharges	9.52	63.33	145.18	144.04	142.93	141.83	140.70
Selling expenses	–	–	–	–	–	–	–
Administrative expenses	1.28	17.32	17.84	17.84	17.84	17.84	17.84
R&D expenses	–	–	–	–	–	–	–
Finance expenses	527.41	1,974.16	–	–	–	–	–
III. Operating profit	(598.57)	1,419.49	5,207.10	5,135.49	5,067.14	4,999.12	4,928.29
Add: non-operating income	–	–	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–	–	–
IV. Total profit	(598.57)	1,419.49	5,207.10	5,135.49	5,067.14	4,999.12	4,928.29
Less: income tax expenses	–	205.23	1,301.78	1,283.87	1,266.78	1,249.78	1,232.07
V. Net profit	(598.57)	1,214.26	3,905.33	3,851.61	3,800.35	3,749.34	3,696.22
Add: depreciation and amortisation	446.39	1,983.79	3,143.42	3,143.42	3,143.42	3,143.08	3,142.75
Add: after-tax interest	527.30	1,480.62	–	–	–	–	–
Less: incremental working capital	206.67	192.77	377.74	(8.29)	(8.29)	(8.29)	(8.29)
Less: asset replacement	–	1.06	20.97	–	–	–	1.06
Less: capital expenditure	–	2,000.00	–	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–	–	–

Item	October–December 2024	2025	2026	2027	2028	2029	2030
Add: government subsidy recovery	(574.31)	23,946.74	(1,895.21)	(2,660.62)	(2,218.24)	152.68	152.68
Add: long-term asset recovery	–	–	–	–	–	–	–
Add: working capital recovery	–	–	–	–	–	–	–
VI. Enterprise free cash flow	(405.85)	26,431.58	4,754.81	4,342.69	4,733.82	7,053.40	6,998.88

Item	2031	2032	2033	2034	2035	2036	2037
I. Total operating revenue	8,820.30	8,750.85	8,681.40	8,611.95	8,542.50	5,725.66	2,953.86
II. Total operating costs	3,963.95	3,966.63	3,965.52	3,964.42	3,966.42	3,925.40	3,282.37
Of which: operating costs	3,806.51	3,810.34	3,810.34	3,810.34	3,813.48	3,817.24	3,218.51
Taxes and surcharges	139.59	138.45	137.34	136.24	135.10	90.32	46.02
Selling expenses	–	–	–	–	–	–	–
Administrative expenses	17.84	17.84	17.84	17.84	17.84	17.84	17.84
R&D expenses	–	–	–	–	–	–	–
Finance expenses	–	–	–	–	–	–	–
III. Operating profit	4,856.35	4,784.22	4,715.88	4,647.53	4,576.08	1,800.26	(328.50)
Add: non-operating income	–	–	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–	–	–
IV. Total profit	4,856.35	4,784.22	4,715.88	4,647.53	4,576.08	1,800.26	(328.50)
Less: income tax expenses	1,214.09	1,196.06	1,178.97	1,161.88	1,144.02	450.07	–
V. Net profit	3,642.26	3,588.17	3,536.91	3,485.65	3,432.06	1,350.20	(328.50)
Add: depreciation and amortisation	3,142.75	3,142.75	3,142.75	3,142.75	3,142.75	3,142.75	2,539.57
Add: after-tax interest	–	–	–	–	–	–	–
Less: incremental working capital	(8.29)	(8.29)	(8.29)	(8.29)	(8.29)	(8.29)	(8.29)
Less: asset replacement	20.97	–	–	–	1.06	20.97	–

Item	2031	2032	2033	2034	2035	2036	2037
Less: capital expenditure	–	–	–	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–	–	–
Add: government subsidy recovery	152.68	152.68	152.68	152.68	152.68	3,257.23	6,310.88
Add: long-term asset recovery	–	–	–	–	–	–	–
Add: working capital recovery	–	–	–	–	–	–	–
VI. Enterprise free cash flow	6,925.01	6,891.89	6,840.63	6,789.37	6,734.72	7,737.49	8,530.23

Item	2038	2039	2040	2041	Terminal asset recovery
I. Total operating revenue	2,929.45	2,905.04	2,880.63	2,856.22	–
II. Total operating costs	1,912.92	1,912.53	1,915.56	4,437.06	–
Of which: operating costs	1,849.86	1,849.86	1,853.31	4,374.73	–
Taxes and surcharges	45.22	44.83	44.40	44.49	–
Selling expenses	–	–	–	–	–
Administrative expenses	17.84	17.84	17.84	17.84	–
R&D expenses	–	–	–	–	–
Finance expenses	–	–	–	–	–
III. Operating profit	1,016.53	992.51	965.07	(1,580.84)	–
Add: non-operating income	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–
IV. Total profit	1,016.53	992.51	965.07	(1,580.84)	–
Less: income tax expenses	172.01	248.13	241.27	–	–
V. Net profit	844.53	744.38	723.80	(1,580.84)	–
Add: depreciation and amortisation	1,170.92	1,170.92	1,170.92	1,165.76	–
Add: after-tax interest	–	–	–	–	–
Less: incremental working capital	(8.29)	(8.29)	(8.29)	(8.29)	–
Less: asset replacement	–	–	1.06	20.97	–

Item	2038	2039	2040	2041	Terminal asset recovery
Less: capital expenditure	–	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–
Add: government subsidy recovery	6,259.98	3,104.55	–	–	–
Add: long-term asset recovery	–	–	–	–	3,053.65
Add: working capital recovery	–	–	–	–	969.52
VI. Enterprise free cash flow	8,283.72	5,028.13	1,901.95	(427.77)	4,023.16

(IV) Determination of the Discount Rate

1. Determination of the Risk-free Rate

Based on information published on the website of the China Appraisal Society, the following table presents the yields on government bonds provided by China Central Depository & Clearing Co., Ltd. (CCDC):

Chinese Government Bond Yields

Date	Tenor	Yield *(%)*
30 September 2024	3 months	1.40
	6 months	1.45
	1 year	1.37
	2 years	1.46
	3 years	1.56
	5 years	1.84
	7 years	2.07
	10 years	2.15
	30 years	2.36

The income period of the subject of valuation is 17.25 years. In accordance with the *Guidelines for Asset Valuation Experts No. 12 – Estimation of Discount Rates in Enterprise Value Valuation Using the Income Approach* (CAS [2020] No. 38), the risk-free rate may generally be represented by the yield to maturity of government bonds. When selecting government bonds, the matching between their remaining maturity and the timing of the enterprise's cash flows shall be taken into account.

Accordingly, a 10-year government bond yield is selected as the risk-free rate in this valuation, i.e., $r_f = 2.15\%$.

2. Determination of Market Risk Premium

The market risk premium refers to the expected excess return required by investors for equity investments that bear the same level of risk as the overall market, i.e. the risk compensation above the risk-free rate. The market risk premium is generally estimated based on historical market risk premium data. In this valuation, the long-term average return of the China A-share market index is used as the expected market return (r_m), and the portion of the expected market return exceeding the risk-free rate is taken as the market risk premium.

In accordance with the *Guidelines for Asset Valuation Experts No. 12 – Estimation of Discount Rates in Enterprise Value Valuation Using the Income Approach* (CAS [2020] No. 38), when estimating the market risk premium using China's securities market indices, representative indices such as the CSI 300 Index and the SSE Composite Index may be selected to calculate excess returns over a historical period, with a time horizon of more than 10 years and using weekly or monthly data frequency. The arithmetic mean or geometric mean may be applied in the calculation.

Based on the follow-up research on the China A-share market by the research institute of China United Assets Appraisal Group, and in accordance with the above Guidelines, the representative SSE Composite Index is selected as the underlying index in this valuation. The excess returns are calculated using weekly and monthly data frequencies, applying the arithmetic mean method and annualising the results to obtain annualised returns. In addition, the arithmetic mean, geometric mean, and harmonic mean are calculated respectively.

After comprehensive analysis, the expected market return is determined as $r_m = 9.37\%$.

Market risk premium = $r_m - r_f = 9.37\% - 2.15\% = 7.22\%$.

3. Determination of Capital Structure

The valued entity currently has no financing plan, and its capital structure is relatively stable. In addition, the profit forecasts prepared by management are based on the assumption that the capital structure remains stable. Therefore, in this valuation, the enterprise's own stable capital structure as at the valuation date is adopted for the estimation of the discount rate for future periods. When determining the capital structure, both equity and debt values are estimated based on their respective market values.

4. Determination of the Beta Coefficient

Based on listed companies in the photovoltaic power generation sector under the Shenwan Industry Classification, comparable companies are selected after considering comparability factors between the valued entity and the comparable companies, including business type, company size, profitability, growth potential, industry competitiveness, and stage of development. The SSE Composite Index is used as the underlying index. According to data obtained from the iFinD financial data terminal, and based on market prices as at the valuation date, with a calculation period of 250 weeks prior to the valuation date, the expected unlevered market risk coefficient of comparable companies' stocks (βu) is estimated. Based on the valued entity's own capital structure, the expected market risk coefficient of the equity capital of the valued entity (β_e) is derived.

5. Determination of the Specific Risk Factor

When determining the discount rate, differences between the subject of valuation and comparable listed companies in terms of company size, stage of development, core competitiveness, dependence on major customers and key suppliers, financing capability and financing costs, and the robustness of profit forecasts are considered to determine the specific risk factor. During the valuation process, the valuers conducted a comparative analysis between the enterprise and comparable listed companies, and determined the specific risk factor as $\varepsilon = 0.80\%$.

6. Determination of the Expected Return on Debt (rd)

The expected return on debt represents the capital cost of the enterprise's debt financing. In this valuation, the capital structure adopted is the enterprise's own capital structure. In accordance with the principle that the cost of debt should be consistent with the capital structure, the expected return on debt is determined based on the weighted average cost of the enterprise's debt. As at the valuation date, the valued entity has no interest-bearing debt.

7. Calculation of the Discount Rate (WACC)

Substituting the above parameters into the formula, the discount rate is calculated as shown in the table below:

Table 3. Calculation of the Discount Rate

	October–December 2024	2025	2026 and thereafter
Equity ratio	38.67%	38.67%	100.00%
Debt ratio	61.33%	61.33%	0.00%
Weighted average loan interest rate	5.41%	5.06%	0.00%
Government bond yield	2.15%	2.15%	2.15%
Comparable company return (expected market return)	9.37%	9.37%	9.37%
Applicable tax rate	0.00%	25.00%	25.00%
Historical beta	0.6346	0.6346	0.6346
Adjusted beta	0.7552	0.7552	0.7552
Unlevered beta	0.5258	0.5258	0.5258
Equity beta	1.3596	1.1512	0.5258
Specific risk factor	0.80%	0.80%	0.80%
Cost of equity	12.77%	11.26%	6.75%
After-tax cost of debt	5.41%	3.80%	0.00%
WACC	8.25%	6.68%	6.75%
Discount rate	8.25%	6.68%	6.75%

(V) Determination of the Value of Operating Assets

Substituting the expected net cash flows into Formula (3), the value of the valued entity's operating assets is determined to be RMB799,193,700.

(VI) Determination of the Value of Non-operating or Excess Assets (Liabilities)

Upon verification, certain assets (liabilities) recorded in the valued entity's accounts as at the valuation date are not reflected in the forecast net cash flows and are therefore considered excess or non-operating assets (liabilities) outside the scope of the forecast cash flows. Based on the audited financial statements, these items are independently assessed, and the value of excess or non-operating assets (liabilities) as at the valuation date is determined as follows:

C = C1 + C2 = -RMB163,017,300

Details are set out in the table below.

Detailed Schedule of Non-operating or Excess Assets (Liabilities) Valuation

Unit: RMB10,000

No.	Item	Book value	Appraised value
10	Total excess and non-operating assets (liabilities), net	(16,301.73)	(16,301.73)
1	Deferred tax assets	359.83	359.83
2	Total non-current assets	359.83	359.83
3	Total assets	359.83	359.83
4	Accounts payable	2,461.29	2,461.29
5	Other payables	13,943.96	13,943.96
6	Total current liabilities	16,405.24	16,405.24
7	Deferred tax liabilities	256.31	256.31
8	Total non-current liabilities	256.31	256.31

(VII) Valuation Result under the Income Approach

Substituting the value of operating assets (P = RMB799,193,700) and the value of excess or non-operating assets (C = -RMB163,017,300) existing as at the valuation date into Formula (2), the enterprise value of the valued entity is derived as follows: B = RMB636,176,400.

The value of interest-bearing debt of the valued entity as at the valuation date is D = RMB390,151,100. Therefore, the equity value of the valued entity is calculated as:

E = B − D = RMB246,025,300

PART VII CONCLUSION AND ANALYSIS OF THE VALUATION

I. Valuation Conclusion

In accordance with relevant national laws, regulations, administrative rules and valuation standards governing asset valuation, and adhering to the principles of independence, impartiality and objectivity, we have performed the statutory and necessary valuation procedures and adopted generally accepted valuation methods to assess the value of the total shareholders' equity of Guizhou Xingye Green Energy Technology Co., Ltd. as at the valuation date of 30 September 2024. The valuation results are as follows:

(I) Valuation Results under the Asset-based Approach

Based on the asset-based approach, the net book value of assets of Guizhou Xingye Green Energy Technology Co., Ltd. as at the valuation date amounts to RMB265,238,900, while the appraised value is -RMB74,337,700, representing a decrease in value of RMB339,576,600 and a depreciation rate of 128.03%.

The valuation results under the asset-based approach are detailed in the table below:

Summary of Asset Valuation Results

Unit: RMB10,000

Item		Book value B	Appraised value C	Change in value D = C – B	Appreciation rate (%) E = D/B × 100%
1	Current assets	37,239.87	37,239.87	–	–
2	Non-current assets	46,722.09	12,764.43	(33,957.66)	(72.68)
3	Of which: long-term equity investments	–	–	–	–
4	Investment properties	–	–	–	–
5	Fixed assets	27,611.79	8,195.16	(19,416.63)	(70.32)
6	Construction in progress	17,530.57	2,989.54	(14,541.03)	(82.95)
7	Intangible assets	–	–	–	–
8	Of which: land use rights	–	–	–	–
9	Other non-current assets	–	–	–	–
10	**Total assets**	**83,961.96**	**50,004.30**	**(33,957.66)**	**(40.44)**
11	Current liabilities	55,743.83	55,743.83	–	–
12	Non-current liabilities	1,694.24	1,694.24	–	–
13	**Total liabilities**	**57,438.06**	**57,438.07**	**–**	**–**
14	**Net assets (owners' equity)**	**26,523.89**	**(7,433.77)**	**(33,957.66)**	**(128.03)**

(II) Valuation Results under the Income Approach

Based on the income approach, the net book value of assets of Guizhou Xingye Green Energy Technology Co., Ltd. as at the valuation date amounts to RMB265,238,900, while the appraised value is RMB246,025,300, representing a decrease in value of RMB19,213,600 and a depreciation rate of 7.24%.

II. Selection of Valuation Conclusion

In this valuation, the value determined under the income approach is RMB320,363,000 higher than that derived from the asset-based approach, representing a difference rate of 430.96%. Based on an analysis of the basis and value components of the two approaches, the following is noted:

The income approach evaluates assets from the perspective of their expected earning capacity. Its key indicators include future earnings and the discount rate. In forecasting future indicators, comprehensive consideration is given to multiple factors, such as macroeconomic conditions, industry conditions, the enterprise's development plan, and its operating capability. This approach is able to reflect the future profitability and growth potential of both the enterprise and its industry. By contrast, the asset-based approach is based on the cost of asset replacement as the value benchmark, reflecting the socially necessary labor embodied in asset investment (i.e., acquisition and construction costs). Such costs typically change with the development of the national economy. However, the asset-based approach is unable to reflect the enterprise's future earning capacity and growth potential.

In summary, it is considered that the valuation results under the income approach are more reasonable and better reflect the market value of the total shareholders' equity of Guizhou Xingye Green Energy Technology Co., Ltd. Accordingly, the valuation results under the income approach are adopted as the final valuation conclusion in this valuation report.

EXPLANATION OF MATTERS RELATING TO THE ASSET VALUATION BY THE ENTERPRISE

I. Overview of the Client and the Valued Entity

The client of this asset valuation is Shuifa Green Energy Co., Ltd., and the valued entity is Guizhou Xingye Green Energy Technology Co., Ltd.

(I) Overview of the Client

Name:	Shuifa Green Energy Co., Ltd.
Type:	Joint stock limited company (Hong Kong, Macao, and Taiwan investment, unlisted)
Registered address:	North District, Comprehensive Building, Building 1, Art Town, No. 128 Huanshan East Road, Taishan District, Tai'an City, Shandong Province
Legal representative:	Kong Dezhen
Subscribed capital:	RMB912 million
Date of establishment:	28 February 2013
Business term:	28 February 2013 to no fixed term
Unified social credit code:	91430300062226419N
Business scope:	Licensed items: power generation, transmission, and supply (distribution); construction engineering; electricity supply; electrical installation services; production and supply of heat energy. (Business items subject to approval by relevant authorities may only be carried out after obtaining such approval, and specific business items shall be subject to the approval documents or licenses issued by relevant authorities.)

General items:	Technical services, development, consulting, exchange, transfer and promotion; wind power generation technical services; solar power generation technical services; biomass energy technical services; energy storage technical services; sales of intelligent power transmission and distribution and control equipment; emerging energy technology R&D; power generation technical services; manufacturing of power transmission and distribution and control equipment; new material technical promotion services; manufacturing of photovoltaic equipment and components; sales of photovoltaic equipment and components; motor manufacturing; machinery equipment R&D; complete sets of nuclear power equipment and engineering technology R&D; manufacturing of specialized machinery and equipment for water resources; wind farm-related system R&D; offshore wind power-related system R&D; undertaking engineering construction business of the parent company; energy-saving management services. (Except for items subject to approval by law, business activities shall be carried out independently with a business licence in accordance with the law.)

(II) Overview of the Valued Entity

Name:	Guizhou Xingye Green Energy Technology Co., Ltd.
Type:	Other limited liability company
Address:	Office on the 4th Floor, Personnel Bureau Building, Zhongshan District, Liupanshui City, Guizhou Province
Legal Representative:	Xie Yueyun
Subscribed capital:	RMB232 million
Date of establishment:	17 June 2015
Business term:	17 June 2015 to 16 June 2045
Unified social credit code:	91520201346987033R

Business scope: Activities prohibited by laws, regulations, and decisions of the State Council shall not be operated; where laws, regulations, and decisions of the State Council require licensing (approval), operations shall be conducted only after approval by the competent authorities and with the relevant licence (approval) documents; where no licensing (approval) is required under laws, regulations, or decisions of the State Council, market entities may independently choose business items. (Development, sales, technical consulting and services of electric power and heat energy; development, investment and construction of new energy projects; development, construction, production, sales and operation of wind power and solar power generation; engineering procurement and construction (EPC) related to solar power generation; research and development, design and application of smart grids, energy conservation and environmental protection, and new energy technologies.)

1. Historical Development

Guizhou Xingye Green Energy Technology Co., Ltd. was established in June 2015. At the time of establishment, its equity structure was as follows:

No.	**Shareholder**	**Form of contribution**	**Subscribed capital** *(RMB10,000)*	**Subscription ratio** *(%)*
1	Hunan Xingye Green Energy Co., Ltd.	Cash	1,000.00	100.00
	Total		1,000.00	100.00

In June 2017, Hunan Xingye Green Energy Co., Ltd. transferred its 100% equity interest in Guizhou Xingye Green Energy Technology Co., Ltd. to Beijing Jingyuntong Technology Co., Ltd. After this change, the equity structure was as follows:

No.	Shareholder	Form of contribution	Subscribed capital *(RMB10,000)*	Subscription ratio *(%)*
1	Beijing Jingyuntong Technology Co., Ltd.	Cash	1,000.00	100.00
	Total		1,000.00	100.00

In June 2018, the registered capital of the company was increased to RMB230 million. After this change, the equity structure was as follows:

No.	Shareholder	Form of contribution	Subscribed capital *(RMB10,000)*	Subscription ratio *(%)*
1	Beijing Jingyuntong Technology Co., Ltd.	Cash	23,000.00	100.00
	Total		23,000.00	100.00

In September 2022, the company's registered capital was increased to RMB232 million, and Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd. became a new shareholder. After this change, the equity structure was as follows:

No.	Shareholder	Form of contribution	Subscribed capital *(RMB10,000)*	Subscription ratio *(%)*
1	Beijing Jingyuntong Technology Co., Ltd.	Cash	23,000.00	99.1379
2	Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd.	Cash	200.00	0.8621
	Total		23,200.00	100.00

No further changes in the equity structure occurred after this change up to the valuation date.

As at the valuation date, the equity structure of the valued entity is as follows:

No.	Shareholder	Form of contribution	Subscribed capital *(RMB10,000)*	Subscription ratio *(%)*
1	Beijing Jingyuntong Technology Co., Ltd.	Cash	23,000.00	99.1379
2	Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd.	Cash	200.00	0.8621
	Total		23,200.00	100.00

2. Assets, Financial Position and Operating Condition

(1) Financial Position as per Financial Statements

As at the valuation date of 30 September 2024, Guizhou Xingye Green Energy Technology Co., Ltd. reported total assets of RMB839,619,600, liabilities of RMB574,380,600, and net assets of RMB265,238,900. For the period from January to September 2024, the company recorded operating revenue of RMB44,858,200, total profit of RMB20,529,800, and net profit of RMB16,691,500.

The historical assets and financial position of Guizhou Xingye Green Energy Technology Co., Ltd. are set out below:

Statement of Assets, Liabilities and Financial Position

Unit: RMB10,000

Item	30 September 2024	31 December 2023	31 December 2022	31 December 2021
Total assets	83,961.96	84,842.64	81,972.96	82,085.88
Liabilities	57,438.06	60,008.45	46,994.49	48,273.03
Net assets	26,523.89	24,834.19	34,978.46	33,812.84

Item	January–September 2024	2023	2022	2021
Operating revenue	4,485.82	6,564.59	6,539.71	8,226.05
Total profit	2,052.98	1,447.33	987.50	1,308.63
Net profit	1,669.15	1,112.78	799.24	1,064.19

Audit firm Beijing Dehao International Certified Public Accountants (Special General Partnership)

The above financial data are extracted from the unqualified audit report issued by Beijing Dehao International Certified Public Accountants (Special General Partnership) (Dehao Audit [2025] 120008). The valuation is conducted based on the audited financial statements of the enterprise.

(2) Operating Condition

Guizhou Xingye Green Energy Technology Co., Ltd. is principally engaged in the operation and power generation of a photovoltaic power station. The power station is a ground-mounted centralised solar power generation project with a filed installed capacity of 100 MW. As at the valuation date, the actual installed capacity of the power station is 65.091275 MW. The applicable benchmark desulphurised coal-fired power tariff is RMB0.3515/kWh, and the government subsidy tariff is RMB0.6485/kWh. There is no curtailment of power generation, and the power station is currently operating under stable conditions.

3. Principal Accounting Policies and Accounting Estimates Adopted by the Company

(1) Accounting Period

The accounting year runs from 1 January to 31 December.

(2) Functional Currency

The company adopts Renminbi (RMB) as its functional currency.

(3) Accounting Basis and Measurement Principles

The company adopts the accrual basis of accounting. In measuring accounting elements, historical cost is generally applied. Where, in accordance with accounting standards, other measurement bases such as replacement cost, net realisable value, present value, or fair value are adopted, such cases will be specifically disclosed.

(4) Definition of Cash and Cash Equivalents

For the preparation of the cash flow statement, cash comprises cash on hand and deposits that are readily available for payment. Cash equivalents are defined as short-term investments that simultaneously meet the following conditions: short maturity (generally within three months from the date of acquisition), high liquidity, readily convertible into known amounts of cash, and subject to an insignificant risk of changes in value.

(5) Changes in Accounting Policies and Accounting Estimates, and Correction of Errors

(1) Changes in Accounting Policies and Their Impact

In November 2022, the Ministry of Finance issued *Interpretation No. 16 of the Accounting Standards for Business Enterprises (Cai Kuai [2022] No. 31)* (hereinafter referred to as "Interpretation No. 16").

Interpretation No. 16 provides that, for single transactions that are not business combinations and that, at the time of occurrence, affect neither accounting profit nor taxable income (or deductible losses), and that give rise to equal taxable temporary differences and deductible temporary differences upon initial recognition of assets and liabilities, the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities shall, in accordance with the *Accounting Standard for Business Enterprises No. 18 – Income Taxes* and

other relevant requirements, be recognised as deferred tax liabilities and deferred tax assets, respectively, at the time of the transaction. For transactions occurring between the beginning of the earliest period presented in the financial statements upon initial application of the above provisions and the effective date of this Interpretation, enterprises shall, in accordance with the above provisions, adjust the cumulative effects to the opening retained earnings of the earliest period presented and other relevant financial statement items. The above accounting treatment provisions have been effective since 1 January 2024.

Where taxable temporary differences and deductible temporary differences arise from lease liabilities and right-of-use assets recognised by the company in lease transactions, as well as provisions related to decommissioning obligations and the corresponding related assets, adjustments are made in accordance with Interpretation No. 16.

The impact of the above accounting policy on the balance sheet as at 31 December 2023 and the income statement for the year 2023 is as follows:

	31 December 2023		
Balance sheet item	**Before adjustment**	**Impact**	**After adjustment**
Deferred tax assets	3,455.47	3,426,844.43	3,430,299.90
Deferred tax liabilities		2,514,143.98	2,514,143.98

Continued:

	2023		
Income statement item	**Before adjustment**	**Impact**	**After adjustment**
Income tax expenses	3,726,784.99	(381,249.33)	3,345,535.66

Impact of the above accounting policy on the balance sheet as at 1 January 2023:

	1 January 2023		
Balance sheet item	**Before adjustment**	**Impact**	**After adjustment**
Deferred tax assets	3,426.15	3,202,902.35	3,206,328.50
Deferred tax liabilities		2,671,451.23	2,671,451.23

(2) Changes in Accounting Estimates, Correction of Prior Period Errors and Their Impact

NA.

(27) Taxes

(1) Major Tax Types and Tax Rates

Tax type	**Tax base**	**Tax rate**	**Remarks**
Value-added tax (VAT)	Domestic sales; provision of processing, repair and maintenance services	13%	*Note 1*
Urban maintenance and construction tax	Actual paid turnover taxes	7%	
Educational surcharge	Actual paid turnover taxes	3%	
Local educational surcharge	Actual paid turnover taxes	2%	
Enterprise income tax		25%	

Note 1: In accordance with the *Announcement on Relevant Policies for Deepening the VAT Reform* issued by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs (Announcement [2019] No. 39 of the Ministry of Finance, the State Taxation Administration, and the General Administration of Customs), where the company engages in taxable sales or imports goods on or after 1 April 2019, the VAT rates previously applicable at 16% and 10% are adjusted to 13% and 9%, respectively.

(III) Relationship between the Client and the Valued Entity

The client of this asset valuation is Shuifa Green Energy Co., Ltd., and the valued entity is Guizhou Xingye Green Energy Technology Co., Ltd. Shuifa Green Energy Co., Ltd. intends to acquire 100% equity interest in Guizhou Xingye Green Energy Technology Co., Ltd.

II. Explanation of the Economic Transaction

According to the minutes of Shuifa Singyes Party Committee meeting ([2024] No. 30), Shuifa Green Energy Co., Ltd. intends to acquire 100% equity interest in Guizhou Xingye Green Energy Technology Co., Ltd. An appraisal of the value of the total shareholders' equity of Guizhou Xingye Green Energy Technology Co., Ltd. is therefore required to provide a value reference for the above-mentioned economic transaction.

III. Explanation of the Valuation Subject and Scope

The subject of valuation is the total shareholders' equity of Guizhou Xingye Green Energy Technology Co., Ltd. The scope of valuation covers all assets and related liabilities of Guizhou Xingye Green Energy Technology Co., Ltd. As at the valuation date, based on audited financial statements, the company reported total assets of RMB839,619,600, liabilities of RMB574,380,600, and net assets of RMB265,238,900. These include current assets of RMB372,398,700, non-current assets of RMB467,220,900, current liabilities of RMB557,438,300, and non-current liabilities of RMB16,942,400.

The above asset and liability data are extracted from the audit report Dehao Audit [2025] 120008 issued by Beijing Dehao International Certified Public Accountants (Special General Partnership). The valuation is conducted based on the audited financial statements of the enterprise.

The entrusted valuation subject and scope are consistent with the valuation subject and scope involved in the economic transaction.

(I) Overview of Major Assets within the Scope of Valuation

As at the valuation date, current assets mainly comprise cash and cash equivalents, accounts receivable, prepayments, and other receivables. Non-current assets mainly comprise fixed assets, construction in progress, right-of-use assets, long-term deferred expenses, and deferred tax assets.

The book value of physical assets included in the scope of valuation amounts to RMB451,423,500, accounting for 53.77% of total assets within the scope of valuation. These mainly consist of machinery and equipment, vehicles, electronic equipment, and construction in progress.

The main physical assets of Guizhou Xingye Green Energy Technology Co., Ltd. are as follows:

1. The physical assets are mainly located within office premises and project sites of Guizhou Xingye Green Energy Technology Co., Ltd.

2. Machinery and equipment mainly consist of photovoltaic power station assets, including photovoltaic module systems, photovoltaic module columns, beams and supports, inverters and combiner boxes, main transformers, high-voltage switchgear, SVG dynamic reactive power compensation devices, and secondary equipment systems of photovoltaic modules. These assets are primarily located within the photovoltaic power station project site. The project was completed in June 2017. As at the valuation date, 65.091275 MW is in normal operation. The power station is in normal use, maintenance and management condition, and is in good economic and technical condition. It was constructed under the *EPC Contract for the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project* between the Employer, Guizhou Xingye Green Energy Technology Co., Ltd., and the Contractor, Zhuhai Singyes Green Building Technology Co., Ltd. Fixed assets were recorded at the EPC turnkey contract price, with no further financial accounting treatment performed on the fixed asset cards.

3. Vehicles consist of two pickup trucks. As at the valuation date, the vehicles are in normal use, maintenance, and management condition, and are in an average economic and technical condition.

4. Electronic equipment mainly consists of office equipment such as desktop computers, totalling six items. As at the valuation date, the electronic equipment is in normal use, maintenance, and management condition, and is in an average economic and technical condition.

5. Construction in progress – equipment installation works mainly consist of photovoltaic modules, foundation piles and box-type transformers related to the photovoltaic power station, with an installed capacity of 35.09 MW. The initial installation and operation date was June 2017. Due to site issues, the equipment was dismantled after installation, including 7.12 MW starting from 19 January 2021 and 28.02 MW starting from 13 February 2022. According to information obtained, the dismantled equipment has been properly stored without damage and is expected to be reinstalled and put into normal use.

(II) Intangible Assets Declared by the Enterprise (Recorded or Unrecorded)

As at the valuation date, no recorded or unrecorded intangible assets were reported within the scope declared by the enterprise.

(III) Types and Quantity of Off-balance-sheet Assets Declared by the Enterprise

As at the valuation date, no off-balance-sheet assets were reported within the scope declared by the enterprise.

IV. Explanation of the Valuation Date

The valuation date of this engagement is 30 September 2024.

This valuation date was determined by the client after comprehensive consideration of factors such as the scale of assets of the valued entity, workload, estimated time required for the valuation, and compliance requirements, and was agreed upon through full consultation with all intermediary institutions involved.

V. Explanation of Material Matters that May Affect the Valuation

On 24 March 2022, the National Development and Reform Commission, the National Energy Administration and the Ministry of Finance jointly issued the *Notice on Carrying out Self-inspection Work on Renewable Energy Power Generation Subsidies*, deciding to conduct a nationwide verification of renewable energy power generation subsidies in order to further ascertain the baseline level of subsidies for renewable energy power generation. According to the document, the scope of the self-inspection includes grid companies and power generation enterprises, covering all grid-connected renewable energy power generation projects with subsidy eligibility as of 31 December 2021, mainly including wind power projects, centralised photovoltaic power stations, and biomass power generation projects.

On 6 January 2023, China Southern Power Grid issued the *Announcement on the Release of the First Batch of Compliant Renewable Energy Power Generation Subsidy Projects.* The Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project was not included in the list of compliant projects.

Guizhou Province launched the government subsidy verification work on 7 July 2022, and Guizhou Xingye has submitted relevant materials as required. As at present, the project has not yet been confirmed as having passed the verification, mainly due to the dismantling of 35 MW of capacity, which has prevented the project from achieving full-capacity grid-connected operation.

Guizhou Xingye is actively promoting the reconstruction work. The reconstruction plan has been approved by the local energy authority, and there are no obstacles to restoring the project to a full 100 MW operational capacity. Upon completion of the reconstruction, it is expected that the project will pass the verification.

VI. Explanation of Asset and Liability Verification and Forecast of Future Operations and Earnings

(I) Explanation of Asset and Liability Verification

1. The assets included in the scope of this verification comprise all assets and related liabilities of Guizhou Xingye Green Energy Technology Co., Ltd. The total assets amount to RMB839,619,600, liabilities amount to RMB574,380,600, and net assets amount to RMB265,238,900. These include current assets of RMB372,398,700, non-current assets of RMB467,220,900, current liabilities of RMB557,438,300, and non-current liabilities of RMB16,942,400.

2. The book value of physical assets included in the scope of valuation amounts to RMB451,423,500, accounting for 53.77% of total assets within the scope of valuation. These mainly consist of machinery and equipment, vehicles, electronic equipment, and construction in progress.

   The main physical assets of Guizhou Xingye Green Energy Technology Co., Ltd. are as follows:

   (1) The physical assets are mainly located within office premises and project sites of Guizhou Xingye Green Energy Technology Co., Ltd.

   (2) Machinery and equipment mainly consist of photovoltaic power station assets, including photovoltaic module systems, photovoltaic module columns, beams and supports, inverters and combiner boxes, main transformers, high-voltage switchgear, SVG dynamic reactive power compensation devices, and secondary equipment systems of photovoltaic modules. These assets are primarily located within the photovoltaic power station project site. The project was completed in June 2017. As at the valuation date, 65.091275 MW is in normal operation. The power station is in normal use, maintenance and management condition, and is in good economic and technical condition. It was constructed under the *EPC Contract for the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project* between the Employer, Guizhou Xingye Green Energy Technology Co., Ltd., and the Contractor, Zhuhai Singyes Green Building Technology Co., Ltd. Fixed assets were recorded at the EPC turnkey contract price, with no further financial accounting treatment performed on the fixed asset cards.

   (3) Vehicles consist of two pickup trucks. As at the valuation date, the vehicles are in normal use, maintenance, and management condition, and are in an average economic and technical condition.

(4) Electronic equipment mainly consists of office equipment such as desktop computers, totalling six items. As at the valuation date, the electronic equipment is in normal use, maintenance, and management condition, and is in an average economic and technical condition.

(5) Construction in progress – equipment installation works mainly consist of photovoltaic modules, foundation piles and box-type transformers related to the photovoltaic power station, with an installed capacity of 35.09 MW. The initial installation and operation date was June 2017. Due to site issues, the equipment was dismantled after installation, including 7.12 MW starting from 19 January 2021 and 28.02 MW starting from 13 February 2022. According to information obtained, the dismantled equipment has been properly stored without damage and is expected to be reinstalled and put into normal use.

3. Verification Date

The verification base date is 30 September 2024.

4. Implementation Plan

This work is led by the Finance Department, with participation from relevant departments and coordination among other departments.

The verification is conducted in accordance with the principle of seeking truth from facts. Accounts, asset cards, and physical assets are cross-checked in a unified manner to ensure accuracy, authenticity, and completeness.

(1) Verification of current assets: on-site physical counts are conducted in combination with sample-based physical counts. The actual quantities are determined through counting and sample-based estimation methods.

(2) Verification of fixed assets: physical quantity counts are combined with quality inspections, and various technical methods are adopted to examine asset quality conditions. The evaluation is made factually and objectively in accordance with specific requirements.

5. Verification Conclusion

Through the above asset verification procedures, the assets and liabilities within the scope of valuation are clarified. For non-physical assets, the Detailed Asset Valuation Declaration Schedule is consistent with the accounting records and aligns with the actual circumstances. With respect to physical assets, the verification results are cross-checked item by item against the declaration schedule, and the valuers communicate with the entity's financial staff regarding the detailed items.

(II) Explanation of Forecast of Future Operations and Earnings

Based on the macroeconomic environment and the company's operating strategy, the valued entity has prepared forecasts of future operating conditions, as shown in the table below:

Forecast Table of Future Net Cash Flows

Unit: RMB10,000

Item	October–December 2024	2025	2026	2027	2028	2029	2030
I. Total operating revenue	601.42	6,001.61	9,167.56	9,098.11	9,028.66	8,959.20	8,889.75
II. Total operating costs	1,199.99	4,582.12	3,960.46	3,962.62	3,961.52	3,960.08	3,961.47
Of which: operating costs	661.79	2,527.29	3,797.44	3,800.74	3,800.74	3,800.41	3,802.93
Taxes and surcharges	9.52	63.33	145.18	144.04	142.93	141.83	140.70
Selling expenses	–	–	–	–	–	–	–
Administrative expenses	1.28	17.32	17.84	17.84	17.84	17.84	17.84
R&D expenses	–	–	–	–	–	–	–
Finance expenses	527.41	1,974.16	–	–	–	–	–
III. Operating profit	(598.57)	1,419.49	5,207.10	5,135.49	5,067.14	4,999.12	4,928.29
Add: non-operating income	–	–	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–	–	–
IV. Total profit	(598.57)	1,419.49	5,207.10	5,135.49	5,067.14	4,999.12	4,928.29
Less: income tax expenses	–	205.23	1,301.78	1,283.87	1,266.78	1,249.78	1,232.07
V. Net profit	(598.57)	1,214.26	3,905.33	3,851.61	3,800.35	3,749.34	3,696.22
Add: depreciation and amortisation	446.39	1,983.79	3,143.42	3,143.42	3,143.42	3,143.08	3,142.75
Add: after-tax interest	527.30	1,480.62	–	–	–	–	–
Less: incremental working capital	206.67	192.77	377.74	(8.29)	(8.29)	(8.29)	(8.29)
Less: asset replacement	–	1.06	20.97	–	–	–	1.06
Less: capital expenditure	–	2,000.00	–	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–	–	–
Add: government subsidy recovery	(574.31)	23,946.74	(1,895.21)	(2,660.62)	(2,218.24)	152.68	152.68
Add: long-term asset recovery	–	–	–	–	–	–	–
Add: working capital recovery	–	–	–	–	–	–	–
VI. Enterprise free cash flow	(405.85)	26,431.58	4,754.81	4,342.69	4,733.82	7,053.40	6,998.88

Item	2031	2032	2033	2034	2035	2036	2037
I. Total operating revenue	8,820.30	8,750.85	8,681.40	8,611.95	8,542.50	5,725.66	2,953.86
II. Total operating costs	3,963.95	3,966.63	3,965.52	3,964.42	3,966.42	3,925.40	3,282.37
Of which: operating costs	3,806.51	3,810.34	3,810.34	3,810.34	3,813.48	3,817.24	3,218.51
Taxes and surcharges	139.59	138.45	137.34	136.24	135.10	90.32	46.02
Selling expenses	–	–	–	–	–	–	–
Administrative expenses	17.84	17.84	17.84	17.84	17.84	17.84	17.84
R&D expenses	–	–	–	–	–	–	–
Finance expenses	–	–	–	–	–	–	–
III. Operating profit	4,856.35	4,784.22	4,715.88	4,647.53	4,576.08	1,800.26	(328.50)
Add: non-operating income	–	–	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–	–	–
IV. Total profit	4,856.35	4,784.22	4,715.88	4,647.53	4,576.08	1,800.26	(328.50)
Less: income tax expenses	1,214.09	1,196.06	1,178.97	1,161.88	1,144.02	450.07	–
V. Net profit	3,642.26	3,588.17	3,536.91	3,485.65	3,432.06	1,350.20	(328.50)
Add: depreciation and amortisation	3,142.75	3,142.75	3,142.75	3,142.75	3,142.75	3,142.75	2,539.57
Add: after-tax interest	–	–	–	–	–	–	–
Less: incremental working capital	(8.29)	(8.29)	(8.29)	(8.29)	(8.29)	(8.29)	(8.29)
Less: asset replacement	20.97	–	–	–	1.06	20.97	–
Less: capital expenditure	–	–	–	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–	–	–
Add: government subsidy recovery	152.68	152.68	152.68	152.68	152.68	3,257.23	6,310.88
Add: long-term asset recovery	–	–	–	–	–	–	–
Add: working capital recovery	–	–	–	–	–	–	–
VI. Enterprise free cash flow	6,925.01	6,891.89	6,840.63	6,789.37	6,734.72	7,737.49	8,530.23

Item	2038	2039	2040	2041	Terminal asset recovery
I. Total operating revenue	2,929.45	2,905.04	2,880.63	2,856.22	–
II. Total operating costs	1,912.92	1,912.53	1,915.56	4,437.06	–
Of which: operating costs	1,849.86	1,849.86	1,853.31	4,374.73	–
Taxes and surcharges	45.22	44.83	44.40	44.49	–
Selling expenses	–	–	–	–	–
Administrative expenses	17.84	17.84	17.84	17.84	–
R&D expenses	–	–	–	–	–
Finance expenses	–	–	–	–	–
III. Operating profit	1,016.53	992.51	965.07	(1,580.84)	–
Add: non-operating income	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–
IV. Total profit	1,016.53	992.51	965.07	(1,580.84)	–
Less: income tax expenses	172.01	248.13	241.27	–	–
V. Net profit	844.53	744.38	723.80	(1,580.84)	–
Add: depreciation and amortisation	1,170.92	1,170.92	1,170.92	1,165.76	–
Add: after-tax interest	–	–	–	–	–
Less: incremental working capital	(8.29)	(8.29)	(8.29)	(8.29)	–
Less: asset replacement	–	–	1.06	20.97	–
Less: capital expenditure	–	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–
Add: government subsidy recovery	6,259.98	3,104.55	–	–	–
Add: long-term asset recovery	–	–	–	–	3,053.65
Add: working capital recovery	–	–	–	–	969.52
VI. Enterprise free cash flow	8,283.72	5,028.13	1,901.95	(427.77)	4,023.16

VII. List of Supporting Documents

The client and the valued entity have provided the valuation firm with the following supporting documents:

1. Documents relating to the economic transaction;

2. Business licences of the client and the valued entity;

3. Audited financial report of the enterprise as at the valuation date;

4. Certificates of asset ownership;

5. Detailed Asset Valuation Declaration Schedule;

6. Other materials relevant to this valuation.

The following is the Second Valuation Report from the Valuer, which was prepared in Chinese and the English version is for reference only. If there is any discrepancy between the Chinese and English version of the summary of the valuation report, the Chinese version shall prevail.

This asset valuation report has been prepared in accordance with the China Asset Valuation Standards.

PROJECT ON THE VALUE OF THE ENTIRE SHAREHOLDER INTERESTS IN GUIZHOU XINGYE GREEN ENERGY TECHNOLOGY CO., LTD.* INVOLVING IN THE VALUATION FOR THE INFORMATION OF SHUIFA GREEN ENERGY CO., LTD.*

ASSET VALUATION REPORT

Zhonglianlu Valuation Report No. [2026] 13064

China United Assets Appraisal Group Shandong Co., Ltd.
13 March 2026

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STATEMENT

1. This Asset Valuation Report has been prepared in accordance with the Basic Standards for Asset Valuation issued by the Ministry of Finance and the Asset Appraisal Practice Standards and Code of Ethics issued by the China Appraisal Society.

2. The principal or other users of this Asset Valuation Report shall use it in accordance with the scope of use specified in this report and as prescribed by laws and administrative regulations. The asset valuation institution and asset valuers shall not be held liable for any use of this report by the principal or other users of the Asset Valuation Report that violates the aforementioned provisions.

   This Asset Valuation Report is solely for use by the principal, other users specified in the asset valuation engagement contract, and users regulated by laws and administrative regulations. Other than that, no other institution or individual may become user of the Asset Valuation Report.

   This asset valution institution and its valuers advise users of the Asset Valuation Report to correctly understand and utilize the valuation conclusions. The valuation conclusions do not equate to the realizable value of the appraised subject and should not be construed as a guarantee of such realizable value of the appraised subject.

3. The authenticity, legality and completeness of the information provided by the principal and other relevant parties constitute a prerequisite for the validity of the valuation conclusions. The list of assets and liabilities included in the valuation scope, along with the predictive financial information and ownership documentation required for the valuation, have been declared by the principal and the appraised entity and confirmed by them through affixing seals or other means.

4. This asset valuation institution and its valuers have no existing or expected conflicts of interest with the appraised subject in this Asset Valuation Report; no existing or expected conflicts of interest with any relevant parties and hold no bias toward such relevant parties.

5. The asset valuers have conducted on-site investigation of the appraised subject and the related assets covered in the Asset Valuation Report. Necessary attention has been given to the legal title status of the appraised subject and related assets. Verification has been performed on the legal title documentation pertaining to the appraised subject and related assets. Any identified issues have been truthfully disclosed. The valuer have requested the principal and other relevant parties to rectify property rights to meet the requirements for issuing the Asset Valuation Report.

6. The analysis, judgments and conclusions presented in this Asset Valuation Report are subject to the assumptions and limitations stated herein. Users of this Asset Valuation Report shall fully consider the assumptions, limitations, special notes and their impact on the valuation conclusions as detailed in the Asset Valuation Report.

7. This asset appraisal institution and its professional asset valuers comply with laws, administrative regulations and asset valuation standards, adhering to the principles of independence, objectivity and impartiality, and assume legal responsibility for the Asset Valuation Report issued.

PROJECT ON THE VALUE OF THE ENTIRE SHAREHOLDER INTERESTS IN GUIZHOU XINGYE GREEN ENERGY TECHNOLOGY CO., LTD.* INVOLVING IN THE VALUATION FOR THE INFORMATION OF SHUIFA GREEN ENERGY CO., LTD.*

ASSET VALUATION REPORT

Zhonglianlu Valuation Report No. [2026] 13064

SUMMARY

China United Assets Appraisal Group Shandong Co., Ltd. had been engaged by Shuifa Green Energy Co., Ltd.* to conduct valuation on the market value of the entire shareholder interest in Guizhou Xingye Green Energy Technology Co., Ltd.* as of the Valuation Benchmark Date involving the economic action for the information of Shuifa Green Energy Co., Ltd.*.

The appraised subject is the entire equity interest value of Guizhou Xingye Green Energy Technology Co., Ltd.*. The scope of valuation includes all assets and liabilities of Guizhou Xingye Green Energy Technology Co., Ltd.* as of the valuation benchmark date, primarily including current assets, non-current assets, current liabilities and non-current liabilities.

The valuation benchmark date is 31 October 2025.

This valuation had been conducted in compliance with the laws, administrative regulations and asset valuation standards governing asset valuation of the PRC, adhering to the principles of independence, objectivity and impartiality. Based on the actual condition of the assets subject to appraisal, relevant market transaction data, prevailing market price standards, with reference to the historical cost records of the assets, and subject to premise that the assets would be used continuously and there is an open market, the asset-based approach and income approach had been employed to evaluate the entire shareholder interests. The valuation result under the income approach had been ultimately adopted as the final conclusion of this valuation.

Following the implementation of the valuation procedures including inventory verification, on-site inspection, market research and valuation estimation, the net assets of Guizhou Xingye Green Energy Technology Co., Ltd.* as of the valuation benchmark date amounted to RMB400,371,200. The assessed value stood at RMB380,000,000, reflecting an impairment of RMB20,371,200 representing an impairment rate of 5.09%.

Users of this report are urged to pay special attention to the matters specifically stated in this report when using this report.

In accordance with relevant laws and regulations governing asset valuation, asset valuation reports involving statutory valuation services may only be utilized after the principal has fulfilled the asset valuation supervision and management procedures as required by laws and

regulations. The validity period for using the valuation results was one year, effective from 31 October 2025 to 30 October 2026.

The above content is extracted from the full text of the Asset Valuation Report. For detailed information regarding this valuation engagement and to correctly understand the valuation conclusions, please carefully review the full text of the Asset Valuation Report.

PROJECT ON THE VALUE OF THE ENTIRE SHAREHOLDER INTERESTS IN GUIZHOU XINGYE GREEN ENERGY TECHNOLOGY CO., LTD.* INVOLVING IN THE VALUATION FOR THE INFORMATION OF SHUIFA GREEN ENERGY CO., LTD.*

ASSET VALUATION REPORT

Zhonglianlu Valuation Report No. [2026] 13064

To Shuifa Green Energy Co., Ltd.*:

China United Assets Appraisal Group Shandong Co., Ltd. has accepted the company's engagement. In accordance with relevant laws, administrative regulations and asset valuation standards, adhering to the principles of independence, objectivity and impartiality, employing the asset-based approach and income approach, and following necessary valuation procedures, we have assessed the market value of the entire shareholder interest of Guizhou Xingye Green Energy Technology Co., Ltd.* as of the valuation benchmark date involving in the economic action for the information of Shuifa Green Energy Co., Ltd.*. The findings of the asset valuation are hereby reported as follows:

I. Principal, Appraised Entity and Other Users of the Asset Appraisal Report

(I) Information About the Principal

Name: Shuifa Green Energy Co., Ltd.

Type: Joint stock company with limited liability (Hong Kong, Macao and Taiwan Investment, Unlisted)

Address: North Zone, Comprehensive Building, Building 1, Art Town, No. 128 Huanshan East Road, Taishan District, Tai'an City, Shandong Province

Legal Representative: Kong Dezhen

Registered Capital: RMB912 million

Date of Establishment: 28 February 2013

Business Term: 28 February 2013 to indefinite term

Social Credit Code: 91430300062226419N

Scope of Business: licensed activities: power generation, transmission, and supply (distribution); construction project contracting; power supply services; electrical installation services; thermal energy production and supply. (Projects subject to approval under the law may only commence operations after obtaining approval from relevant authorities. Specific business activities shall be subject to the approval documents or permits issued by relevant authorities.) General Projects: technical services, technical development, technical consulting, technical exchange, technology transfer, technology promotion; wind power generation technical services; solar power generation technical services; biomass energy technical services; energy storage technical services; sales of smart transmission, distribution and control equipment; emerging energy technology R&D; power generation technical services; transmission, distribution and control equipment manufacturing; new materials technology promotion services; photovoltaic equipment and component manufacturing; photovoltaic equipment and component sales; motor manufacturing; mechanical equipment R&D; nuclear power equipment sets and engineering technology R&D; water resource-specific machinery manufacturing; wind farm-related system R&D; offshore wind power-related system R&D; undertaking parent company engineering construction projects; energy conservation management services. (Except for items subject to approval in accordance with the law, business activities may be conducted independently in accordance with the law based on the business license.)

(II) Information about the Appraised Entity

Name: Guizhou Xingye Green Energy Technology Co., Ltd.*

Type: company with limited liability (wholly foreign-owned enterprise)

Address: Office on the 4th Floor, Personnel Bureau Building, Zhongshan District, Liupanshui City, Guizhou Province

Legal Representative: Ma Yue

Registered Capital: RMB232 million

Date of Establishment: 17 June 2015

Business Term: 17 June 2015 to 16 June 2045

Social Credit Code: 91520201346987033R

Business Scope: activities prohibited by laws, regulations or decisions of the State Council shall not be conducted; activities requiring permits (approval) under laws, regulations or decisions of the State Council shall be conducted upon obtaining approval from the competent authority and based on the permit (approval) documents; activities not requiring permits (approval) under laws, regulations or decisions of the State Council may be conducted at the discretion of the market entity. (Licensed projects: power generation operations, power transmission operations, power supply (distribution) operations. (Projects subject to approval under the law may only be conducted after obtaining approval from relevant authorities; specific business activities shall be subject to the approval documents or permits issued by relevant authorities.) General Projects: solar power generation technical services; wind power generation technical services; power generation technical services; sales of solar thermal power generation equipment; sales of generators and generator sets; sales of solar thermal power generation products; sales of onshore wind turbine generators; offshore wind turbine sales; ocean energy generator sales. (Except for items subject to approval as required by law, business activities may be conducted independently in accordance with the business license.))

1. Historical Development

Guizhou Xingye Green Energy Technology Co., Ltd.* was established in June 2015. The company's equity structure at the time of establishment was as follows:

No.	Name of Shareholder	Way of Contribution	Subscribed Capital Contribution *(RMB10,000)*	Subscription Ratio *(%)*
1	Hunan Singyes Green Energy Co., Ltd.	Monetary	1,000.00	100.00
	Total		1,000.00	100.00

In June 2017, Hunan Singyes Green Energy Co., Ltd. transferred its 100% equity interest in Guizhou Xingye Green Energy Technology Co., Ltd. to Beijing Jingyuntong Technology Co., Ltd.*. Following this change, the equity structure was as follows:

No.	Name of Shareholder	Way of Contribution	Subscribed Capital Contribution *(RMB10,000)*	Subscription Ratio *(%)*
1	Beijing Jingyuntong Technology Co., Ltd.*	Monetary	1,000.00	100.00
	Total		1,000.00	100.00

In June 2018, the company's registered capital was increased to RMB230 million. Following this change, the equity structure was as follows:

No.	Name of Shareholder	Way of Contribution	Subscribed Capital Contribution *(RMB10,000)*	Subscription Ratio *(%)*
1	Beijing Jingyuntong Technology Co., Ltd.*	Monetary	23,000.00	100.00
	Total		23,000.00	100.00

In September 2022, the company's registered capital was increased to RMB232 million, with Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd.* acquiring a stake. Following this change, the equity structure was as follows:

No.	Name of Shareholder	Way of Contribution	Subscribed Capital Contribution *(RMB10,000)*	Subscription Ratio *(%)*
1	Beijing Jingyuntong Technology Co., Ltd.*	Monetary	23,000.00	99.1379
2	Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd.*	Monetary	200.00	0.8621
	Total		23,200.00	100.00

In October 2025, Beijing Jingyuntong Technology Co., Ltd.* and Beijing Shengyu Yuntong Photovoltaic Technology Co., Ltd.* transferred their equity holdings to China Shuifa Singyes Energy Holdings Limited. Following this change, the equity structure was as follows:

No.	Name of Shareholder	Way of Contribution	Subscribed Capital Contribution *(RMB10,000)*	Subscription Ratio *(%)*
1	China Shuifa Singyes Energy Holdings Limited	Monetary	23,200.00	100.00
	Total		23,200.00	100.00

Following this change and up to the valuation benchmark date, there were no further changes to the equity structure.

As of the valuation benchmark date, the equity structure of the appraised entity was as follows:

No.	Name of Shareholder	Way of Contribution	Subscribed Capital Contribution *(RMB10,000)*	Subscription Ratio *(%)*
1	China Shuifa Singyes Energy Holdings Limited	Monetary	23,200.00	100.00
	Total		23,200.00	100.00

2. Assets, Financial Position and Operating Status

(1) Statement of Financial Position

As of the valuation benchmark date of 31 October 2025, Guizhou Xingye Green Energy Technology Co., Ltd.* recorded total assets of RMB906.7884 million, liabilities of RMB506.4172 million, and net assets of RMB400.3712 million. From January to October 2025, operating revenue reached RMB38.8919 million, with total profit of RMB7.02 million and net profit of RMB5.9807 million.

The following table sets out the asset and financial position of Guizhou Xingye Green Energy Technology Co., Ltd.* for the recent years:

Statement of Assets, Liabilities and Financial Position

Amount Unit: RMB10,000

Item	31 October 2025	31 December 2024	31 December 2023	31 December 2022
Total assets	90,678.84	89,145.85	84,842.64	81,972.96
Liabilities	50,641.72	63,019.38	60,008.45	46,994.49
Net asset	40,037.12	26,126.47	24,834.19	34,978.46

Item	January to October 2025	2024	2023	2022
Operating revenue	3,889.19	5,210.89	6,564.59	6,539.71
Total profit	702.00	1,551.29	1,447.33	987.50
Net profit	598.07	1,292.28	1,112.78	799.24
Auditing Authority	Nil		Beijing Dehao International Certified Public Accountants (Special General Partnership)	

The data as of the valuation benchmark date data is extracted from the entity's financial statements for October 2025.

(2) Operating Status

Guizhou Xingye Green Energy Technology Co., Ltd. primarily engages in the operation and power generation of photovoltaic power stations. The power station is a ground-mounted centralized solar power generation project with a registered installed capacity of 100 MW. As of the valuation benchmark date, the actual installed capacity was 65.091275 MW. The benchmark desulfurized coal electricity price applied is RMB0.3515/kWh, and the national tariffs is RMB0.6485/kWh. With no electricity curtailment, the power station is currently operating in good condition.

(III) Relationship Between the Principal and the Appraised Entity

The principal for this asset valuation is Shuifa Green Energy Co., Ltd.*, and the appraised entity is Guizhou Xingye Green Energy Technology Co., Ltd*. The principal and the appraised entity are both subsidiaries of China Shuifa Singyes Energy Holdings Limited.

(IV) Users of this Report

The users of this valuation report are the principal and other report users as stipulated by national laws and regulations.

II. VALUATION PURPOSE

According to Asset Valuation Report Service Contract Concerning the Valuation of 100% Equity Interest in Guizhou Xingye Green Energy Technology Co., Ltd. Acknowledged by China Shuifa Singyes Energy Holdings Limited, it is for the information of China Shuifa Singyes Energy Holdings Limited regarding the equity value of Guizhou Xingye Green Energy Technology Co., Ltd.*. It is necessary to appraise the value of the entire shareholder interest in Guizhou Xingye Green Energy Technology Co., Ltd.* to provide a value reference for the said economic action.

III. VALUATION SUBJECT AND VALUATION SCOPE

(I) Valuation Subject and Valuation Scope

The subject of valuation is the entire shareholder interest in Guizhou Xingye Green Energy Technology Co., Ltd.* The scope of valuation includes all assets and liabilities of Guizhou Xingye Green Energy Technology Co., Ltd*. As of the valuation benchmark date, the audited balance sheet showed total assets of RMB906.7884 million, liabilities of 506.4172 million, and net assets of RMB400.3712 million. Specifically, this included current assets of RMB459.2367 million; non-current assets of RMB447.5517 million; current liabilities of RMB486.4203 million; and non-current liabilities of RMB19.9969 million.

All asset and liability data cited above is extracted from the financial statements for October 2025 provided by the entity. The financial data utilized in this valuation has not been audited.

The subject and scope of the engaged valuation are consistent with those involved in the economic action.

(II) Major Assets and Characteristics

As of the valuation benchmark date, current assets primarily consisted of cash and cash equivalents, accounts receivable, prepayments and other receivables. Non-current assets mainly comprise fixed assets, construction in progress, right-of-use assets and deferred income tax assets.

The book value of tangible assets included in the valuation scope was RMB432.8724 million, accounting for 47.74% of total assets within the valuation scope. These comprised machinery and equipment, vehicles, electronic equipment and construction in progress.

The tangible assets of Guizhou Xingye Green Energy Technology Co., Ltd.* are primarily as follows:

1. The tangible assets are mainly distributed within the office premises and project sites of Guizhou Xingye Green Energy Technology Co., Ltd.*;

2. Machinery and Equipment: primarily solar power stations, specifically including photovoltaic module systems, photovoltaic module columns, beams, supports, inverters and combiner boxes, main transformers, high-voltage switchgear, SVG-Type Dynamic Reactive Power Compensation Device and photovoltaic module secondary equipment systems, etc. These assets are mainly stored within the photovoltaic power generation project site, with project construction completed in June 2017. As of the valuation benchmark date, the solar power station operated normally at 65.091275 MW. With routine usage, maintenance and management, its economic and technical condition was better. This solar power station was constructed under the EPC General Contracting Agreement for the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project, between the contracting party, Guizhou Xingye Green Energy Technology Co., Ltd.*, and the contractor, Zhuhai Singyes Green Construction Technology Co., Ltd.* Fixed assets were recorded at the EPC total contract price, with no further financial accounting treatment applied to the fixed asset cards.

3. The vehicles consist of two pickup trucks. As of the valuation benchmark date, the vehicles were in normal operational, maintenance and management condition, with average economic and technical status.

4. Electronic equipment primarily consists of office devices such as desktop computers, totaling 7 items. As of the valuation benchmark date, the electronic equipment was in normal operational, maintenance and management status, with a general economic and technical condition.

5. Construction in Progress – equipment engineering primarily consists of solar power station-related photovoltaic modules, ground piles and box transformers, with an installed capacity of 35.09 MW. The initial installation and commissioning date was June 2017. Due to site issues, the equipment was dismantled, with the removal of 7.12 MW commencing on 19 January 2021, and 28.02 MW began dismantling on 13 February 2022. Upon inspection, the dismantled equipment is stored in good condition with no damage, and all components are expected to be reinstalled and operational.

(III) Intangible Assets Declared by the Entity with or without Book Records

As of the valuation benchmark date, there were no intangible assets within the scope of the entity's declaration that were either recorded in the books or unrecorded.

(IV) Types and Quantities of Off-Balance-Sheet Assets Declared by the Entity

As of the valuation benchmark date, there were no off-balance-sheet assets within the scope of the entity's declaration.

(V) Asset Types, Quantities and Carrying Amounts (or Appraised Values) Involved in the Conclusion Referenced from Reports Issued by Other Institutions

This assessment does not cite content from other institutions' reports.

IV. TYPE OF VALUE

Based on the purpose of this valuation, the value type determined for this valuation is market value.

Market value refers to the estimated amount of an asset's value in a normal and fair transaction on the valuation benchmark date between a willing buyer and a willing seller, each acting rationally and without any coercion or compulsion.

V. VALUATION BENCHMARK DATE

The valuation benchmark date for this project is 31 October 2025.

This benchmark date was determined by the principal after comprehensive consideration of the appraised entity's asset scale, workload, estimated time required for the valuation, compliance factors and other relevant considerations, based on thorough consultation with all intermediary institutions.

VI. BASIS OF VALUATION

(I) Economic Activity Documents

1. Asset Valuation Report Service Contract Concerning the Valuation of 100% Equity Interest in Guizhou Xingye Green Energy Technology Co., Ltd. Acknowledged by China Shuifa Singyes Energy Holdings Limited.

(II) Legal Basis

1. Law of the People's Republic of China on Asset Valuation (《中華人民共和國資產評估法》) (adopted at the 21st Session of the Standing Committee of the 12th National People's Congress on 2 July 2016);

2. Company Law of the People's Republic of China (《中華人民共和國公司法》) (secondly Revised at the 7th Session of the Standing Committee of the 14th National People's Congress on 29 December 2023);

3. Civil Code of the People's Republic of China (《中華人民共和國民法典》) (adopted at the 3rd Session of the 13th National People's Congress on 28 May 2020);

4. Securities Law of the People's Republic of China (《中華人民共和國證券法》) (revised at the 15th Session of the Standing Committee of the 13th National People's Congress on 28 December 2019, as promulgated by Order No. 37 of the President of the People's Republic of China);

5. Law of the People's Republic of China on State-Owned Assets of Enterprises (《中華人民共和國企業國有資產法》) (adopted at the 5th Session of the Standing Committee of the 11th National People's Congress on 28 October 2008);

6. Interim Regulations on the Supervision and Administration of State-Owned Assets of Enterprises (《企業國有資產監督管理暫行條例》) (State Council Order No. 378, amended by State Council Order No. 709);

7. Measures for the Supervision and Administration of State-Owned Assets Transactions in Enterprises (《企業國有資產交易監督管理辦法》) (Order No. 32 of the State-owned Assets Supervision and Administration Commission and the Ministry of Finance, 2016);

8. Measures for the Administration of State-Owned Assets Appraisal (《國有資產評估管理辦法》) (State Council Order No. 732);

9. Interim Measures for the Administration of State-Owned Property Rights Transfer in Enterprises (《企業國有產權轉讓管理暫行辦法》) (Order No. 3 of the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance);

10. Interim Measures for the Administration of State-Owned Assets Appraisal in Enterprises (《企業國有資產評估管理暫行辦法》) (Order No. 12 of the State-owned Assets Supervision and Administration Commission, 25 August 2005);

11. Opinions of the Ministry of Finance on Reforming the Administrative Management Approach for State-Owned Assets Appraisal and Strengthening the Supervision and Administration of Assets Appraisal (《財政部關於改革國有資產評估行政管理方式、加強資產評估監督管理工作的意見》) (Guo Ban Fa [2001] No. 102, 2001);

12. Notice on Strengthening the Management of State-Owned Asset Appraisal in Enterprises (《關於加強企業國有資產評估管理工作有關問題的通知》) (Guo Zi Wei Chan Quan [2006] No. 274);

13. Notice on Matters Concerning the Review of State-Owned Asset Appraisal Reports in Enterprises 《關於企業國有資產評估報告審核工作有關事項的通知》(Guo Zi Chan Quan [2009] No. 941);

14. Guidelines for the Filing of State-Owned Enterprise Asset Valuation Projects (《企業國有資 產評估項目備案工作指引》) (Guo Zi Fa Chan Quan [2013] No. 64);

15. Notice on Fully Implementing the Pilot Program for Replacing Business Tax with Value-Added Tax(《關於全面推開營業税改征增值税試點的通知》) (Cai Shui [2016] No. 36);

16. Notice on Adjusting Value-Added Tax Rates (《關於調整增值税税率的通知》) (Cai Shui [2018] No. 32);

17. Announcement on Policies Concerning Deepening the Reform of Value-Added Tax (《關於深化增值税改革有關政策的公告》) (announcement No. 39 of 2019 by the Ministry of Finance, State Taxation Administration and General Administration of Customs, 20 March 2019);

18. Notice of the Shandong Provincial State-owned Assets Supervision and Administration Commission on Issuing the Interim Measures for Asset Valuation Management of Provincially-Affiliated Enterprises (《山東省國資委關於印發省屬企業資產評估管理暫行辦法的通知》) (Lu Guo Zi Chan Quan [2023] No. 4);

19. Regulations on the Supervision and Administration of State-Owned Assets in Enterprises of Shandong Province (《山東省企業國有資產監督管理條例》) (announcement No. 101 of the Standing Committee of the Shandong Provincial People's Congress);

20. Notice of the State-Owned Assets Supervision and Administration Commission of the Shandong Provincial People's Government on Further Standardizing the Supervision of State-Owned Asset Transactions in Enterprises (《山東省人民政府國有資產監督管理委員會關於進一步規範企業國有資產交易監管的通知》) (Lu Guo Zi [2020] No. 2);

21. Other laws, regulations, rules, and policies related to the valuation.

(III) Standard Basis

1. Basic Standards for Asset Valuation (《資產評估基本準則》) (Cai Zi [2017] No. 43);

2. Code of Professional Ethics for Asset Valuation (《資產評估職業道德準則》) (Zhong Ping Xie [2017] No. 30);

3. Practice Standards for Asset Valuation – Asset Valuation Procedures (《資產評估執業準則－資產評估程序》) (Zhong Ping Xie [2018] No. 36);

4. Practice Standards for Asset Valuation – Asset Valuation Procedures (《資產評估執業準則－資產評估程序》) (Zhong Ping Xie [2018] No. 35);

5. Practice Standards for Asset Valuation – Asset Valuation Methods (《資產評估執業準則－資產評估方法》) (Zhong Ping Xie [2019] No. 35);

6. Practice Standards for Asset Valuation – Asset Valuation Engagement Contract (《資產評估執業準則–資產評估委託合同》) (Zhong Ping Xie [2017] No. 33);

7. Practice Standards for Asset Valuation – Asset Valuation File (《資產評估執業準則－資產評估檔案》) (Zhong Ping Xie [2018] No. 37);

8. Practice Standards for Asset Valuation – Utilization of Expert Work and Related Reports (《資產評估執業準則－利用專家工作及相關報告》) (Zhong Ping Xie [2017] No. 35);

9. Practice Standards for Asset Valuation – Business Value (《資產評估執業準則－企業價值》) (Zhong Ping Xie [2018] No. 38);

10. Practice Standards for Asset Valuation – Machinery and Equipment (《資產評估執業準則－機器設備》) (Zhong Ping Xie [2017] No. 39);

11. Guidelines for Enterprise State-Owned Asset Valuation Reports (《企業國有資產評估報告指南》) (Zhong Ping Xie [2017] No. 42);

12. Guidelines for Business Quality Control of Asset Appraisal Institutions (《資產評估機構業務質量控制指南》) (Zhong Ping Xie [2017] No. 46);

13. Guiding Opinions on Types of Asset Valuation (《資產評估價值類型指導意見》) (Zhong Ping Xie [2017] No. 47);

14. Guiding Opinions on Legal Ownership of Asset Valuation Subject (《資產評估對象法律權屬指導意見》) (Zhong Ping Xie [2017] No. 48);

15. (Asset Appraisal Expert Guidance No. 8 – Verification and Validation in Asset Appraisal (《資產評估專家指引第8號－資產評估中的核查驗證》) (Zhong Ping Xie [2019] No. 39);

16. Asset Appraisal Expert Guidance No. 12 – Calculation of Discount Rates in Enterprise Value Appraisal Using the Income Approach (《資產評估專家指引第12號－收益法評估企業價值中折現率的測算》) (Zhong Ping Xie [2020] No. 38);

17. Other standards relevant to the valuation.

(IV) Title Basis

1. Purchase contracts or receipts for significant assets;

2. Vehicle registration certificates;

3. Other property title documents.

(V) Pricing Basis

1. Relevant information from the price information database of China United Asset Appraisal Group Shandong Co., Ltd.;

2. National macroeconomic, industry, regional market and corporate statistical analysis data;

3. Announcements regarding the loan prime rate (LPR) published by the National Interbank Funding Center on the valuation benchmark date, as authorized by the People's Bank of China;

4. Other information.

(VI) Other Reference Information

1. Financial statements for the previous years and as of the valuation benchmark date of Guizhou Xingye Green Energy Technology Co., Ltd.*;

2. Tonghuashun iFind Financial Terminal;

3. Investment Valuation (《投資估價》) (by Damodaran, translated by Lin Qian, Tsinghua University Press);

4. Valuation: Measuring and Managing the Value of Companies (3rd Edition) (《價值評估：公司價值的衡量與管理(第3版)》) (by T. Copeland, T, etc., translated by Hao Shaolun and Xie Guanping, published by China Electronics Press);

5. Other information.

VII. VALUATION METHODOLOGY

Based on the valuation purpose of this project, the scope of valuation including all assets and liabilities of the entity. Pursuant to the provisions of relevant asset valuation standards, including the Basic Standards for Asset Valuation (《資產評估基本準則》), the Practice Standards for Asset Valuation – Business Value (《資產評估執業準則－企業價值》), and the Practice Standards for Asset Valuation —Asset Valuation Methods (《資產評估執業準則－資產評估方法》), the fundamental valuation approaches may include the market approach, income approach and asset-based approach.

The market approach in business valuation refers to an valuation method that compares the valuation subject with comparable listed companies or comparable transaction cases to determine its value. Two commonly used methods under the market approach are the listed company comparison method and the transaction case comparison method. Due to the scale of the appraised entity and the characteristics of its industry, it is currently difficult to find matching listed companies or comparable transaction cases within the publicly available information of China's domestic capital markets. Therefore, the market approach was not employed for this valuation.

The income approach in business valuation refers to a valuation method that capitalizes or discounts expected future earnings to determine the value of the appraised entity. Commonly used specific methods under the income approach include the dividend discount model and the discounted cash flow method. The dividend discount model is a specific technique that discounts projected dividends to establish the value of the appraised entity. The discounted cash flow method typically encompasses the entity free cash flow discount model and the equity free cash flow discount model. This valuation is based on the assumption of the valuation subject is operating on going concern. The entity can provide complete historical financial data, and its management has conducted analysis and projections regarding the future operations. Furthermore, analysis of the entity's financial data indicates that its future earnings and operational risks can be quantified monetarily, meeting the fundamental conditions for applying the income approach.

The asset-based approach reflects business value from the perspective of asset acquisition and construction, serving economic objectives and providing a basis for post-transaction management and performance evaluation. Therefore, this valuation employs the asset-based approach.

Considering factors such as the valuation subject, value type and data collection status, this valuation utilizes both the asset-based approach and the income approach for the appraised entity.

(I) Asset-Based Approach Valuation

The asset-based approach determines the overall asset value by estimating the investment required to reconstruct a business or independent profit-making entity identical as the appraised entity as of the valuation benchmark date. Specifically, it involves adding up the appraised values of all constituent assets of the entity and subtracting the appraised value of liabilities to derive the business value.

The valuation methods for various assets and liabilities are as follows:

1. Current Assets

Current assets include cash and cash equivalents, accounts receivable, prepayments and other receivables.

(1) Cash and cash equivalents

For bank deposits, the valuers reviewed bank statements to verify the true existence of the bank deposits. The valuers also examined the bank statements to check for any unrecorded bank deposits and deposits received after the valuation benchmark date, so as to confirm the appraised value based on the verified book value.

(2) Accounts Receivable

The valuers verified the ledger entries, conducted spot checks on selected original vouchers and related documentation, and confirmed the authenticity of transactions, aging, business details and amounts. The verification results showed that the amounts in the accounts, statements, and vouchers were consistent. Building upon the verified accounts receivable, the valuers analyzed specific details including amounts owed, duration and reasons for delinquency, recovery status, debtors' financial position, creditworthiness and operational management, etc. by using historical data and findings from current investigations.

Based on the entity's specific circumstances, the aging analysis method was applied. Referencing accounting practices for calculating bad debt provisions, estimated valuation risk losses were derived by analyzing aging patterns and historical recovery.

Following the above criteria, the valuation risk loss for accounts receivable was determined. The bad debt provision was assessed as zero in accordance with relevant valuation regulations. The valuation value was established as the total accounts receivable minus the assessed risk loss.

(3) Prepayments

The appraiser verified the ledger entries, examined original vouchers and related documentation, and confirmed the authenticity, aging, business details and amounts of the transactions. No instances were identified where counterparties to prepayments were bankrupt, dissolved or unable to provide services on time as required. Based on the verified book value, the appraised value was determined according to the likelihood of actual recovery.

(4) Other Receivables

The valuers verified the ledger entries, conducted spot checks on selected original vouchers and related documentation, and confirmed the authenticity of transactions, aging, business details and amounts. The verification confirmed that amounts in accounts, statements and vouchers were consistent.

Other receivables employed the individual recognition method to estimate valuation risk losses. For transactions with related parties where there was sufficient reason to believe full recovery was possible, the valuation risk loss was set at 0%. For transactions where a portion was highly unlikely to be recovered and the unrecoverable amount was difficult to determine, the valuation risk loss was estimated using the accounting method for calculating bad debt provisions, based on aging analysis and historical recovery patterns. The assessed value is determined by subtracting the estimated risk loss from the verified carrying amount of other receivables.

2. Non-Current Assets

(1) Fixed Assets - Equipment Assets

For the purpose of this valuation, adhering to the principle of continuing use and based on market prices, combined with the characteristics of the commissioned equipment and the collected data, the machinery and equipment assets were primarily appraised using the replacement cost method. The calculation formula is:

Appraised Value = Replacement Cost × Comprehensive Newness Rate

① Determination of Replacement Cost

Based on recent market price data from local market information and online inquiries, the acquisition price of electronic equipment as of the valuation benchmark date was determined. Typically, manufacturers of such equipment provide free transportation and installation and commissioning services. Since the appraised entity is a general value-added taxpayer, the replacement cost of the electronic equipment in this appraisal was calculated excluding value-added tax, i.e.:

Replacement Cost = Tax-Inclusive Acquisition Price ÷ (1 + 13%)

② Determination of Comprehensive Newness Rate

The remaining useful life was calculated based on the equipment's economic service life. For equipment still in use beyond its economic service life, estimate its remaining useful life through on-site inspection, upon which, the newness rate was calculated using the formula:

Newness Rate = Remaining Useful Life ÷ (Years Used + Remaining Useful Life) × 100%

(2) Construction in Progress

The cost approach was employed for valuation based on the characteristics of construction in progress, the type of valuation and the availability of supporting documentation.

Projects identified during inventory verification as lacking physical substance, or classified as renovation expenses or cost-related expenditures, are valued at zero. Items determined to be ancillary costs associated with fixed assets already transferred to fixed asset valuation are accounted for within the fixed asset valuation process.

For construction-in-progress projects that are not yet completed or completed but not yet accepted, projects commenced within six months from the valuation benchmark date would be valued at their verified book value. For projects where the commencement date is more than six months from the valuation benchmark date, if the book value does not include capital costs, the valuation shall be adjusted by adding capital costs based on a reasonable construction period. If the book value significantly deviates from the price level at the valuation benchmark date, the project cost shall be adjusted to reflect the price level at the valuation benchmark date.

For this project, based on actual circumstances and considering that subsequent installation costs would be borne by a third-party company without requiring additional expenditures from the project company, the valuation was conducted using methods applicable to fixed assets, taking into account the impact of the newness rate on the valuation amount.

(3) Right-of-Use Assets

The accounting scope of right-of-use assets primarily includes assets such as leased land held by property-holding entities.

The valuers verified the entity's general ledger, breakdowns, financial statements and detailed inventory assessment lists. They reviewed relevant original documents and lease agreements, analyzing the initial measurement and amortization amounts for each leased asset to ensure accuracy and reasonableness. These findings complied with the accounting provisions of the lease accounting standards. The carrying amount reasonably reflected the equity value of the related right-of-use assets held by the entity as of the valuation benchmark date. Therefore, the assessed value was confirmed based on the verified carrying amount.

(4) Deferred Income Tax Assets

Deferred income tax assets are recognized for deductible temporary differences arising from estimated liabilities, credit impairment losses and lease liabilities. These deductible temporary differences result from discrepancies between the carrying amounts of assets and liabilities and their tax bases due to differences between an entity's accounting policies and tax law requirements. They represent a future tax payment right (or obligation) for the entity. This right (or obligation) will not be altered by asset valuation.

During the verification process, the valuers cross-checked the detailed ledger with the general ledger and financial statement balances to ensure consistency. They also verified the details against the commissioned appraisal schedule, reviewing transaction amounts, occurrence dates, and business details in the accounting records to confirm the authenticity and completeness of the deferred tax asset. Based on this verification, the appraised value was determined using the verified book value.

3. Liabilities

The actual debtors and liability amounts for each liability are verified after achieving the valuation purpose, and the appraisal value will be determined based on the liability items and amounts that the appraised entity must actually bear after achieving the valuation purpose.

(II) Income Approach Valuation

1. Overview of the Income Approach

According to the Practice Standards for Asset Valuation – Business Value (《資產評估執業準則－企業價值》), the income approach in the valuation of business value is also known as the discounted cash flow method. It is a technique for assessing asset value by discounting an enterprise's projected future net cash flows into present value. The fundamental principle of the income approach involves estimating the asset's anticipated future net cash flows and discounting them to present value using an appropriate discount rate to derive the appraised value.

2. Basic Valuation Principles

Based on the findings of this due diligence and the asset composition and principal business characteristics of the valuation subject, this valuation estimates the value of the equity capital using the valuation subject's audited financial statements. The fundamental valuation principles adopted are as follows:

(1) For assets and principal business operations included in the statement scope, expected returns (net cash flows) was predicted based on historical operating trends and business types, then discount these to determine the value of operating assets;

(2) For assets (liabilities) included in the statement scope but not considered in the expected returns (net cash flows) projection, separately predict their values;

(3) adding up the values of the said assets and liabilities to derive the business value of the valuation subject. After deducting the value of interest-bearing debt, the value of the entire shareholder equity interest in the valuation subject is appraised.

3. Valuation Model

(1) Basic Model

The basic model for this valuation was:

$$E = B - D \quad (1)$$

Where:

E: Entire shareholder equity (net asset) value of the valuation subject;

B: Business value of the valuation subject;

$$B = P + C \quad (2)$$

P: Value of the operating assets of the valuation subject;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Where:

R_i: Expected earnings (free cash flow) of the valuation subject for the i-th future year;

r: Discount rate;

n: Future operating term of the valuation subject;

C: Value of surplus or non-operating assets (liabilities) existing as of the valuation benchmark date of the valuation subject;

$$C = C_1 + C_2 \quad (4)$$

C_1: Value of current surplus or non-operating assets (liabilities) as of the valuation benchmark date;

C_2: Value of non-current surplus or non-operating assets (liabilities) as of the valuation benchmark date;

D: Value of interest-bearing debt of the valuation subject;

(2) Revenue Indicator

This valuation employed the entity's free cash flow as the revenue indicator for the operating assets of the valuation subject. Its fundamental definition is:

$$\text{R} = \text{Net Profit} + \text{Depreciation and Amortization} + \text{Interest on Debt After Tax} - \text{Additional Capital} \quad (5)$$

Based on the valuation subject's operational history and future market development, estimate its free cash flow over the future operating term. Discount and add up the free cash flows over the future operating term to calculate the value of the entity's operating assets.

(3) Discount Rate

This valuation employed the Weighted Average Cost of Capital (WACC) model to determine the discount rate r.

$$r = r_d \times w_d + r_e \times w_e \tag{6}$$

Where: W_d: Debt ratio of the valuation subject;

$$w_d = \frac{D}{(E+D)} \tag{7}$$

W_e: Equity ratio of the valuation subject

$$w_e = \frac{E}{(E+D)} \tag{8}$$

r_d: Interest rate on interest-bearing debt after income tax;

r_e: Cost of equity capital. This valuation determined the cost of equity capital r_e using the Capital Asset Pricing Model (CAPM).

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \tag{9}$$

Where:

r_f: Risk-free rate of return;

r_m: Market expected rate of return;

ε : Risk adjustment coefficient reflecting the valuation subject's characteristics;

β_e: Expected market risk coefficient of the valuation subject's equity capital;

$$\beta_e = \beta_u \times (1+(1-t) \times \frac{D}{E}) \tag{10}$$

β_u : Expected unlevered market risk coefficient of comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

D_i、E_i: Representing the interest-bearing debt and equity capital of comparable companies respectively

(4) Determination of the Revenue Period

The primary business of the appraised entity is photovoltaic power generation, with the economic life of key photovoltaic power generation equipment generally being 25 years. As of the valuation benchmark date, the appraised entity operated normally, with its primary photovoltaic project being the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project. According to the information provided by the appraised entity, the power station commenced receiving electricity fees and national tariff in January 2017 and achieved full-capacity grid connection on 30 April 2018.

Upon discussions with the appraised entity, the valuers learned that due to disputes over the project's land use rights, the appraised entity dismantled 7.12 MW of capacity between 19 January 2021 to 26 January 2021, and 28.02 MW between 13 February 2022 to 5 March 2022. As of the valuation benchmark date, the project's actual installed capacity stood at 65 MW. The 35 MW of dismantled equipment has been properly stored by the appraised entity.

After discussing with the principal, the dismantled 35MW portion will be rebuilt by the principal, Shuifa Green Energy Co., Ltd. The reconstruction investment amounts to approximately RMB20 million, with an expected completion date of 31 May 2026. As of the reporting date, the 35MW reconstruction project requires a new site selection, and the land lease agreement has yet to be signed.

In summary, the revenue period for the appraised entity has a finite term. The revenue period for the 65MW unit spaned from the valuation benchmark date to 31 December 2041 (25 years from the commencement of obtaining grid-connected revenue). The reconstruction of the 35MW and 65MW units constituted a single project, with their revenue periods aligned with that of the 65MW unit. Thus, their revenue period has extended from the valuation benchmark date to 31 December 2041.

VIII. IMPLEMENTATION AND STATUS OF VALUATION PROCEDURES

The entire valuation process was conducted in five phases:

(I) Valuation Preparation Phase

1. Consensus was reached with the appraised entity on the purpose of this valuation, the valuation benchmark date, and the scope of valuation, and an asset valuation work plan was formulated.

2. Coordinating with the appraised entity in conducting asset inventory checking and completing asset valuation declaration forms. The valuation project team conducted on-site preliminary assessments of the assets subject to valuation, assisted the entity in completing asset declaration procedures, and collected necessary documentation for the valuation process.

(II) On-Site Valuation Phase

The project team's on-site valuation phase mainly involved the following tasks:

1. Listening to presentations from the principal and relevant personnel of the appraised entity regarding the entity's overall situation and the history and current status of the assets subject to valuation. Understanding the entity's financial systems, operational conditions, etc.

2. Reviewing and verifying the asset inventory and valuation declaration details provided by the entity. Cross-checking these details with relevant financial records and coordinate with the entity to adjust any discrepancies identified. For submitted information such as future development plans and profit projections, carrying out discussions with enterprise management to reach consensus on future development trends.

3. Through on-site inspections, visits and thematic seminars, we conducted investigations and verifications of the current status and composition of the operating assets of the appraised entity. Particular emphasis was placed on detailed investigations into investment activities and future operational projections that impact valuation assessments. Relevant financial data, including accounting statements and ledgers, were reviewed.

4. We conducted discussions with corporate management and finance personnel to understand the entity's operational status. Building upon asset verification and due diligence, we further undertook market research to gather macro-industry data pertaining to the relevant business sector, as well as financial information and market intelligence from comparable companies.

5. Based on the asset inventory assessment declaration details, spot checks and physical counts were conducted on tangible assets such as fixed assets.

6. Ownership documentation for the assets subject to valuation was reviewed and collected, and the ownership materials provided by the entity were verified.

7. For general-purpose equipment, price data was primarily gathered through market research and consultation of relevant materials.

8. Based on the actual conditions and characteristics of the assets subject to valuation, specific models and methods for asset valuation were determined. Preliminary valuation calculations were performed for assets and liabilities within the valuation scope based on the verified inventory results.

(III) Valuation Consolidation Phase

We analysed and consolidated preliminary review results for various appraised assets, and made necessary adjustments, modifications and refinements to the valuation results.

(IV) Report Submission Phase

Based on the above work, we drafted a preliminary asset valuation report. After initial review, we exchanged opinions with the principal regarding the valuation results. Following independent analysis of relevant feedback, we made revisions and adjustments in accordance with the valuation institution's internal asset valuation report review system and procedures. Finally, the official asset valuation report was issued.

IX. VALUATION ASSUMPTIONS

In this valuation, the valuers adhered to the following valuation assumptions:

(I) General Assumptions

1. Transaction assumption:

Transaction assumption assumes that all assets to be appraised are already in the trading process, and the Valuers conducts valuation by market simulation based on transaction conditions of the assets to be appraised. The transaction assumption is a basic premise for an asset valuation.

2. Open market assumption:

The open market assumption assumes that in respect of assets traded in the market, or assets to be traded in the market, both parties to the asset transaction have equal status and have the opportunity and time to obtain sufficient market information in order to make rational judgments about the functions, uses and transaction prices of the asset. The open market assumption is based on the assumption that assets can be traded openly in the market.

3. Continued use of assets assumption

The continued use of assets assumption assumes that the valuation method, parameters, and basis should be determined based on the continuing usage of the asset based on current use, manner of usage, scale, frequency, and conditions or on a changed basis of the asset being appraised.

4. Going concern assumption:

The going concern assumption assumes that the overall assets of an enterprise will be the valuation target, i.e. the enterprise as an operating will continue as a going concern in accordance with its operating targets in the external environment that it is in; the operator of the enterprise is responsible for and capable of taking responsibilities; the enterprise operates in a legal manner and can obtain adequate profits in order to maintain its ability to continue as a going concern.

(II) Specific Assumptions

1. There having been no significant changes in the macroeconomic, industrial and development policies of the country and region in which the appraised entity is located since the valuation benchmark date, other than those already known to the public;

2. There having been no material changes in the bases and rates of tax, policy-based levies, etc. related to the appraised entity since the valuation benchmark date, other than those already known to the public;

3. The management of the appraised entity having performed their duties diligently as of the valuation benchmark date, and will continue to operate under its existing operating and management model;

4. The accounting policies adopted by the appraised entity after the valuation benchmark date remain consistent in material respects with the accounting policies and accounting verification methods used in the valuation report;

5. The manner of the acquisition and utilization of the appraised entity's production and business premises remain consistent and unchanged compared to those on the valuation benchmark date;

6. The entity shall continue its operations during the future operating period based on the composition of revenue and cost and operating strategy in accordance with the operating plan confirmed as of the valuation benchmark date. Future gains and losses resulting from changes in type of business due to changes in management, operating strategy and business environment have not been taken into account;

7. It is assumed that during the future operating period, the various expenses of the appraised entity will continue to be incurred in accordance with the operating plan and business needs confirmed as of the valuation benchmark date;

8. It is assumed that there will be no other force majeure or unforeseen factors which will cause any material adverse effect to the appraised entity during the forecast period;

9. The impact of inflation has not been considered in the valuation;

10. It is assumed that the basic information and financial information provided by the appraised entity is true, accurate, and complete;

11. The scope of the valuation is based solely on the valuation declaration form provided by the appraised entity; no regard has been given to contingent assets or contingent liabilities out of the list provided by the appraised entity which may exist;

12. All assets in the valuation are based on actual inventory as of the valuation benchmark date, and the current market prices of the relevant assets are based on the domestic prices in effect as of the valuation benchmark date;

13. It is assumed that there are no matters that are undisclosed and not reflected in the books that would give rise to any compensation liability as of the valuation benchmark date;

14. The valuation assumes that prices of electricity will remain unchanged at the level on the valuation benchmark date throughout the forecast period;

15. It is assumed that the operating cycle in respect of 35MW capacity is consistent with that of 65MW capacity if the operational period of the 65MW capacity shall commence upon receipt of grid connection revenue, with an income period until the end of 2041;

16. As of the valuation benchmark date, the actual installed capacity of the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project was 65MW. According to relevant information provided by the principal, the reconstruction in respect of the 35MW capacity will be completed by the client, Shuifa Green Energy, with investment cost of approximately RMB20 million and an estimated completion date of 31 May 2026. The valuation assumes that the aforementioned matters can be completed on schedule, meaning the 35MW project will feed electricity into the grid and generate revenue from June 2026. This project is expected to increase capital expenditures by RMB20 million (excluding value-added tax) in 2026;

17. According to information provided by the principal and the appraised entity, the 35MW reconstruction project requires relocation, and the land lease contract has not been signed as of the valuation benchmark date. Based on the data provided by the principal, it is assumed that the lease of 622 mu of land at a rent of RMB500/mu will be required for the 35MW reconstruction project, with a 10% increase every five (5) years;

18. Considering that the 35MW project requires national tariff verification upon resumption, this assessment assumes a half-year review period for national tariff and a three-year payback period. National tariff will begin to be recovered starting in 2027, with all subsidies prior to 2024 recovered in that same year.

19. It is assumed that the annual cash flow of the appraised entity during the year after the valuation benchmark date are even inflows.

When events occur that are inconsistent with the said assumptions, this valuation generally becomes invalid.

X. VALUATION CONCLUSION

In accordance with the national laws, regulations, rules and valuation standards governing asset valuation, and adhering to the principles of independence, impartiality and objectivity, we have performed the statutory and necessary procedures for asset valuation. Using generally accepted valuation methods, we have assessed the value of the entire shareholder interest in Guizhou Xingye Green Energy Technology Co., Ltd.* as of the valuation benchmark date of 31 October 2025, and have reached the following conclusion:

(I) Conclusion of Asset-Based Approach Valuation

Based on the asset-based approach valuation, as of the valuation benchmark date, the book net assets of Guizhou Xingye Green Energy Technology Co., Ltd.* amounted to RMB400.3712 million. The appraised value was RMB71.4566 million, indicating an impairment loss of RMB328.9146million, representing an impairment rate of 82.15%.

The results of the asset-based approach are detailed in the table below:

Summary of Asset Valuation Results

Unit: 10,000 yuan

	Item	Book Value B	Appraised Value C	Increase or Decrease in Value D=C–B	Rate of Increase % E=D/B × 100%
1	Current assets	45,923.67	45,923.67	–	–
2	Non-current assets	44,755.17	11,863.71	–32,891.46	–73.49
3	Of which: long-term equity investments	–	–	–	
4	Investment properties	–	–	–	
5	Fixed assets	20,866.12	7,616.77	–13,249.35	–63.50
6	Construction in progress	22,421.12	2,779.01	–19,642.11	–87.61
7	Intangible assets	–	–	–	
8	Of which: land use right	–	–	–	
9	Other non-current assets	–	–	–	
10	**Total assets**	**90,678.84**	**57,787.38**	**–32,891.46**	**–36.27**
11	Current liabilities	48,642.03	48,642.03	–	–
12	Non-current liabilities	1,999.69	1,999.69	–	–
13	**Total liabilities**	**50,641.72**	**50,641.72**	**–**	**–**
14	**Net assets (shareholders' equity)**	**40,037.12**	**7,145.66**	**–32,891.46**	**–82.15**

(II) Conclusions of the Income Approach Valuation

Based on the income approach valuation, the book value of the net assets of Guizhou Xingye Green Energy Technology Co., Ltd. as of the valuation benchmark date was RMB400.3712 million. The appraised value was RMB380.00 million, representing an impairment of RMB20.3712 million, with an impairment rate of 5.09%.

(III) Analysis of Results from Two Valuation Approaches

The income approach yielded a valuation result that was RMB308.5434 million higher than the asset-based approach, representing a difference rate of 431.79%. After analyzing the foundations and value components of the two valuation approaches, it is revealed that:

The income approach evaluates assets based on their anticipated profitability, with key indicators being future earnings and discount rates. When forecasting future metrics, it comprehensively considers factors such as domestic macroeconomic conditions, industry trends, corporate development plans and operational capabilities, thereby reflecting the future profitability and growth potential of both the entity itself and its industry. The asset-based approach evaluates assets using replacement cost as the value standard,

reflecting the socially necessary labor expended in asset acquisition (construction costs). These acquisition costs typically fluctuate with changes in the national economy. The asset-based approach cannot capture an entity's future profitability and growth potential.

In summary, we believe the income approach yields a more reasonable valuation result that objectively reflects the market value of the entire shareholder interest in Guizhou Xingye Green Energy Technology Co., Ltd*. Therefore, this asset valuation report adopts the income approach valuation as the final appraisal conclusion.

(IV) Valuation Conclusion

Based on the income approach valuation, the value of the entire shareholder interest in Guizhou Xingye Green Energy Technology Co., Ltd.* as of the valuation benchmark date of 31 October 2025 was RMB380.00 million.

XI. SPECIAL NOTES

(I) Title Defects

Nil.

(II) Mortgage Security Matters

Nil.

(III) Pending Matters, Legal Disputes and Other Uncertainties

Nil.

(IV) Subsequent Events

As of the valuation report date, no significant subsequent events have occurred at the appraised entity.

(V) Other Matters Requiring Explanation

1. If changes occur in asset quantity or pricing standard after the valuation benchmark date but within the validity period, the following principles shall apply:

   (1) When asset quantity changes, the asset value shall be adjusted accordingly based on the original valuation methodology;

(2) When changes in asset pricing standards significantly impact the appraised asset value, the principal shall promptly engage a qualified valuation institution to re-determine the valuation;

(3) For changes in asset quantity or pricing standards occurring after the valuation benchmark date, the principal shall fully consider such changes when determining the actual consideration of assets and make corresponding adjustments.

2. Interest income generated from deposits and uncertain gains or losses such as foreign exchange gains or losses are not considered in the valuation.

3. This valuation constitutes a professional judgment on the value of the assets subject to valuation. Its valuation analysis and conclusions are provided solely for the principal's information regarding the value and shall not be used for trading or other purposes. The scope of this valuation, along with the data, statements and relevant information employed, were provided by the principal and the appraised entity. The principal and the appraised entity are responsible for the authenticity and completeness of the information they provided. The legal responsibilities of the valuers and the valuation institution lie solely in making a professional judgment on the asset value stated in this report for the stated valuation purpose. This does not involve any judgment by the valuers and the valuation institution regarding the economic actions corresponding to the valuation purpose.

4. All title certificates and related information referenced in the valuation report were provided by the principal and the appraised entity, who shall bear legal responsibility for their authenticity.

5. The valuers did not conduct technical inspections of the equipment's parameters and performance as of the valuation benchmark date. The valuers made judgements based on field surveys, assuming the technical documentation and operational records provided by the appraised entity are accurate and valid, without utilizing any testing instruments.

6. The valuation results herein reflect the current market value determined based on the purpose of this valuation on the assumptions of continued use and an open market. They do not account for potential future collateral or guarantee obligations, nor do they consider the impact of additional costs that may arise from special transaction methods on the assessed value. Furthermore, they do not take into account in the impacts of changes in national macroeconomic policies or the impact of natural forces and other force majeure events on asset valuation.

7. The use of profit forecasts by the valuation institution for the appraised entity does not constitute a guarantee of the entity's future profitability.

8. The purpose of the valuers conducting asset valuation services is to estimate the value of the valuation subject and issue a professional opinion, and does not assume responsibility for the decisions made by relevant parties. The valuation conclusion should not be regarded as a guarantee of the achievable price of the valuation subject.

9. As the December 2025 report has been issued, the November-December 2025 data in this valuation has been revised to reflect unaudited report figures. The principal is hereby advised to take note.

10. In this assessment, considering that the 35MW facility, following its reconstruction, will form part of the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project, and that its overall conditions are similar to those of the 65MW facility, certain parameters for the 35MW facility were derived from the historical operational data of the 65MW facility.

The above parameter values and data have been confirmed by the principal and the appraised entity. Should the actual parameters after reconstruction differ from the values used in this valuation, it may significantly impact the valuation results. Users of this report are advised to take note.

11. This income approach valuation was based on the following special assumptions:

① The 65MW operational period is assumed to commence upon obtaining grid-connected revenue, with the 35MW operational cycle aligned with the 65MW project, extending through the end of 2041.

② As of the valuation benchmark date, the actual installed capacity of the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project is 65MW. According to relevant information provided by the principal, the reconstruction of the 35MW capacity is to be completed by the principal, Shuifa Green Energy Co., Ltd. The reconstruction investment is approximately RMB20 million, with an expected completion date of 31 May 2026. This valuation assumed the above matters will be completed on schedule, meaning the 35MW project will commence grid-connected power generation and generate revenue from June 2026. This project is expected to increase capital expenditures by RMB20 million (excluding VAT) in 2026.

③ Based on information provided by the principal and the appraised entity, the 35MW reconstruction project requires a new site selection. As of the reporting date, the land lease contract has not yet been signed. According to data provided by the principal, it is assumed that the 35MW reconstruction project will lease 622 mu of land at a rent of 500 yuan per mu, with a 10% increase every five years.

④ Considering that the 35MW project requires national tariff verification upon resumption, this valuation assumes a half-year review period for national tariff and a three-year payback period. National tariff will begin to be recovered starting in 2027, with all subsidies prior to 2024 recovered in that same year.

The above parameter values and data have been confirmed by the principal and the appraised entity. Should the said assumptions fail to materialize as expected, it will significantly impact the valuation conclusions, thus requiring re-valuation and adjustment to the valuation. Users of this report are hereby advised to take note.

12. On 24 March 2022, the National Development and Reform Commission, the National Energy Administration and the Ministry of Finance jointly issued the "Notice on Conducting Self-Inspection of Renewable Energy Power Generation Subsidies" (《關於開展可再生能源發電補貼自查工作的通知》), deciding to launch a nationwide verification of renewable energy power generation subsidies to further clarify the baseline figures for such subsidies. According to the document, the self-inspection targets include power grid and power generation enterprises. The scope covers all grid-connected renewable energy power generation projects with subsidy requirements as of 31 December 2021, primarily wind power, centralized photovoltaic power stations, and biomass power generation projects.

On 6 January 2023, China Southern Power Grid Co., Ltd. issued the "Announcement on Publishing the List of the First Batch of Renewable Energy Power Generation Subsidy-Compliant Projects" (《關於公佈第一批可再生能源發電補貼合規項目清單的公告》), disclosing the first batch of renewable energy power generation subsidy-compliant projects. The Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project was not included in the list.

According to the entity's explanation, Guizhou Province initiated the national subsidy verification process on 7 July 2022, and the appraised entity has submitted all required verification information as requested. As of the reporting date, the project has not yet been announced as having passed verification. The primary reason is that 35MW of capacity was dismantled, preventing the project from achieving full grid connection status. The appraised entity is currently actively advancing reconstruction efforts. The project's reconstruction has received approval from the local energy bureau, and there are no obstacles to restoring full 100MW operational capacity. Upon completion of reconstruction, the project is expected to be announced as having passed verification.

Based on the above facts and considering that factors affecting the national subsidy verification can be eliminated, this assessment assumes that the Liupanshui Wangjiazhai 100MW Photovoltaic Power Station Project will pass the national subsidy verification. During the verification period, the national subsidy

will be calculated normally and will resume normal disbursement upon successful verification. Should this assumption fail to materialize as expected, it will significantly impact the valuation conclusions, thus requiring revaluation and adjustment to the valuation. The principal is advised to take note.

XII. RESTRICTIONS ON USE OF THE ASSET VALUATION REPORT

1. This valuation report may only be used for the principal's information regarding the value and shall not be used for any other purpose.

2. This valuation report is intended solely for the use of the designated report user specified herein. The company shall not be liable for any losses incurred by any other entity or individual using this valuation report other than by the designated user specified herein.

3. Except as required by laws and regulations or as stipulated in the asset valuation engagement agreement, no part of this valuation report may be extracted, quoted or disclosed in public media without the prior written consent of this institution. This institution shall bear no liability for any legal consequences arising from the unauthorized extraction, quotation or disclosure of all or any part of this report.

4. Users of the asset valuation reports shall correctly understand and utilize the valuation conclusions. Valuation conclusions are not equivalent to the realizable value of the valuation subject and should not be regarded as a guarantee of such realizable value.

5. In accordance with relevant laws and regulations governing asset valuation, asset valuation reports pertaining to statutory valuation services must be utilized only after the principal has fulfilled the asset valuation supervision and management procedures required by law. The validity period for using the valuation results is one year, effective from 31 October 2025 to 30 October 2026.

VIII.ASSET VALUATION REPORTING DATE

The asset valuation reporting date was 13 March 2026.

(no text on this page)

China United Assets Appraisal Group
Shandong Co., Ltd.

Asset valuer: WANG Ying

Asset valuer: XU Xiaoning

13 March 2026

APPENDIX TO ASSET VALUATION REPORT

1. Economic activity documents (copies);

2. Valuation schedule;

3. Business licenses of the principal and the appraised entity (copies);

4. Commitment ketters from principal and the appraised entity;

5. Commitment letters of the asset valuers;

6. Asset valuation filing announcement of China United Assets Appraisal Group Shandong Co., Ltd. (copy);

7. Business license of China United Assets Appraisal Group Shandong Co., Ltd. (copy);

8. Registration cards of the qualification certificate of the asset valuers (copy);

9. Asset valuation engagement contract.

EXTRACT OF VALUATION EXPLANATION

I. Analysis Macroeconomic Development

(I) Global Overview

In 2025, renewed frictions over global tariffs and heightened geopolitical tensions, coupled with uncertainties in trade policies and elevated financial market volatility, exerted downward pressure on the global economy. Despite sustained growth momentum in global trade, the world economy demonstrated only fragile resilience.

1. Fragile Global Economic Outlook

According to the latest *World Economic Outlook* released by the International Monetary Fund (IMF) on 14 October 2025, the global economy was projected to grow by 3.2% in 2025, an upward revision of 0.2 percentage points from the forecast released in July 2025. The growth rate for 2026 is expected to stand at 3.1%, unchanged from the forecast issued in July 2025. The report revised up the economic growth rate of emerging markets and developing economies for 2025 by 0.1 percentage points to 4.2%, meanwhile raising that of advanced economies for 2025 by 0.1 percentage points to 1.6%.

The IMF noted that tariff shocks are further undermining global economic growth prospects, keeping the world economy stay relatively fragile. The upward revision of growth forecasts mainly stemmed from importers' advance stockpiling driven by U.S. tariff policies as well as the efforts of most countries to maintain the openness and stability of the global trade system. Ongoing tariff impacts, high trade policy uncertainties, escalating protectionist measures, heightened geopolitical tensions and rising fiscal fragility all posed downside risks to the world economy.

The Organisation for Economic Co-operation and Development (OECD) released its latest economic outlook report on 2 December 2025, projecting global economic growth rates at 3.2% and 2.9% for 2025 and 2026 respectively, in line with the forecasts issued in September 2025. The report states that expansionary macroeconomic policies, positive market sentiment toward new technologies, and growth in trade and investment driven by artificial intelligence-related sectors collectively underpinned global demand.

The report projected that, affected by tariff increases, slower private consumption and the federal government "shutdown", the U.S. economic growth rate would decline from 2.8% in 2024 to 2.0% in 2025, and ease further to 1.7% in 2026. The euro area economy is expected to grow by 1.3% and 1.2% in 2025 and 2026 respectively.

The OECD report outlined the risks facing the US economy, including subdued demand, stubborn inflation, a weak labour market and substantial fiscal deficits. The

report showed that the total value of US imports subject to additional tariffs fell markedly compared with non-tariffed imports, signaling that tariffs were weighing on overall US demand and that trade volumes would remain under pressure. With a cooling labour market and consumer prices pushed higher by tariffs, growth in US household consumption was expected to slow further. More persistent inflation would narrow the scope for interest rate cuts.

In recent years, the euro area has seen generally low economic growth, with intermittent phases of economic stagnation. Though the impacts of high inflation have gradually eased, weakening external demand, heightened trade uncertainties and cautious corporate investment intentions, compounded by lingering structural pressures, have further undermined the competitiveness of the euro area. Nevertheless, the autumn 2025 economic forecast issued by the European Commission revealed that the European Union's economy sustained growth, boosted by a sharp surge in exports on expectations of additional US tariffs. Despite a harsh external environment, the EU economy was expected to continue expanding at a moderate pace in the future.

Affected by US tariff policies, Japan's exports to the US have fallen year on year for seven consecutive months since 4 April 2025, and US tariff measures on motor vehicles continued to exert a substantial impact on Japanese exports. A sustained trade deficit, alongside persistent yen depreciation, compounded the difficulties facing Japan's economy.

2. Three Major Challenges Facing Global Economy

Some analyses indicated that trade tensions, potential risks stemming from fast-growing artificial intelligence, and mounting fiscal pressures are the three key challenges facing the global economy.

The OECD warned in its latest economic outlook report that the potential risks to the global economy were accumulating. The escalation of trade protectionism could severely damage global supply chains and output; high asset valuations based on optimistic expectations for artificial intelligence development might undergo a sudden correction; and fiscal fragility across economies could hinder economic growth.

Meanwhile, the IMF also stated in its latest *World Economic Outlook* that trade tensions kept intensifying, while lasting trade agreements remained unsecured. Historical experience suggested that the full impacts of tariffs would take a prolonged period to emerge. The IMF warned that trade could undergo permanent restructuring, thereby impairing global efficiency.

Pierre-Olivier Gourinchas, the Economic Counsellor and the Director of Research of the IMF, stated that the global economic outlook remained fragile and highly sensitive to trade-related developments. Escalating trade tensions and risks of supply chain disruptions could drag down global economic growth by as much as 0.3

percentage points. In addition, uncertainties over trade policies were weighing on economic activity.

The IMF also flagged the potential risks posed by the AI investment boom in its report, which pointed out that the sharp rise in AI investment was reminiscent of the Internet bubble in the late 1990s. Optimistic sentiment fuelled technology investment, lifted stock market valuations and stimulated consumption via capital gains. However, one underlying risk was that if AI failed to sustain lofty profit expectations, markets might undergo a sharp repricing. This would erode wealth and curb consumption, bringing about a series of adverse impacts.

Fiscal pressure represented another downside risk to the global economy flagged by the IMF. The IMF report stated that numerous governments, including several major advanced economies, made only limited headway in tackling fiscal pressures. The public debt of the US failed to stabilize, with its debt-to-GDP ratio projected to climb from 122% in 2024 to 143% in 2030. Low-income economies were especially vulnerable; despite their ongoing efforts to attain fiscal balance, they still faced the prospect of sharp reductions in development assistance.

3. Multiple Reforms for Economic Challenges

In response to the downside risks facing the global economy, the UN Conference on Trade and Development (UNCTAD) noted in its report that the most vital structural reform lay in reshaping the international financial architecture. This reform sought to ease exchange rate fluctuations, cut financing costs, mitigate external vulnerabilities and promote balanced growth, including measures to reduce excessive reliance on US dollar financing and bolster domestic demand and investment capacity.

Furthermore, it was essential to advance the development of a rules-based, multilateral and non-discriminatory trading system, safeguard the WTO-centred, rule-based multilateral trade regime, and contain the growing fragmentation of trade policies. Greater coordination was required among the UN system, the G20, BRICS and other cooperative frameworks. Cooperation across multiple platforms would reduce trade policy uncertainty and strengthen the capacity of global trade to withstand shocks.

While global trade maintained its growth momentum, it was subject to multiple factors.

On 2 December 2025, the UNCTAD released its Trade and Development Report 2025, which noted that volatility in financial markets emerged as a decisive force determining the direction of global trade and economic prospects, leaving the world economy in an increasingly fragile state.

Greenspan, Secretary-General of the UNCTAD, stated that the report's findings showed that financial conditions increasingly shaped the direction of global trade. "Trade is not merely a chain of suppliers, but more importantly a chain of credit lines, payment systems, currency markets and capital flows," the report noted. It added that over 90% of global trade relied on bank financing, while US dollar liquidity and cross-border payment systems were equally crucial to international trade activities. Such deep reliance on financial channels closely linked global trade to international financial and monetary conditions, meaning that changes in key interest rates or investor sentiment could potentially impact global trade volumes.

The UNCTAD report showed that in the first half of 2025, global trade value increased by approximately US$500 billion compared with the same period in 2024. The growth was mainly driven by trade expansion among developing countries and a rebound in manufacturing exports. South-South trade, namely trade between emerging economies, grew by 8% in the first half of 2025, surpassing the global average growth rate of 6%. In addition, Asia accounted for the largest share of global trade growth in 2025, emerging as a core driving force of global supply chains. However, the World Trade Organisation indicated in its latest *Global Trade Outlook* that as the global economy cooled down and the full impact of higher tariffs materialised throughout the coming year, the prospects for trade growth in 2026 remained bleak.

Notably, WTO report also highlighted the positive effects of artificial intelligence on global trade. The organisation forecast that artificial intelligence would give a significant impetus to the growth of global trade and GDP by 2040. Depending on differences in policies and technological progress, global trade value was expected to rise by 34% to 37% under different scenarios, while global GDP would increase by 12% to 13%.

(II) Domestic Overview

In 2025, faced with complex changes in the economic environment both at home and abroad, under the strong leadership of the CPC Central Committee with President Xi Jinping at its core, all local governments and departments fully implemented the decisions and arrangements of the CPC Central Committee and the State Council. They unwaveringly applied the new development philosophy, pursued high-quality development, balanced the domestic and international imperatives, and coordinated development and security. More proactive and impactful macro policies were adopted to advance the development of a unified national market in depth. The national economy pressed ahead under pressure for innovation and higher quality, with fresh progress in high-quality development. The main goals and tasks for economic and social development were fully accomplished, bringing the 14th Five-Year Plan to a successful conclusion.

Preliminary calculations showed that China's GDP for the year reached RMB140,187.9 billion. Measured at constant prices, the figure rose 5.0% over the previous year. By industry, the added value of the primary industry was RMB9,334.7 billion, up 3.9% year on

year; that of the secondary industry was RMB49,965.3 billion, an increase of 4.5%; and that of the tertiary industry was RMB80,887.9 billion, increasing by 5.4%. By quarter, GDP grew 5.4% year on year in the first quarter, 5.2% in the second quarter, 4.8% in the third quarter, and 4.5% in the fourth quarter. On a quarter-on-quarter basis, GDP increased 1.2% in the fourth quarter.

1. Increased Grain Output and Harvest, Steady Growth in Animal Husbandry

China's total grain output for the year reached 714.88 million tonnes, an increase of 8.38 million tonnes, or 1.2% from the previous year. Of this total, summer grain output stood at 149.75 million tonnes, down 0.1%; early rice output amounted to 28.51 million tonnes, up 1.2%; and autumn grain output came to 536.62 million tonnes, increasing by 1.5%. By variety, wheat output was 140.07 million tonnes, largely unchanged; corn output stood at 301.24 million tonnes, growing by 2.1%; rice output reached 209.04 million tonnes, rising by 0.7%; and soybean output came to 20.91 million tonnes, an increase of 1.3%. Total output of pork, beef, mutton and poultry meat reached 100.72 million tonnes, up 4.2% year on year, exceeding 100 million tonnes for the first time. Of this, pork output stood at 59.38 million tonnes, growing by 4.1%; beef output amounted to 8.01 million tonnes, increasing by 2.8%; mutton output came to 4.96 million tonnes, falling by 4.2%; and poultry meat output reached 28.37 million tonnes, up 6.7%. Milk output stood at 40.91 million tonnes, rising by 0.3%; and poultry egg output amounted to 34.98 million tonnes, declining by 2.5%. The number of pigs slaughtered in the year reached 719.73 million head, increasing by 2.4%; year-end live-pig inventory stood at 429.67 million head, growing by 0.5%.

2. Rapid Growth in Industrial Production, Sound Growth Momentum in Equipment Manufacturing and High-Tech Manufacturing

The total value added of industrial enterprises above the designated size nationwide increased by 5.9% year on year for the full year. In terms of three sectors, the value added of the mining industry grew by 5.6%, that of the manufacturing industry rose by 6.4%, and that of the production and supply of electricity, heat power, gas and water expanded by 2.3%. The value added of the equipment manufacturing industry climbed by 9.2%, and that of the high-tech manufacturing industry increased by 9.4%, with growth rates 3.3 and 3.5 percentage points higher than the overall level of industrial enterprises above the designated size respectively. By economic type, the added value of state-holding enterprises grew by 4.6%, that of share-holding enterprises rose by 6.3%, that of enterprises funded by foreign investors and investors from Hong Kong, Macao and Taiwan expanded by 3.9%, and that of private enterprises climbed by 5.3%. With regard to major products, the output of 3D printing equipment, industrial robots and new energy vehicles surged by 52.5%, 28.0% and 25.1%, respectively. In December, the total added value of industrial enterprises above the designated size grew by 5.2% year on year and by 0.49% month on month. In the same month, the purchasing managers' index (PMI) for the manufacturing

sector stood at 50.1%, up 0.9 percentage points from the previous month; the production and operation expectation index of enterprises reached 55.5%, up 2.4 percentage points. From January to November, industrial enterprises above the designated size nationwide achieved total profits of RMB6,626.9 billion, an increase of 0.1% year on year.

3. Steady Growth in the Service Sector, Sound Development of Modern Services

The added value of the service sector rose by 5.4% year on year for the full year. Of this total, the added value of information transmission, software and information technology services increased by 11.1%, that of leasing and business services grew by 10.3%, that of transport, storage and postal services expanded by 5.2%, that of wholesale and retail trade climbed by 5.0%, and that of accommodation and catering services picked up by 4.9%. In December, the index of service production (ISP) increased by 5.0% year on year. Of this, the production index of information transmission, software and information technology services surged by 14.8%, that of leasing and business services rose by 11.3%, and that of financial services grew by 6.5%. From January to November, the operating revenue of service enterprises above the designated size expanded by 7.8% year on year. In December, the business activity index of the service sector stood at 49.7%, up 0.2 percentage points from the previous month; its business activity expectation index reached 56.4%, increasing by 0.5 percentage points. Among them, the business activity indices for telecommunications, radio, television and satellite transmission services, monetary and financial services, as well as capital market services all remained in the high prosperity range above 60.0%.

4. Expanded Market Sales, Rapid Growth in Service Retail Sales

The total retail sales of consumer goods reached RMB50,120.2 billion for the full year, up 3.7% year on year. By location of business premises, retail sales of consumer goods in urban areas stood at RMB43,297.2 billion, rising by 3.6%, while those in rural areas amounted to RMB6,823.0 billion, growing by 4.1%. By consumption type, retail sales of goods reached RMB44,322.0 billion, increasing by 3.8%, and catering revenue stood at RMB5,798.2 billion, climbing by 3.2%. Sales of daily necessities and some upgraded consumer goods maintained sound growth. For the whole year, retail sales of goods by enterprises above designated size in communication equipment, cultural and office supplies, sports and entertainment supplies, household appliances and audio-visual equipment, and grain, oil and foodstuffs rose by 20.9%, 17.3%, 15.7%, 11.0% and 9.3%, respectively. Online retail sales nationwide hit RMB15,972.2 billion, up 8.6% year on year. Of this total, online retail sales of physical goods reached RMB13,092.3 billion, expanding by 5.2%, accounting for 26.1% of the total retail sales of consumer goods. In December, the total retail sales of consumer goods increased by 0.9% year on year, and decreased by 0.12% month on month. The service retail sales grew by 5.5% year on year for the full year, among which retail sales of

cultural, sports and leisure services, communication and information services, tourism consulting and leasing services, and transportation and travel services witnessed rapid growth.

5. Year-on-Year Decline in Fixed-Asset Investment, Sustained Growth in Manufacturing Investment

The national investment in fixed assets (excluding rural households) reached RMB48,518.6 billion for the full year, down 3.8% year on year; after deducting real estate development investment, the national investment in fixed assets fell by 0.5%. By sector, infrastructure investment dropped by 2.2%, manufacturing investment rose by 0.6%, and real estate development investment declined by 17.2%. The floor space of newly built commercial buildings sold nationwide stood at 881.01 million square meters, down 8.7%; and the sales volume of newly built commercial buildings amounted to RMB8,393.7 billion, recording a decrease of 12.6%. By industry, investment in the primary industry grew by 2.3%, that in the secondary industry expanded by 2.5%, and that in the tertiary industry contracted by 7.4%. Private investment fell by 6.4%; after deducting real estate development investment, private investment posted a drop of 1.9%. In high-tech industries, investment in information services and in the manufacturing of aircraft, spacecraft and related equipment climbed by 28.4% and 16.9%, respectively. In December, investment in fixed assets (excluding rural households) edged down by 1.13% month on month.

6. Stable Growth in Goods Imports and Exports, Continuous Optimisation of Trade Structure

The total value of goods imports and exports reached RMB45,468.7 billion for the full year, rising by 3.8% year on year. Of this total, exports registered RMB26,989.2 billion, advancing by 6.1%; and imports hit RMB18,479.5 billion, edging up by 0.5%. Imports and exports of private enterprises increased by 7.1%, accounting for 57.3% of the total goods imports and exports, up 1.8 percentage points over the previous year. Trade with countries participating in the Belt and Road Initiative expanded by 6.3%, making up 51.9% of the total value of imports and exports. Exports of high-tech products surged by 13.2%. In December, the total value of goods imports and exports came to RMB4,263.0 billion, climbing by 4.9% year on year. Among them, exports stood at RMB2,535.9 billion, growing by 5.2%; and imports amounted to RMB1,727.1 billion, posting a moderate increase of 4.4%.

7. Overall Stable Consumer Prices, Moderate Recovery of Core CPI

The annual consumer price index (CPI) remained flat compared with the previous year. By category, prices of food, tobacco and alcohol contracted by 0.7%, clothing prices went up by 1.5%, housing prices edged up by 0.1%, prices of daily necessities and services advanced by 0.9%, transportation and communication prices slipped by 2.6%, prices of education, culture and recreation rose by 0.8%, healthcare prices

gained 0.8%, and prices of other goods and services jumped by 9.3%. Within the category of food, tobacco and alcohol, pork prices dropped by 6.1%, fresh vegetable prices fell by 3.9%, grain prices dipped by 1.0%, and fresh fruit prices increased by 1.2%. Core CPI, which excludes food and energy prices, posted a 0.7% rise, with the growth rate expanding by 0.2 percentage points from the previous year. In December, consumer prices went up by 0.8% year on year, an increase of 0.1 percentage points from the previous month, and climbed by 0.2% month on month. The annual producer prices for industrial products declined by 2.6% year on year, down 1.9% year on year and up 0.2% month on month in December. The annual purchasing prices for industrial producers registered a 3.0% year-on-year drop, with a year-on-year decline of 2.1% and a month-on-month increase of 0.4% in December.

8. Sound Overall Employment Situation, Stable Surveyed Urban Unemployment Rate

The annual average surveyed urban unemployment rate nationwide stood at 5.2%. In December, the national surveyed urban unemployment rate was 5.1%. The surveyed unemployment rate of locally registered labourers stood at 5.3%, while that of non-locally registered labourers came in at 4.7%. Among them, the surveyed unemployment rate of non-locally registered labourers with rural household registration registered 4.4%. The surveyed urban unemployment rate in 31 major cities stood at 5.1%. The average weekly working hours of enterprise employees nationwide reached 48.6 hours. The total number of migrant workers across the country reached 301.15 million in the whole year, growing by 1.42 million, or 0.5% year on year. Of this total, local migrant workers numbered 121.09 million, posting a mild increase of 0.1%; outgoing migrant workers totalled 180.06 million, with a year-on-year rise of 0.8%.

9. Continuous Growth in Residential Income, Faster Rural Income Expansion than Urban Areas

The annual per capita disposable income of national residents reached RMB43,377, with a nominal growth of 5.0% year on year and a real growth of 5.0% after deducting price factors. Grouped by permanent residence, the per capita disposable income of urban residents registered RMB56,502, representing a 4.3% nominal increase and a 4.2% real increase year on year; that of rural residents came to RMB24,456, with a 5.8% nominal rise and a 6.0% real rise. The median per capita disposable income of national residents stood at RMB36,231, posting a nominal growth of 4.4% over the previous year. Divided into five equal income groups among all national residents, the low-income group registered a per capita disposable income of RMB10,150, the lower-middle-income group recorded RMB22,702, the middle-income group notched RMB35,536, the upper-middle-income group posted RMB55,586, and the high-income group achieved RMB103,778. The annual per capita consumption expenditure of national residents amounted to RMB29,476, with a nominal growth of 4.4% and a real growth of 4.4% after adjusting for price factors. The proportion of per capita expenditure on food, tobacco and alcohol in total per

capita consumption expenditure, namely Engel coefficient, was 29.3%, down 0.5 percentage points year on year. Per capita service consumption expenditure of residents increased by 4.5%, accounting for 46.1% of total per capita consumption expenditure, unchanged from the previous year.

10. Slight Decline in Total Population, Continuous Rise in Urbanisation Rate

The national population at the end of the year (including residents of 31 provinces, autonomous regions and municipalities directly under the Central Government, as well as active military personnel; excluding Hong Kong, Macao and Taiwan residents and foreigners residing in the above 31 regions) stood at 1,404.89 million, a reduction of 3.39 million from the end of the previous year. The number of annual births was 7.92 million, with a birth rate of 5.63‰; the number of annual deaths reached 11.31 million, with a death rate of 8.04‰; and the natural population growth rate was -2.41‰. In terms of gender composition, the male population reached 716.85 million and the female population 688.04 million, with the sex ratio of total population registering 104.19 (with the female population as the base of 100). Regarding age distribution, the population aged 16 to 59 amounted to 851.36 million, accounting for 60.6% of the national total; while the population aged 60 and above hit 323.38 million, occupying 23.0% of the national population, among which those aged 65 and above stood at 223.65 million, taking up 15.9% of the total. In urban-rural composition, the permanent urban population reached 953.80 million, up by 10.30 million from the previous year-end; and the permanent rural population stood at 451.09 million, a decrease of 13.69 million; the proportion of urban population in the national total, or the urbanisation rate, was 67.89%, rising by 0.89 percentage points year on year. For educational background, the average years of schooling among people aged 16 to 59 reached 11.3 years, an increase of 0.1 years compared with the previous year.

Overall, China's national economy in 2025 withstood multiple pressures and maintained the momentum of steady progress while ensuring stability, with new achievements secured in high-quality development. Nevertheless, it should be recognised that the impact of a changing external environment has intensified, the domestic contradiction of robust supply and weak demand has become increasingly prominent, and economic development continues to face considerable long-standing problems and emerging challenges. Looking ahead, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, we will fully implement the guiding principles of the 20th National Congress of the Communist Party of China and all plenary sessions of the 20th Central Committee, and follow the arrangements and requirements set at the Central Economic Work Conference. Adhering to the principles of pursuing progress while ensuring stability and improving both quality and effectiveness, we will carry out more proactive and impactful macroeconomic policies, continuously expand domestic demand and optimise supply structure, improve the quality of incremental growth and revitalize existing stock resources, develop new-quality productive forces tailored to local conditions, further deepen the building

of a unified national market, and promote effective qualitative improvement and reasonable quantitative growth of the economy, ensuring sound start to the 15th Five-Year Plan period.

II. Industry Analysis

(I) Current Development and Trends of the Photovoltaic Power Generation Industry

1. Current Industry Development: Coexistence of Industry-Leading Scale and Transitional Growing Pains

As the global hub of the photovoltaic industry, China maintains its leading position in installed capacity. Distributed photovoltaic power generation has evolved into a core engine of industrial expansion. Globally, installed capacity continues to expand steadily. The regional market landscape is undergoing new shifts, and a host of emerging markets have emerged as vital growth poles.

The industrial chain is currently grappling with prominent development pressures. Widespread overcapacity prevails across core segments, accompanied by sluggish capacity utilisation. Falling product prices have weighed on sector earnings, leaving key industrial chains in prolonged losses. A sharp rise in the proportion of silver paste costs has become a major bottleneck for corporate profitability, and driven the industry to speed up the transition to low-silver/silver-free technologies.

The industry faces intertwined opportunities and challenges throughout its development. Opportunities mainly stem from breakthroughs in technological innovation, sustained policy backing, and steady expansion of domestic and overseas market demand. In contrast, challenges involve supply-demand imbalance, mounting international trade barriers, inadequate photovoltaic power consumption capacity, high costs of technological iteration, and an immature industrial standard system.

2. Industry Development Trend: Upgrades from Scale Expansion to High-quality and High-value Growth

With technological innovation as the core driving force for industrial advancement, the industry focuses on four key development directions. N-type cells are set to fully replace P-type ones step by step, and BC cells evolve into the mainstream technical route. Low-silver/silver-free solutions such as silver-coated copper and electroplated copper are being rapidly deployed, while silver-free alternatives will gain extensive application in the future. The coordinated advancement of solar-storage integration technology and ultra-high voltage construction effectively addresses photovoltaic power consumption bottlenecks. Furthermore, continuous upgrades of high-voltage and intelligent technologies will fuel substantial growth in the smart photovoltaic market.

Market structure keeps optimising and upgrading. The industrial development model is shifting toward "self-generation and consumption, and local absorption", driving a steady rise in the share of distributed photovoltaic capacity, and fostering a sound pattern of coordinated development between distributed and centralised photovoltaic systems. Industrial restructuring is accelerating steadily alongside higher market concentration. Export businesses are expanding into emerging regions, and overseas demand has become a key pillar for industrial growth.

With defined policy and investment orientations, the industry has fully shifted from subsidy-driven to market-driven development. Investment in power grid infrastructure continues to be scaled up, with focused efforts on advancing ultra-high-voltage project construction to address power absorption bottlenecks. Driven by accelerated integration of photovoltaic and energy storage, the installed new-type energy storage capacity is expanding steadily, and ESG factors have become a key consideration in the financing of photovoltaic enterprises.

Looking ahead to the coming years, global photovoltaic installed capacity will return to a growth trajectory after phased adjustments, with broad long-term growth potential. The Chinese market will enter a period of staged adjustments. With the gradual alleviation of various restrictive factors, industrial profitability is expected to improve steadily and reach an inflection point. Domestic enterprises occupy a dominant position in the global industrial chain, with prominent technological and patent advantages.

(II) Market Supply and Demand

1. Supply Side: Overcapacity Coexists with Structural Shortages, and Anti-Involution Policies Deliver Results

Photovoltaic power generation is currently plagued by general overcapacity across the industrial chain, yet with a relative shortage of high-efficiency production capacity. The industry is shifting from capacity scaling to existing asset optimisation. Nominal production capacity across the global photovoltaic industrial chain far exceeds actual installation demand. Homogeneous competition has kept operating rates at historically low levels at all stages. In particular, overcapacity is most severe in polysilicon production, and manufacturers across the chain have generally cut operating loads to ease supply-demand imbalances.

After a drastic collapse, overall prices are gradually stabilising and recovering. Polysilicon and module prices have experienced sharp volatility. Driven by anti-involution policies, polysilicon and wafer prices are gradually picking up, and the price transmission mechanism along the industrial chain is being repaired. Meanwhile, the supply structure shows a clear divergence. Backward capacity is being phased out at a faster pace, while the supply of high-efficiency capacity remains tight. Leading high-efficiency cell manufacturers maintain sound capacity utilisation. N-type cells

have become the mainstream technology, marking the arrival of the N-type era for the industry. Furthermore, initiatives, such as the establishment of procurement and reserve platforms by industrial leaders and the public consultation on new energy consumption standards for polysilicon production, are further advancing supply-side upgrade, expected to improve industry concentration.

2. Demand Side: Growth Slows Worldwide with Notable Regional Divergence

Global installed photovoltaic capacity is facing headwinds of a periodic slowdown in growth, and is expected to see its first annual negative growth in the days ahead. China's market will decline from a high level, while overseas markets will become the core driver of growth. Globally, newly installed photovoltaic capacity will maintain growth, yet at a slower pace, and is likely to decline slightly going forward, mainly due to the drop in installations in the China's market.

By region, the domestic market has seen a strong start followed by weak growth and a decline from a high level. Driven by a rush-to-install wave, domestic photovoltaic installations remained at a high level in 2025, with a notable installation boom in the first half and monthly installations hitting a record high at one point. However, installations are expected to decline subsequently, mainly due to diverging mechanism-based tariffs, return limits on large-scale base projects, and demand front-loading. In terms of domestic demand structure, utility-scale power stations remain the mainstay, while industrial, commercial and residential distributed photovoltaic systems grow simultaneously. However, the demand for distributed photovoltaic systems may shrink later due to weakened economic activity. Meanwhile, a dual-track market has taken shape consisting of electricity based on and not based on mechanism, with installed capacity of the two segments roughly equal.

Overseas markets show structural growth and become the core pillar of global photovoltaic demand. Traditional markets such as Europe and the US maintain steady growth. The Middle East and India record outstanding performance with sharply increased installed capacity and will maintain high growth in the future. Emerging markets such as Southeast Asia are gradually rising, becoming an important source of incremental demand. At the same time, rising overseas trade barriers and stricter supply chain carbon footprint certification will bring more uncertainties to China's photovoltaic product exports.

(III) Pricing Mechanism and Cost Changes

1. Pricing Mechanism Evolves with Industry Development

China's solar tariff has undergone four major stages: benchmark tariff, bidding-based tariff, guided tariff, and grid parity.

Benchmark Tariff

In July 2011, the National Development and Reform Commission (NDRC) issued the *Notice on Improving the On-Grid Tariff Policy for Solar Photovoltaic Power Generation* (NDRC Price [2011] No. 1594), which established a unified national benchmark on-grid tariff for non-tendered photovoltaic projects. According to the policy, for solar photovoltaic projects approved before 1 July 2011, completed and put into operation by 31 December 2011, and without previously set tariff, the on-grid tariff shall be RMB1.15 per kWh (tax inclusive). For projects approved on or after 1 July 2011, and those approved before 1 July 2011 but not completed by 31 December 2011, the on-grid tariff shall be RMB1.00 per kWh in all provinces (autonomous regions and municipalities directly under the State Council) except Xizang, where the tariff remains at RMB1.15 per kWh.

In 2013, the NDRC issued the *Notice on Using Price Leverage to Promote the Healthy Development of the Photovoltaic Industry*, launching a differentiated benchmark tariff system for three resource regions together with a tariff subsidy mechanism. From 2013 to 2017, competent national authorities adjusted photovoltaic tariffs downward in line with industry development, and encouraged localities to determine project developers and on-grid tariffs through market-based bidding. Prices formed through market competition shall not be higher than the benchmark on-grid tariff for the corresponding resource region set by the state.

Bidding-based Tariff

In 2018, the NDRC, the Ministry of Finance, and the National Energy Administration issued the *Notice on Matters Concerning Photovoltaic Power Generation in 2018* (NDRC Energy [2018] No. 823), requiring that for all conventional photovoltaic power stations, project developers must be selected through competitive bidding, with the price determined through bidding not higher than the lowered benchmark on-grid tariff. Market-based allocation of projects became a new trend in the photovoltaic industry.

Guided Tariff

On 28 April 2019, the NDRC issued the *Notice on Matters Related to Improving the On-Grid Tariff Mechanism for Photovoltaic Power Generation* (NDRC Price [2019] No. 761), which changed the benchmark on-grid tariff for utility-scale photovoltaic power stations to guided tariff. The policy also required that the on-grid tariff for newly built utility-scale photovoltaic power stations, in principle, shall be determined through market competition and not exceed the guided tariff for the resource region where they are located.

Grid Parity

On 7 June 2021, the NDRC issued the *Notice on Matters Concerning the New Energy On-Grid Tariff Policy in 2021* (NDRC Price [2021] No. 833). According to the policy, starting from 2021, grid parity will replace central government subsidy for newly registered utility-scale photovoltaic power stations and industrial & commercial distributed photovoltaic projects. The on-grid tariff for new projects launched in 2021 is subject to the local benchmark coal-fired power tariff. The era of grid parity for solar photovoltaic power has arrived.

2. *Technological Progress Drives Continuous Declines in Solar Power System Installation Costs*

Advances in solar photovoltaic technology mainly centre on improving power generation efficiency. Factors influencing the power generation efficiency of solar photovoltaic systems include the conversion efficiency of photovoltaic cells, system utilisation efficiency, and grid interconnection loss. Among them, the conversion efficiency of photovoltaic cells plays a fundamental and decisive role, and also serves as a key indicator of technological maturity.

In recent years, China's photovoltaic manufacturing industry has developed rapidly, with continuous improvements in technology. China's photovoltaic enterprises have achieved breakthroughs successively in PERC, TOPCon, HJT, IBC and other high-efficiency crystalline silicon cell production technologies. Meanwhile, related technologies including half-cut cells, bifacial modules, shingled cells, multi-busbar design, and large-size wafers have successively matured and been gradually applied. Following the increase from 158.75mm to 166mm in mainstream wafer size, 182mm and 210mm products have also entered a stage of mass production. With the extensive application of advanced technologies and processes for wafers, cells and modules, the industrialisation efficiency of photovoltaic cells has increased year by year, with module power continuously rising and the technical costs of downstream photovoltaic systems dropping substantially. In addition, with the decline in non-technical costs such as land expenses and grid-connection costs, the investment and operation costs of photovoltaic systems in China have continued to decrease, making grid parity possible for photovoltaic electricity.

According to global levelised cost of energy (LCOE) data released by the International Renewable Energy Agency (IRENA), the weighted average LCOE of global photovoltaic power generation fell from USD0.381 per kWh in 2010 to USD0.048 per kWh in 2021. Compared with the global average, China's photovoltaic LCOE is lower and its cost effectiveness is even more competitive. In 2021, China's photovoltaic LCOE was USD0.034 per kWh, representing a sharp decline of 88.9% from USD0.305 per kWh in 2010. China's solar photovoltaic manufacturing industry is leading in the world, with particularly notable competitive edges in photovoltaic module manufacturing costs.

(IV) Industry Competitive Landscape and Marketisation Level

1. The New Energy Power Generation Industry

At present, China's new energy industry sees fierce competition, with market participants mainly concentrated in three segments: photovoltaic power generation, wind power generation, and hydropower generation.

In terms of photovoltaic power generation, after years of large-scale development, China's photovoltaic industry has grown into a new energy industry with an annual output value of more than RMB400 billion. It's the world's No.1 in terms of industrial scale, manufacturing capacity, technological level, and corporate strength, which makes it one of the few strategic emerging industries in China with dominant international advantages. Domestically, an oligopoly market has taken shape, led by LONGi and also represented by other strong players such as Trina Solar, JA Solar and Jinko Power, resulting in a high industry concentration.

In terms of wind power generation, China's wind power industry has entered a stage of fast, large-scale development in recent years, with both newly added and cumulative installed capacity leading in the world for consecutive years. Representative enterprises at home include Goldwind, Envision, Mingyang Smart Energy, Yuanda, and Shanghai Electric Wind Power.

China's hydropower industry is dominated by state-owned enterprises. Due to strict administrative, capital, and technological thresholds, the number of hydropower operators in China remains limited. Major large-scale groups include China Yangtze Power, China Datang Corporation, China Huadian Corporation, China Huaneng Group, State Power Investment Corporation, CHN Energy, and SDIC Power.

2. Major Companies in the Industry

China Energy Investment Corporation Co., Ltd.

China Energy Investment Corporation Co., Ltd. (CHN Energy) was formed through the restructuring and merger of China Guodian Corporation and Shenhua Group Co., Ltd., both Fortune Global 500 enterprises. It was officially established on 28 November 2017. CHN Energy covers multiple energy sectors including coal, thermal power, new energy and hydropower, with operations across 31 provinces, autonomous regions and municipalities directly under the State Council in China, as well as more than 10 countries and regions abroad such as the US and Canada. It is the world's largest coal producer, thermal power generator, wind power generator, and coal-to-liquids and coal chemical enterprise.

State Power Investment Corporation Limited (SPIC)

State Power Investment Corporation Limited is a large state-owned enterprise established through the merger of the former China Power Investment Corporation and State Nuclear Power Technology Corporation in June 2015. It is a comprehensive energy group possessing assets in hydropower, thermal power, nuclear power and new energy sectors. In 2021, SPIC's total installed wind power capacity reached 2,231 MW, and the share of installed clean energy capacity exceeded 60%. Its installed capacity of photovoltaic, new energy and renewable energy ranks first in the world.

Huaneng Renewables Corporation Limited

Huaneng Renewables Corporation Limited (0958.HK) was founded in 2010 and listed on the HKEX in 2011. As a subsidiary held by China Huaneng Group Co., Ltd, it is dedicated to the investment, construction and operation of new energy projects, focusing on wind power development and operation, and also pursuing the development of solar energy and other renewable energy sources.

(V) Favourable and Unfavourable Factors Affecting Industry Development

1. Favourable Factors

Sustained Policies Guide the Orderly Development of the Industry

More than 130 countries worldwide have set clear "carbon neutrality" goals, with policy support shifting from subsidy incentives to quality-oriented regulation. Domestically, restrictions on power backfeed from distributed photovoltaic systems are being relaxed and grid-connection evaluation methods optimised. Meanwhile, policies such as cancelling export tax rebates are rolled out to curb low-price "involution" and accelerate the survival of the fittest in the industry. The EU has enforced mandatory building-integrated photovoltaics regulations and introduced cell passports, while the U.S. is scaling up local subsidies under the Inflation Reduction Act (IRA). The continuous improvement of the global policy system lays a solid foundation for the long-term development of the industry.

Technological Iteration Drives Cost Reduction and Efficiency Gains, Fostering Prominent Structural Advantages

With continuous breakthroughs, photovoltaic technologies have ushered into the N-type era. TOPCon technology has become the mainstream with a share of over 80%, while high-efficiency cell technologies such as HJT and BC are penetrating rapidly. Perovskite has entered its first year of GW-scale mass production, and cell conversion efficiency constantly sets new records. In

addition, the advancement of large-size wafers, silver-free technology, among others, coupled with improved synergy between energy storage and photovoltaic power generation, has further optimised the cost structure of the industrial chain. High-efficiency production has become the core competitiveness of the industry.

Market Demand Experiences Structural Expansion, and Emerging Markets Become New Growth Drivers

Despite a short-term slowdown in installed capacity growth, China remains the anchor of the global photovoltaic market, with distributed photovoltaic systems further applied in diverse scenarios. Overseas markets vary in growths. Europe and the US maintain fundamental demand, while emerging markets including India, Middle East and Southeast Asia have witnessed rapid growth in installed capacity, serving as an important pillar of global demand. Meanwhile, the overseas "export rush" in the first quarter has also boosted short-term demand release.

Industry Consolidation Speeds up with Leading Enterprises Exhibiting Prominent Advantages

With the further implementation of supply-side "anti-involution" policies and the full consolidation of production capacity in areas such as polysilicon, prices across the industrial chain are gradually stabilising and recovering, and industry order is increasingly regulated. Leading enterprises with technology, cost and brand advantages boast stronger risk resistance. By making preemptive arrangements to counter policy shocks, they have gradually seized greater market shares, driving the industry toward high-quality development.

2. *Unfavourable Factors*

Supply-Demand Imbalance Occurs and Industry "Involution" is Yet to Be Addressed

Blind capacity expansion in previous years has led to severe overcapacity across the entire industrial chain. In 2025, the nominal redundancy of the global photovoltaic industrial chain exceeded 1.8 times, and capacity utilisation across all stages remained at historically low levels. Despite a temporary rebound in prices, global new photovoltaic installations are expected to record their first annual negative growth in 2026. The supply-demand imbalance will remain the core pressure on the industry in the short term.

Increased Cost Volatility Squeezes Profit Margins

Prices of core raw materials have been volatile. Silver prices hit a record high at the beginning of 2026, with a cumulative rise of more than 33% to date.

This has significantly drove up the costs of auxiliary materials such as silver paste and placed additional burden on cell production. Furthermore, China plans to cancel export tax rebates for photovoltaic products in April 2026. This is expected to further raise enterprises' export costs, and, combined with the industry's inertia of low-price competition, add to the pressure on enterprise profitability.

Export Risks Intensify amid the Complex External Environment

International trade barriers are increasingly aligned with green standards. Carbon footprint accounting and cell passports have become core access thresholds in developed markets, increasing the compliance costs of enterprises' exports. In addition, policy dividends have faded in some overseas markets, leading to declining internal rates of return on projects. Combined with rising export costs, this may curb the release of some overseas demand and heighten the risks of individual enterprises going global.

Grid Absorption Capacity and Policy Adjustments Bring Uncertainties

The rapid development of distributed photovoltaic systems is putting a strain on the grid due to backfeed, and the curtailment rate of solar power in some regions is approaching the warning limit, indicating that grid absorption capacity still needs to be improved. Meanwhile, China's photovoltaic industry is entering a critical period of market-oriented transformation, where on-grid tariff is formed through market transactions, while the mechanism allocated quota for power purchase is limited, and policy adjustments bring certain uncertainties to project implementation and enterprise profitability.

(VI) Cyclical, Regional and Seasonal Nature of the Industry

1. Cyclical Nature

Development of the new energy power generation sector is influenced by various factors such as downstream power consumption scale, power energy structure, and national policies. Therefore, the sector, to some extent, develops in sync with the broader macroeconomy. Driven by the rising market demand for new energy and the need to replace traditional energy sources to drive sustainable development, the new energy power generation sector has witnessed rapid development in recent years. With stable policies supporting the new energy power generation market and continuous advancement of relevant technologies, the new energy power generation sector is expected to maintain fast and sound development for a certain period of time in the future.

2. Regional Nature

Photovoltaic power stations and wind farms are generally constructed in areas with abundant solar and wind energy resources. In the early stage of development, China's utility-scale ground-mounted photovoltaic power stations were mainly built in areas with concentrated solar energy resources, such as the Qinghai-Xizang Plateau, northern Gansu, northern Ningxia, and southern Xinjiang. In recent years, with the fast development of distributed photovoltaic power stations, the proportion of installed capacity in central and eastern regions has been increasing continuously. In China, wind farms are mainly distributed in southeast coastal areas and the "Three Northern Regions" (northeastern, northwestern and northern China) with abundant wind resources. Some inland areas, such as Xinjiang, also boast rich wind resources due to topographical conditions.

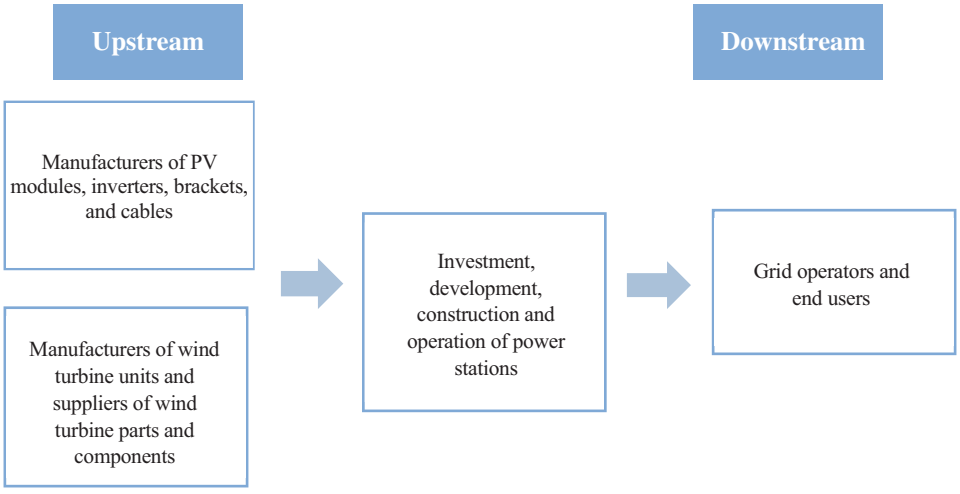
3. Seasonal Nature

In China, power generation with solar and other new energy sources exhibits certain seasonal characteristics. Specifically, most parts of China lie in the northern temperate zone of the Northern Hemisphere, with longer sunshine duration and stronger light intensity in summer, and shorter sunshine duration and weaker light intensity in winter. Therefore, photovoltaic power generation projects generally generate more electricity in summer and less in winter. By contrast, wind resources are abundant in spring, autumn and winter, while relatively scarce in summer, resulting in less electricity generated by wind power projects in summer.

(VII) Industry Upstream and Downstream Overview

The upstream of the photovoltaic and wind power generation industries consists of manufacturers of power generation equipment and modules, while the downstream comprises provincial power grid companies. The industrial chain relationship is shown in the figure below:

Figure 4-1 Industrial Chain Relationship



Upstream of the Industrial Chain

The upstream of the photovoltaic and wind power generation industries comprises power equipment manufacturers and power equipment parts & component suppliers. Representative enterprises include Mingyang Smart Energy, Goldwind, Dongfang Electric, CRRC Wind Power, Sungrow Power, Orient Cable, PowerChina, among others. In recent years, with the continuous advances in manufacturing processes, the cost of power equipment has declined steadily, leading to a corresponding drop in the investment cost across the new energy power generation sector.

Downstream of the Industrial Chain

The downstream of the photovoltaic and wind power generation industries mainly consists of provincial power grid companies, as well as end users including enterprises and residents (distributed photovoltaic power generation). In recent years, on one hand, with China's social and economic development, overall demand for electricity has been on the rise; on the other hand, due to the limited reserves of energy sources used for traditional thermal power generation as well as the significant environmental pollution they cause, the proportion of power generated with renewable energy such as photovoltaic and wind power has gradually increased. The strong demand in the downstream provides robust support for the sustainable development of the photovoltaic and wind power industries.

PART VI TECHNICAL EXPLANATION OF THE INCOME APPROACH VALUATION

I. Subject of Valuation under the Income Approach

The subject of valuation under the income approach for this engagement is the total shareholders' equity of Guizhou Xingye Green Energy Technology Co., Ltd.

II. Overview of the Income Approach

(I) Definition and Principle of the Income Approach

In accordance with the *Practice Standards of Asset Appraisal – Enterprise Value*, the income approach in enterprise value valuation, also referred to as the discounted cash flow method, is a method for assessing asset value by discounting an enterprise's expected future net cash flows to their present value. The fundamental concept of the income approach is to estimate the expected net cash flows of the asset in the future and convert them into present value using an appropriate discount rate, thereby deriving the valuation result.

(II) Preconditions for Applying the Income Approach

The basic conditions for applying the income approach are that the enterprise possesses the basis and conditions to continue as a going concern, there exists a relatively stable relationship between operations and earnings, and future earnings and risks can be forecast and quantified. The principal difficulty in applying the discounted cash flow method lies in forecasting expected future cash flows, as well as ensuring the objectivity and reliability of data collection and processing. Where the forecast of expected future cash flows is relatively objective and impartial, and the selection of the discount rate is reasonable, the valuation result demonstrates a relatively high degree of objectivity.

(III) Reasons and Basis for Selecting the Income Approach

The valued entity possesses the basis and conditions to continue as a going concern, and its future earnings and risks can be forecast and quantified. Accordingly, the income approach has been selected for this valuation.

III. Assumptions for Earnings Forecast

(I) There are no material changes in the current national laws, regulations and policies, in the national macroeconomic conditions, or in the political, economic and social environments in the regions where the parties to this transaction are located.

(II) Based on the actual condition of the assets as at the valuation date, it is assumed that the enterprise will continue as a going concern.

(III) It is assumed that the management of the valued entity is responsible, and that its management team is capable of fulfilling its duties.

(IV) Unless otherwise stated, it is assumed that the enterprise fully complies with all relevant laws and regulations.

(V) It is assumed that the accounting policies to be adopted by the valued entity in the future are substantially consistent, in all material respects, with those applied in the preparation of this report.

(VI) It is assumed that, based on the existing management model and management level, the business scope and operating mode of the enterprise remain consistent with the current status.

(VII) For the purpose of this valuation, it is assumed that during the forecast period, the principal business, product structure, composition of revenue and costs, as well as sales strategy and cost control measures of the valued entity, will remain consistent with the post-commissioning and full-capacity operation status, without material changes.

(VIII) During the forecast period, it is assumed that the period expenses of the valued entity will not change significantly compared with the current level, and will maintain the trend of recent years, varying in line with changes in business scale.

(IX) It is assumed that as at the valuation date, there are no undisclosed matters that have not been reflected in the accounts which would give rise to compensation liabilities.

(X) Given that monetary funds and bank deposits of the enterprise change frequently in the course of production and operation, and that idle funds have been treated as excess assets, interest income on deposits is not considered in this valuation. In addition, no consideration is given to uncertain gains or losses other than interest-bearing debt.

(XI) It is assumed that interest rates, exchange rates, tax bases and tax rates, and policy-based levies and charges remain materially unchanged.

(XII) It is assumed that there are no other force majeure events or unforeseeable factors that would have a material adverse impact on the enterprise.

(XIII) It is assumed that the electricity tariff remains at the level as at the valuation date throughout the forecast period.

(XIV) It is assumed that, following the valuation date, the annual cash flows of the valued entity are evenly distributed throughout the year.

(XV) It is assumed that the operating period of the 65 MW capacity commences upon the recognition of grid-connected revenue. The operating period of the 35 MW capacity is consistent with that of the 65 MW capacity, with the income period extending to the end of 2041.

(XVI) As at the valuation date, the actual installed capacity of the Liupanshui Wangjiazhai 100 MW Photovoltaic Power Station Project is 65 MW. According to relevant information provided by the client, the 35 MW reconstruction project will be completed by the client, Shuifa Green Energy Co., Ltd. The reconstruction investment is approximately RMB20 million, with an expected completion date of 31 May 2026. For the purpose of this valuation, it is assumed that the above arrangements can be completed as scheduled, i.e. the 35 MW project will commence grid-connected power generation and revenue generation in June 2026, thereby generating revenue. The project is expected to incur capital expenditure of RMB20 million (excluding VAT) in 2025.

(XVII) Based on information provided by the client and the valued entity, the 35 MW reconstruction project requires relocation of the site, and as at the report date, the land lease agreement has not yet been executed. According to data provided by the client, it is assumed that the 35 MW reconstruction project will lease 622 mu of land at a rental rate of RMB500 per mu, with an increase of 10% every five years.

(XVIII) Taking into account the need for government subsidy verification following reconstruction of the 35 MW project, it is assumed that the verification period is six months, and the subsidy recovery period is three years. Subsidy collection will commence in 2027, and all subsidies for 2024 and prior years will be recovered within the same year.

(XIX) As at the report date, the results of the government subsidy verification have not yet been announced. According to information provided by the enterprise, the main reason for the delay in subsidy verification approval is the dismantling of the 35 MW capacity, which has prevented full-capacity grid connection. It is expected that the verification will be approved upon completion of the reconstruction.

Considering that the factors affecting the government subsidy verification can be eliminated, it is assumed for this valuation that the Liupanshui Wangjiazhai 100 MW Photovoltaic Power Station Project will pass the subsidy verification. Government subsidies during the verification period will be calculated as normal and will resume regular disbursement upon approval. If the subsidy verification does not proceed as assumed or the verification result differs from the assumption, the valuation results shall be recalculated and adjusted accordingly.

Where significant changes occur in the future economic environment, or events inconsistent with the above assumptions arise, the valuation result will generally

become invalid. The valuation firm shall bear no responsibility for any changes in the valuation conclusion arising from changes in these assumptions.

IV. Income Approach Valuation Calculation and Analysis Process

(I) Income Approach Valuation Model

1. Valuation Approach

Based on the due diligence conducted for this engagement, as well as the asset composition and principal business characteristics of the valued entity, this valuation estimates the equity value of the valued entity based on its parent company's financial statements. The fundamental valuation approach adopted in this engagement is as follows:

(1) For assets and principal business operations within the scope of the financial statements, the expected earnings (net cash flows) are forecast based on historical operating trends and business categories, and are discounted to derive the value of operating assets;

(2) Assets (liabilities) that are included within the scope of the financial statements but are not considered in the forecast of expected earnings (net cash flows) – such as monetary funds, dividends receivable (payable) and other current assets (liabilities) existing as at the valuation date, as well as non-current assets (liabilities) such as obsolete or idle equipment, real estate, and construction-in-progress not reflected in profit or loss — are defined as excess or non-operating assets (liabilities) existing as at the valuation date, and are valued separately;

(3) Long-term equity investments included within the scope of the financial statements but not considered in the estimation of expected earnings (net cash flows) are valued separately;

(4) The values of the above-mentioned assets and liabilities are aggregated to derive the enterprise value of the valued entity. After deducting the value of interest-bearing debt as at the valuation date, the equity value (total shareholders' equity) of the valued entity is determined.

In determining the equity value, no premium or discount arising from control rights or minority interests has been considered, nor has the impact of equity liquidity on the valuation results.

2. Valuation Model

(I) Basic Model

The basic model adopted in this valuation is as follows:

$$E = B - D \quad (1)$$

Where:

E: Equity value (net asset value) of the valued entity;

B: Enterprise value of the valued entity;

D: Value of interest-bearing debt of the valued entity;

$$B = P + I + C \quad (2)$$

Where:

P: Value of operating assets of the valued entity;

I: Value of long-term investments as at the valuation date;

C: Value of excess or non-operating assets (liabilities) existing as at the valuation date;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Where:

R_i: Expected earnings (free cash flows) of the valued entity in year i;

r: Discount rate;

n: Future operating period of the valued entity;

$$C = C_1 + C_2 \quad (4)$$

Where:

C_1: Value of current excess or non-operating assets (liabilities) existing as at the valuation date;

C_2: Value of non-current excess or non-operating assets (liabilities) existing as at the valuation date.

(II) Earnings Indicator

For this valuation, free cash flow to the firm (FCFF) is adopted as the earnings indicator for the operating assets of the valued entity. It is defined as follows:

$$R = EBIT \times (1 - t) + \text{Depreciation and amortisation} - \text{Incremental capital} \quad (5)$$

Based on the historical operating performance of the valued entity and future market development, the free cash flows over the future operating period are estimated. The resulting free cash flows are then discounted to their present value and aggregated to arrive at the operating asset value of the enterprise.

(III) Discount Rate

The weighted average cost of capital (WACC) model is adopted to determine the discount rate r:

$$r = r_d \times w_d + r_e \times w_e \quad (6)$$

Where:

w_d: Debt ratio of the valued entity;

$$w_d = \frac{D}{(E+D)} \quad (7)$$

w_e: Equity ratio of the valued entity;

$$w_e = \frac{E}{(E+D)} \quad (8)$$

r_d: After-tax cost of interest-bearing debt;

r_e: Cost of equity capital. In this valuation, the capital asset pricing model (CAPM) is used to determine the cost of equity capital r_e;

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (9)$$

Where:

r_f: Risk-free rate of return;

r_m: Expected market return;

ε : Specific risk adjustment factor of the valued entity;

β_e: Expected market risk coefficient of the equity capital of the valued entity;

$$\beta_e = \beta_u \times (1+(1-t) \times \frac{D}{E}) \quad (10)$$

β_u: Expected unlevered market risk coefficient of comparable companies;

$$\beta_u = \frac{\beta_t}{1+(1-t)\frac{D_i}{E_i}} \quad (11)$$

β_t: Expected average market risk coefficient of comparable companies' stocks (or assets);

$$\beta_t = 34\%K+67\%\beta_\chi \quad (12)$$

Where:

K: Average risk value of the stock market over a certain period, generally assumed to be K = 1;

β_x: Historical average market risk coefficient of comparable companies' stocks (or assets);

D_i, E_i: Interest-bearing debt and equity capital of comparable companies, respectively.

(II) Determination of the Income Period

The principal business of the valued entity is photovoltaic power generation. The economic life of the main equipment of photovoltaic power generation units is generally 25 years. As at the valuation date, the valued entity is operating normally, and its principal

photovoltaic project is the Liupanshui Wangjiazhai 100 MW Photovoltaic Power Station Project. According to information provided by the valued entity, the power station began to receive electricity tariff revenue and government subsidies in January 2017, and achieved full-capacity grid-connected operation on 30 April 2018.

Following communication with the valued entity, the valuers understood that, due to disputes over project construction land, 7.12 MW was dismantled between 19 January 2021 and 26 January 2021, and a further 28.02 MW was dismantled between 13 February 2022 and 5 March 2022. As at the valuation date, the actual installed capacity of the project was 65 MW, and the dismantled 35 MW equipment has been properly stored by the valued entity.

According to communication with the client, the dismantled 35 MW capacity will be reconstructed by the client Shuifa Green Energy Co., Ltd. As at the report date, the client has selected a land parcel that complies with relevant policy requirements, and the related procedures are currently in progress. The facility is expected to be reconstructed and connected to the grid for power generation by 31 December 2025.

Based on the above, the income period of the valued entity is determined to be finite. The income period of the 65 MW capacity extends from the valuation date to 31 December 2041 (being 25 years from the recognition of grid-connected revenue). The reconstructed 35 MW capacity forms part of the same project as the 65 MW capacity, and its income period is consistent with that of the 65 MW capacity, i.e. from the valuation date to 31 December 2041.

(III) Determination of Future Earnings

Guizhou Xingye Green Energy Technology Co., Ltd. was established on 17 June 2015, and its principal business is the Liupanshui Wangjiazhai 100 MW Photovoltaic Power Station Project. The project achieved grid-connected operation in April 2018.

Due to disputes over project construction land, 7.12 MW was dismantled between 19 January 2021 and 26 January 2021, and a further 28.02 MW was dismantled between 13 February 2022 and 5 March 2022. As at the valuation date, the actual installed capacity of the project was 65 MW, and the dismantled 35 MW equipment has been properly stored by the valued entity.

According to communication with the client, the dismantled 35 MW capacity will be reconstructed by the client Shuifa Green Energy Co., Ltd. As at the report date, the client has selected a land parcel that complies with relevant policy requirements, and the related procedures are currently in progress. The facility is expected to be reconstructed and connected to the grid for power generation by 31 May 2026.

1. Forecast of Operating Revenue

Operating revenue = Annual electricity sales revenue + Other business revenue

Annual electricity sales revenue = Annual settled electricity volume × On-grid tariff

Where:

Annual settled electricity volume = Actual installed capacity × Current-period power generation hours before degradation × Post-degradation efficiency × (1 − Overall loss rate)

(1) Forecast of Annual Settled Electricity Volume

(1) Installed Capacity

① As at the valuation date, the approved installed capacity of the project is 100 MW, and the actual installed capacity is 65 MW;

② The 35 MW capacity is expected to be reconstructed and completed on 31 May 2026, with an actual installed capacity of 35 MW.

(2) Power Generation Hours before Degradation

Power generation hours before degradation refer to the generation hours excluding the physical degradation effect of photovoltaic modules. The calculation formula is as follows:

Historical power generation hours before degradation = Electricity generation / Actual installed capacity / Post-degradation efficiency

Based on the historical operating data of the valued entity for 2022, 2023 and 2024, as well as enterprise forecasts, the valuers determine the power generation hours before degradation for the future income period. Details are as follows:

Forecast Table of Power Generation Hours before Degradation

		Historical power generation hours before degradation				Forecast power generation hours before degradation		
No.	**Project**	**2022**	**2023**	**2024**	**January–October 2025**	**November–December 2025**	**2026**	**2027 and thereafter**
1	65 MW photovoltaic project	1202.94	1222.51	1044.58	763.76	132.81	1091.65	1091.65
2	35 MW reconstructed photovoltaic project	–	–	–	–	–	636.79	1091.65

(3) Post-degradation Efficiency

Based on industry analysis and the project feasibility study report, this valuation adopts a degradation rate of 2.5% for the first year, followed by an annual degradation rate of 0.70% thereafter.

(4) Overall Loss Rate

In this valuation, the overall loss rate is determined to be 2.70%.

(2) Forecast of Electricity Tariff

Based on project approval documents, subsidy catalogues, and power purchase and sale agreements, and in combination with enterprise forecasts, the forecast tariffs for each project are as follows:

Approved On-grid Tariff and Government Subsidy Tariff Forecast

Unit: RMB/kWh

Project	Approved on-grid tariff (tax-inclusive)	Government subsidy tariff (tax-inclusive)
65 MW photovoltaic project	0.3515	0.6485
35 MW reconstructed photovoltaic project	0.3515	0.6485

Forecast of Composite On-grid Tariff (Tax-exclusive)

Unit: RMB/kWh

		Historical period				Forecast period	
No.	Project	2022	2023	2024	January–October 2025	November–December 2025	2026 and thereafter
1	65 MW photovoltaic project	0.3110	0.3059	0.2609	0.2882	0.2843	0.3111
2	35 MW reconstructed photovoltaic project	–	–	–	–	–	0.3111

(3) Forecast of Other Business Income

The valued entity's historical other business income mainly comprises sales of spare parts and consumables. According to enterprise interviews, such business is incidental in nature and does not constitute the principal business of the valued entity. Therefore, no forecast has been made in this valuation.

(4) Forecast of Operating Revenue

Based on the above, the operating revenue of Guizhou Xingye Green Energy Technology Co., Ltd. during the forecast period is set out in the table below:

Operating Revenue Forecast Table

Unit: RMB10,000

Item	November–December 2025	2026	2027	2028	2029	2030
Total revenue from principal business	672.02	7,431.22	8,635.17	8,569.25	8,503.33	8,437.42
Government subsidy revenue	449.40	4,819.14	5,599.91	5,557.16	5,514.41	5,471.66
Project name						
65 MW photovoltaic project						
Actual installed capacity (10,000 kW)	6.51	6.51	6.51	6.51	6.51	6.51
Power generation hours before degradation (h)	132.81	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65
Post-degradation efficiency	93.10%	92.40%	91.70%	91.00%	90.30%	89.60%
Electricity generation (10,000 kWh)	804.80	6,565.65	6,515.91	6,466.17	6,416.43	6,366.69
Overall loss rate	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Settled electricity volume (10,000 kWh)	783.07	6,388.34	6,339.95	6,291.55	6,243.15	6,194.76
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	222.62	1,987.17	1,972.12	1,957.06	1,942.01	1,926.95
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.2843	0.3111	0.3111	0.3111	0.3111	0.3111
Settled electricity volume (10,000 kWh)	783.07	6,388.34	6,339.95	6,291.55	6,243.15	6,194.76
Government subsidy revenue	449.40	4,819.14	5,599.91	5,557.16	5,514.41	5,471.66
Government subsidy tariff (RMB/kWh) tax-exclusive	0.5739	0.5739	0.5739	0.5739	0.5739	0.5739
Current-period subsidised electricity volume (10,000 kWh)	783.07	8,397.28	9,757.74	9,683.25	9,608.77	9,534.28
Subtotal of revenue	672.02	6,806.31	7,572.02	7,514.22	7,456.42	7,398.62

Item	November–December 2025	2026	2027	2028	2029	2030
Project name						
35 MW reconstructed photovoltaic project						
Actual installed capacity (10,000 kW)	–	3.51	3.51	3.51	3.51	3.51
Power generation hours before degradation (h)	–	636.79	1,091.65	1,091.65	1,091.65	1,091.65
Post-degradation efficiency	93.10%	92.40%	91.70%	91.00%	90.30%	89.60%
Electricity generation (10,000 kWh)	–	2,064.69	3,512.66	3,485.84	3,459.03	3,432.21
Overall loss rate	0.00%	2.70%	2.70%	2.70%	2.70%	2.70%
Settled electricity volume (10,000 kWh)	–	2,008.93	3,417.80	3,391.71	3,365.62	3,339.53
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	–	624.90	1,063.15	1,055.03	1,046.91	1,038.80
Composite on-grid tariff (RMB/kWh) tax-exclusive	–	0.31	0.31	0.31	0.31	0.31
Settled electricity volume (10,000 kWh)	–	2,008.93	3,417.80	3,391.71	3,365.62	3,339.53
Subtotal of revenue	–	624.90	1,063.15	1,055.03	1,046.91	1,038.80

Item	2031	2032	2033	2034	2035	2036
Total revenue from principal business	8,371.50	8,305.58	8,239.67	8,173.75	8,107.83	5,434.32
Government subsidy revenue	5,428.92	5,386.17	5,343.42	5,300.68	5,257.93	2,607.59
Project name						
65 MW photovoltaic project						
Actual installed capacity (10,000 kW)	6.51	6.51	6.51	6.51	6.51	6.51
Power generation hours before degradation (h)	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65
Post-degradation efficiency	88.90%	88.20%	87.50%	86.80%	86.10%	85.40%
Electricity generation (10,000 kWh)	6,316.95	6,267.21	6,217.47	6,167.73	6,117.99	6,068.25
Overall loss rate	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Settled electricity volume (10,000 kWh)	6,146.36	6,097.96	6,049.57	6,001.17	5,952.77	5,904.38

Item	2031	2032	2033	2034	2035	2036
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	1,911.90	1,896.84	1,881.79	1,866.74	1,851.68	1,836.63
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.3111	0.3111	0.3111	0.3111	0.3111	0.3111
Settled electricity volume (10,000 kWh)	6,146.36	6,097.96	6,049.57	6,001.17	5,952.77	5,904.38
Government subsidy revenue	5,428.92	5,386.17	5,343.42	5,300.68	5,257.93	2,607.59
Government subsidy tariff (RMB/kWh) tax-exclusive	0.5739	0.5739	0.5739	0.5739	0.5739	0.5739
Current-period subsidised electricity volume (10,000 kWh)	9,459.79	9,385.31	9,310.82	9,236.33	9,161.85	4,543.68
Subtotal of revenue	7,340.82	7,283.01	7,225.21	7,167.41	7,109.61	4,444.22
Project name						
35 MW reconstructed photovoltaic project						
Actual installed capacity (10,000 kW)	3.51	3.51	3.51	3.51	3.51	3.51
Power generation hours before degradation (h)	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65
Post-degradation efficiency	88.90%	88.20%	87.50%	86.80%	86.10%	85.40%
Electricity generation (10,000 kWh)	3,405.40	3,378.58	3,351.77	3,324.96	3,298.14	3,271.33
Overall loss rate	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%
Settled electricity volume (10,000 kWh)	3,313.44	3,287.35	3,261.26	3,235.17	3,209.08	3,182.99
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	1,030.68	1,022.57	1,014.45	1,006.34	998.22	990.11
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.31	0.31	0.31	0.31	0.31	0.31
Settled electricity volume (10,000 kWh)	3,313.44	3,287.35	3,261.26	3,235.17	3,209.08	3,182.99
Subtotal of revenue	1,030.68	1,022.57	1,014.45	1,006.34	998.22	990.11

Item	2037	2038	2039	2040	2041
Total revenue from principal business	2,803.56	2,780.39	2,757.22	2,734.05	2,710.88
Government subsidy revenue	–	–	–	–	–
Project name					
65 MW photovoltaic project					
Actual installed capacity (10,000 kW)	6.51	6.51	6.51	6.51	6.51
Power generation hours before degradation (h)	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65
Post-degradation efficiency	84.70%	84.00%	83.30%	82.60%	81.90%
Electricity generation (10,000 kWh)	6,018.51	5,968.77	5,919.03	5,869.29	5,819.55
Overall loss rate	2.70%	2.70%	2.70%	2.70%	2.70%
Settled electricity volume (10,000 kWh)	5,855.98	5,807.58	5,759.19	5,710.79	5,662.39
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	1,821.57	1,806.52	1,791.46	1,776.41	1,761.36
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.3111	0.3111	0.3111	0.3111	0.3111
Settled electricity volume (10,000 kWh)	5,855.98	5,807.58	5,759.19	5,710.79	5,662.39
Government subsidy revenue	–	–	–	–	–
Government subsidy tariff (RMB/kWh) tax-exclusive	0.5739	0.5739	0.5739	0.5739	0.5739
Current-period subsidised electricity volume (10,000 kWh)	–	–	–	–	–
Subtotal of revenue	1,821.57	1,806.52	1,791.46	1,776.41	1,761.36
Project name					
35 MW reconstructed photovoltaic project					
Actual installed capacity (10,000 kW)	3.51	3.51	3.51	3.51	3.51
Power generation hours before degradation (h)	1,091.65	1,091.65	1,091.65	1,091.65	1,091.65
Post-degradation efficiency	84.70%	84.00%	83.30%	82.60%	81.90%
Electricity generation (10,000 kWh)	3,244.51	3,217.70	3,190.89	3,164.07	3,137.26
Overall loss rate	2.70%	2.70%	2.70%	2.70%	2.70%

Item	2037	2038	2039	2040	2041
Settled electricity volume (10,000 kWh)	3,156.90	3,130.81	3,104.72	3,078.63	3,052.54
Other electricity revenue (including benchmark tariff, performance-based settlement and market trading)	981.99	973.87	965.76	957.64	949.53
Composite on-grid tariff (RMB/kWh) tax-exclusive	0.31	0.31	0.31	0.31	0.31
Settled electricity volume (10,000 kWh)	3,156.90	3,130.81	3,104.72	3,078.63	3,052.54
Subtotal of revenue	981.99	973.87	965.76	957.64	949.53

2. Forecast of Operating Costs

The operating costs of the valued entity mainly include travel expenses, staff remuneration, depreciation, utilities, service fees, maintenance and repair expenses, lease expenses, commercial insurance, weed control costs, data communication fees, office expenses, low-value consumables, spare parts and consumables, compensation for young crops (long-term deferred expenses), and others. The forecast assumptions are as follows:

(1) Travel expenses and staff remuneration: Forecast with reference to historical levels.

(2) Depreciation: This mainly relates to the depreciation of fixed assets of the power station. In this valuation, depreciation included in operating costs is forecast based on the original book value of various fixed assets of the enterprise as at the valuation date and the amount of future planned capital expenditure. The depreciation to be recognised over the income period is calculated in accordance with the valued entity's prevailing accounting policies.

(3) Maintenance and repair expenses: Forecast with reference to the historical average level. Considering the expected increase in maintenance costs in later years, an increase of 5% every five years is assumed.

(4) Lease expenses: Lease expenses include land-use right rentals recognised under right-of-use assets, which are used for the production area of the photovoltaic project (panel area). In this valuation, the forecast is based on the power station lease agreement as at the valuation date, and right-of-use assets are no longer considered in depreciation.

As at the valuation date, the 35 MW reconstruction project requires relocation, and the land lease agreement has not yet been executed. Based on data provided by the client, lease expenses for the 35 MW reconstruction project are forecast based on the leasing of 622 mu of land at RMB500 per mu, with an increase of 10% every five years.

(5) Other expenses are forecast based on historical levels.

The forecast results for operating costs of the valued entity are set out in the net cash flow forecast table.

3. Forecast of Taxes and Surcharges

The taxes and surcharges of the valued entity mainly include urban maintenance and construction tax, educational surcharge, local educational surcharge, stamp duty, and others.

According to the *Interim Regulations of the People's Republic of China on Urban Maintenance and Construction Tax* and the *Decision of the State Council on Amending the Interim Provisions on the Collection of Educational Surcharges*, the applicable urban maintenance and construction tax rate is 7%, and the educational surcharge (including local educational surcharge) rate is 5%. The surcharges are forecast based on the input VAT and output VAT for each year of the forecast period of the valued entity, with each type of surcharge calculated separately according to its respective formula. Stamp duty is forecast at 0.03% of the total contract value.

The forecast results of taxes and surcharges are set out in the enterprise free cash flow forecast table.

4. Forecast of Period Expenses

(1) Selling Expenses

The valued entity has no selling expenses.

(2) Administrative Expenses

The administrative expenses of the valued entity mainly include business entertainment expenses, intermediary fees, and service fees. Administrative expenses are forecast based on historical levels. Considering the addition of the 35 MW project in 2026, a growth rate of 3% is applied, and the expenses remain unchanged in subsequent years. The detailed forecast is set out in the future cash flow forecast table.

(3) R&D Expenses

The valued entity has no R&D expenses.

(4) Finance Expenses

The finance expenses of the valued entity mainly consist of interest on borrowings. The relevant borrowings are intra-group loans between the valued entity and Beijing Jingyuntong Technology Co., Ltd. In this valuation, future annual interest expenses are forecast based on the enterprise's future borrowing and repayment plans, interest rates, and other relevant factors. The detailed forecast results are set out in the enterprise free cash flow forecast table.

5. Forecast of Income Tax

Enterprise income tax is a tax levied on the production and operation income and other income of domestic enterprises and operating entities in China. The applicable income tax rate of the valued entity is 25%.

In this valuation, the forecast of income tax is based on the projected total profit of the valued entity for each future year. After taking into account relevant tax adjustment items (both additions and deductions), the taxable income for each future year is determined. The income tax expense for each future year is then estimated based on the applicable enterprise income tax rate. The forecast results are set out in the enterprise free cash flow forecast table.

6. Forecast of Depreciation and Amortisation

(1) Depreciation Forecast

The valued entity's fixed assets mainly include machinery and equipment, transport equipment, and electronic office equipment. Fixed assets are stated at their actual cost at the time of acquisition. In this valuation, the 65 MW main machinery and equipment are depreciated over a useful life of 20 years with a residual value rate of 5.00%. The 55 MW main machinery and equipment are depreciated over a useful life of 16 years with a residual value rate of 5.00%. Other machinery and equipment are depreciated over a useful life of 10 years with a residual value rate of 5.00%. Transport equipment and electronic office equipment are depreciated over a useful life of 5 years with a residual value rate of 5.00%. Depreciation over the future income period is estimated based on the audited original book value of assets as at the valuation date, future capital expenditure, and the enterprise's current accounting policies.

Lease expenses related to right-of-use assets have been included in operating costs; therefore, no depreciation for right-of-use assets is considered. The depreciation forecast results are set out in the enterprise free cash flow forecast table.

(2) Amortisation Forecast

In this valuation, amortisation is forecast in accordance with the valued entity's applicable amortisation policies, based on the audited original book value of long-term deferred expenses as at the valuation date and their amortisation periods, to estimate amortisation expenses for each future year. The forecast results are set out in the enterprise free cash flow forecast table.

7. Additional Capital Forecast

Additional capital refers to the incremental working capital required by an enterprise without changing its current operating and production conditions, as well as long-term capital investments with a maturity of more than one year, such as capital expenditure for capacity expansion (purchase of fixed assets or other non-current assets), incremental working capital required, and asset replacement investment necessary for ongoing operations.

In this valuation, it is assumed that the valued entity will not undertake further capital investment to expand its existing operating capacity. Additional capital over the future operating period mainly consists of replacement investment for existing assets as at the valuation date and incremental working capital required for ongoing operations. Accordingly, additional capital in this report is defined as:

Additional capital = Asset replacement investment + Incremental working capital + Capital expenditure – Government subsidy recovery

(1) Estimation of Asset Replacement Investment

Based on the assumptions and basis for earnings forecast, only replacement investment necessary to maintain post-expansion production and operation is required in future years. As the valued entity operates within a finite income period, maintenance and repair expenses required for the normal operation of major power generation equipment have already been included in operating costs; therefore, such expenses are not included again in asset replacement to avoid duplication. Other equipment is considered for replacement investment upon expiry of useful life.

(2) Estimation of Incremental Working Capital

Incremental working capital refers to the additional working capital required to maintain ongoing operations without changing the principal business conditions, including cash required for normal operations, inventory purchases, advances on behalf of customers (accounts receivable), and accounts payable. The incremental working capital reflects cash occupied through trade credit arising from changes in business activities, as well as cash and inventory required to maintain normal operations. At the same time, trade credit provided in economic activities reduces immediate cash outflows. Other receivables and other payables are generally related to non-operating or temporary transactions and are assessed separately based on their relevance to the operating business. Therefore, in principle, the estimation of the increase in working capital only considers key factors such as cash required for normal operations, accounts receivable, inventories, and accounts payable. In this report, incremental working capital is defined as:

Incremental working capital = Current-period working capital – Prior-period working capital

Where:

Working capital = Operating working capital

Operating working capital = Minimum cash balance + Operating receivables (net of government subsidy) + Inventories – Operating payables

For operating working capital, as these items all constitute operating assets of the enterprise and are highly correlated with revenue, operating working capital during the forecast period is forecast based on the historical ratio of working capital to revenue.

(3) Estimation of Capital Expenditure

According to information provided by the client, the 35 MW dismantled portion of the Liupanshui Wangjiazhai 100 MW Photovoltaic Power Station Project will be reconstructed by Shuifa Green Energy Co., Ltd., and is expected to be completed before 31 May 2026. The total reconstruction cost is estimated at RMB20 million.

Except for the above, no further capital investment will be made to the existing operating capacity, and no other expansion-related capital expenditure is considered.

(4) Government Subsidy Recovery

Based on historical government subsidy recovery patterns and the valuation assumptions, a recovery period of three years is applied in this valuation.

Government subsidy recovery = Opening balance of government subsidy receivables – Closing balance of government subsidy receivables

8. Recovery of Assets at the End of the Operating Period

Upon expiry of the 25-year operating period, the photovoltaic power station, owned by the valued entity, will be dismantled by the valued entity. Therefore, this valuation considers the residual value recovery of the photovoltaic power station at the end of the operating period.

For working capital, the entire amount of working capital invested in the final year of the operating period is assumed to be fully recovered. For fixed assets, after taking into account forecast capital expenditure, asset replacement, and depreciation, and considering the effect of the discounting period, the assets are recovered at their carrying value at the end of the operating period. The forecast results are set out in the net cash flow forecast table.

9. Cash Flow Forecast Results

The forecast results of the valued entity's net cash flows over the future operating period are set out in the table below. In this valuation, the forecast of future earnings is primarily based on industry research and analysis, combined with a comprehensive assessment of the operating conditions of comparable companies, market demand, and future industry development trends, and reflects a professional judgement. In the forecast, no consideration is given to uncertain non-operating income and expenses, subsidy income, or gains and losses arising from other non-recurring items.

Forecast Table of Future Net Cash Flows

Unit: RMB10,000

Item	November–December 2025	2026	2027	2028	2029	2030
I. Total operating revenue	672.02	7,431.22	8,635.17	8,569.25	8,503.33	8,437.42
II. Total operating costs	333.79	3,049.45	4,177.00	4,175.55	4,174.40	4,179.70
Of which: operating costs	315.84	2,946.22	4,023.27	4,022.85	4,022.85	4,029.12

Item	November–December 2025	2026	2027	2028	2029	2030
Taxes and surcharges	0.85	86.00	136.50	135.47	134.32	133.35
Selling expenses	–	–	–	–	–	–
Administrative expenses	–	17.23	17.23	17.23	17.23	17.23
R&D expenses	–	–	–	–	–	–
Finance expenses	17.11	–	–	–	–	–
III. Operating profit	338.23	4,381.77	4,458.17	4,393.70	4,328.94	4,257.72
Add: non-operating income	–	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–	–
IV. Total profit	338.23	4,381.77	4,458.17	4,393.70	4,328.94	4,257.72
Less: income tax expenses	84.56	1,096.93	1,116.03	1,099.91	1,083.72	1,065.92
V. Net profit	253.67	3,284.84	3,342.14	3,293.79	3,245.22	3,191.80
Add: depreciation and amortisation	309.36	2,399.86	3,423.16	3,422.75	3,422.75	3,422.75
Add: after-tax interest	12.84	–	–	–	–	–
Less: incremental working capital	29.44	245.59	95.41	(5.22)	(5.22)	(5.22)
Less: asset replacement	–	–	1.31	–	6.99	–
Less: capital expenditure	–	2,000.00	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–	–
Add: government subsidy recovery	(466.36)	(5,445.63)	30,804.72	(2,846.22)	(785.65)	144.91
Add: long-term asset recovery	–	–	–	–	–	–
Add: working capital recovery	–	–	–	–	–	–
VI. Enterprise free cash flow	80.07	(2,006.53)	37,473.30	3,875.54	5,880.54	6,764.69

Item	2031	2032	2033	2034	2035	2036
I. Total operating revenue	8,371.50	8,305.58	8,239.67	8,173.75	8,107.83	5,434.32
II. Total operating costs	4,178.65	4,181.36	4,180.33	4,179.29	2,938.67	2,170.00
Of which: operating costs	4,029.12	4,032.94	4,032.94	4,032.94	2,793.78	2,067.84
Taxes and surcharges	132.30	131.19	130.16	129.12	127.66	84.94
Selling expenses	–	–	–	–	–	–
Administrative expenses	17.23	17.23	17.23	17.23	17.23	17.23
R&D expenses	–	–	–	–	–	–
Finance expenses	–	–	–	–	–	–
III. Operating profit	4,192.85	4,124.22	4,059.33	3,994.46	5,169.16	3,264.32
Add: non-operating income	–	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–	–
IV. Total profit	4,192.85	4,124.22	4,059.33	3,994.46	5,169.16	3,264.32
Less: income tax expenses	1,049.70	1,032.54	1,016.32	1,000.10	1,293.78	817.57
V. Net profit	3,143.15	3,091.68	3,043.01	2,994.36	3,875.38	2,446.75
Add: depreciation and amortisation	3,422.75	3,422.75	3,422.75	3,422.75	2,176.86	1,450.92
Add: after-tax interest	–	–	–	–	–	–
Less: incremental working capital	(5.22)	(5.22)	(5.22)	(5.22)	(5.22)	(5.22)
Less: asset replacement	–	1.31	–	–	–	–
Less: capital expenditure	–	–	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–	–
Add: government subsidy recovery	144.91	144.91	144.91	144.91	144.91	3,091.49
Add: long-term asset recovery	–	–	–	–	–	–
Add: working capital recovery	–	–	–	–	–	–
VI. Enterprise free cash flow	6,716.04	6,663.25	6,615.89	6,567.24	6,202.38	6,994.39

Item	2037	2038	2039	2040	2041
I. Total operating revenue	2,803.56	2,780.39	2,757.22	2,734.05	2,710.88
II. Total operating costs	2,132.55	2,132.20	2,131.73	2,138.65	4,665.34
Of which: operating costs	2,072.29	2,072.29	2,072.29	2,079.50	4,606.09
Taxes and surcharges	43.04	42.69	42.21	41.92	42.02
Selling expenses	–	–	–	–	–
Administrative expenses	17.23	17.23	17.23	17.23	17.23
R&D expenses	–	–	–	–	–
Finance expenses	–	–	–	–	–
III. Operating profit	671.01	648.19	625.50	595.40	(1,954.45)
Add: non-operating income	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–
IV. Total profit	671.01	648.19	625.50	595.40	(1,954.45)
Less: income tax expenses	169.24	163.53	157.86	150.34	–
V. Net profit	501.77	484.65	467.63	445.06	(1,954.45)
Add: depreciation and amortisation	1,450.92	1,450.92	1,450.92	1,450.92	1,450.92
Add: after-tax interest	–	–	–	–	–
Less: incremental working capital	(5.22)	(5.22)	(5.22)	(5.22)	(5.22)
Less: asset replacement	1.31	–	6.99	–	–
Less: capital expenditure	–	–	–	–	–
Add: release of recoverable input VAT	–	–	–	–	–
Add: government subsidy recovery	5,989.76	5,941.46	2,946.58	–	–
Add: long-term asset recovery	–	–	–	–	4,330.29
Add: working capital recovery	–	–	–	–	611.21
VI. Enterprise free cash flow	7,946.36	7,882.25	4,863.36	1,901.21	4,443.19

(IV) Determination of the Discount Rate

1. Determination of the Risk-free Rate

Based on information published on the website of the China Appraisal Society, the following table presents the yields on government bonds provided by China Central Depository & Clearing Co., Ltd. (CCDC):

Chinese Government Bond Yields

Date	**Tenor**	**Yield** *(%)*
31 October 2025	3 months	1.29
	6 months	1.35
	1 year	1.38
	2 years	1.4
	3 years	1.41
	5 years	1.57
	7 years	1.68
	10 years	1.8
	30 years	2.14

The income period of the subject of valuation is 16.18 years. In accordance with the *Guidelines for Asset Valuation Experts No. 12 – Estimation of Discount Rates in Enterprise Value Valuation Using the Income Approach* (CAS [2020] No. 38), the risk-free rate may generally be represented by the yield to maturity of government bonds. When selecting government bonds, the matching between their remaining maturity and the timing of the enterprise's cash flows shall be taken into account. Accordingly, a 10-year government bond yield is selected as the risk-free rate in this valuation, i.e., r_f = 1.80%.

2. Determination of Market Risk Premium

The market risk premium refers to the expected excess return required by investors for equity investments that bear the same level of risk as the overall market, i.e. the risk compensation above the risk-free rate. The market risk premium is generally estimated based on historical market risk premium data. In this valuation, the long-term average return of the China A-share market index is used as the expected market return (r_m), and the portion of the expected market return exceeding the risk-free rate is taken as the market risk premium.

In accordance with the *Guidelines for Asset Valuation Experts No. 12 – Estimation of Discount Rates in Enterprise Value Valuation Using the Income Approach* (CAS [2020] No. 38), when estimating the market risk premium using

China's securities market indices, representative indices such as the CSI 300 Index and the SSE Composite Index may be selected to calculate excess returns over a historical period, with a time horizon of more than 10 years and using weekly or monthly data frequency. The arithmetic mean or geometric mean may be applied in the calculation.

Based on the follow-up research on the China A-share market by the research institute of China United Assets Appraisal Group, and in accordance with the above Guidelines, the representative SSE Composite Index is selected as the underlying index in this valuation. The excess returns are calculated using weekly and monthly data frequencies, applying the arithmetic mean method and annualising the results to obtain annualised returns. In addition, the arithmetic mean, geometric mean, and harmonic mean are calculated respectively. After comprehensive analysis, the expected market return is determined as $r_m = 9.62\%$. The market risk premium is calculated as:

$$\text{Market risk premium} = r_m - r_f = 9.62\% - 1.80\% = 7.82\%.$$

3. Determination of Capital Structure

The valued entity currently has no financing plan, and its capital structure is relatively stable. In addition, the profit forecasts prepared by management are based on the assumption that the capital structure remains stable. Therefore, in this valuation, the enterprise's own stable capital structure as at the valuation date is adopted for the estimation of the discount rate for future periods. When determining the capital structure, both equity and debt values are estimated based on their respective market values.

4. Determination of the Beta Coefficient

Based on listed companies in the photovoltaic power generation sector under the Shenwan Industry Classification, comparable companies are selected after considering comparability factors between the valued entity and the comparable companies, including business type, company size, profitability, growth potential, industry competitiveness, and stage of development. The SSE Composite Index is used as the underlying index. According to data obtained from the iFinD financial data terminal, and based on market prices as at the valuation date, with a calculation period of 250 weeks prior to the valuation date, the expected unlevered market risk coefficient of comparable companies' stocks (βu) is estimated. Based on the valued entity's own capital structure, the expected market risk coefficient of the equity capital of the valued entity (β_e) is derived.

5. Determination of the Specific Risk Factor

When determining the discount rate, differences between the subject of valuation and comparable listed companies in terms of company size, stage of development, core competitiveness, dependence on major customers and key suppliers, financing capability and financing costs, and the robustness of profit forecasts are considered to determine the specific risk factor. During the valuation process, the valuers conducted a comparative analysis between the enterprise and comparable listed companies, and determined the specific risk factor as $\varepsilon = 0.60\%$.

6. Determination of the Expected Return on Debt (r_d)

The expected return on debt represents the capital cost of the enterprise's debt financing. In this valuation, the capital structure adopted is the enterprise's own capital structure. In accordance with the principle that the cost of debt should be consistent with the capital structure, the expected return on debt is determined based on the weighted average cost of the enterprise's debt. As at the valuation date, the valued entity has no interest-bearing debt.

7. Calculation of the Discount Rate (WACC)

Substituting the above parameters into the formula, the discount rate is calculated as shown in the table below:

Table 3. Calculation of the Discount Rate

	November–December 2025	2026 and thereafter
Equity ratio	100.00%	100.00%
Debt ratio	0.00%	0.00%
Weighted average loan interest rate	0.56%	0.00%
Government bond yield	1.80%	1.80%
Comparable company return (expected market return)	9.62%	9.62%
Applicable tax rate	25.00%	25.00%
Historical beta	0.6449	0.6449
Adjusted beta	0.7620	0.7620
Unlevered beta	0.5210	0.5210
Equity beta	0.5210	0.5210
Specific risk factor	0.60%	0.60%
Cost of equity	6.47%	6.47%
After-tax cost of debt	0.42%	0.00%
WACC	6.47%	6.47%
Discount rate	6.47%	6.47%

(V) Determination of the Value of Operating Assets

Substituting the expected net cash flows into Formula (3), the value of the valued entity's operating assets is determined to be RMB806,947,500.

(VI) Determination of the Value of Non-operating or Excess Assets (Liabilities)

Upon verification, certain assets (liabilities) recorded in the valued entity's accounts as at the valuation date are not reflected in the forecast net cash flows and are therefore considered excess or non-operating assets (liabilities) outside the scope of the forecast cash flows. Based on the audited financial statements, these items are independently assessed, and the value of excess or non-operating assets (liabilities) as at the valuation date is determined as follows:

$$C = C1 + C2 = -RMB58,313,000$$

(VII) Valuation Result under the Income Approach

Substituting the value of operating assets (P = RMB806,947,500) and the value of excess or non-operating assets (C = -RMB58,313,000) existing as at the valuation date into Formula (2), the enterprise value of the valued entity is derived as follows: B = RMB748,634,600.

The value of interest-bearing debt of the valued entity as at the valuation date is D = RMB368,623,200. Therefore, the equity value of the valued entity is calculated as:

E = B − D = RMB380,000,000 (rounded to the nearest million).

The following is the text of a letter received from the Company's auditor, Rongcheng (Hong Kong) CPA Limited, Certified Public Accountants and Registered Public Interest Entity Auditor, for inclusion in this circular.

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE 100% EQUITY INTERESTS IN GUIZHOU XINGYE GREEN ENERGY TECHNOLOGY CO., LTD.*

TO THE BOARD OF DIRECTORS OF
CHINA SHUIFA SINGYES ENERGY HOLDINGS LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by China United Assets Appraisal Group (Shandong) Co., Ltd.* (中聯資產評估集團山東有限公司) dated 2 June 2025, of the 100% equity interests in Guizhou Xingye Green Energy Technology Co., Ltd.* (貴州興業綠色能源科技有限公司) (the "**Target Company**") as at 30 September 2024 (the "**Valuation**") is based. The Target Company is a company incorporated in the People's Republic of China with limited liability and is principally engaged in the maintenance and management of photovoltaic power station and sale of electricity. The Valuation 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 set out in the announcement of China Shuifa Singyes Energy Holdings Limited (the "**Company**") dated 21 October 2025 in connection with the acquisition of the 100% equity interests in the Target Company (the "**Announcement**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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" issued by the HKICPA, which requires our 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' Responsibility

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is 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. 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 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 calculations are concerned, have been properly compiled, in all material aspects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Target Company.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. 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 Valuation 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, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions.

Rongcheng (Hong Kong) CPA Limited
Certified Public Accountants
Leung Man Kit
Practising Certificate Number: P08413
Hong Kong, 21 October 2025

* *For identification purpose only*

The following is the full text of the letter from the Board for inclusion in this circular.

21 October 2025

The Board of Directors
China Shuifa Singyes Energy Holdings Limited

Dear Sirs,

Re: Major Transaction in relation to the acquisition of 100% equity interest in Guizhou Xingye Green Energy Technology Co., Ltd.* (貴州興業綠色能源科技有限公司) (the "Target Company")

Reference is made to the announcement of China Shuifa Singyes Energy Holdings Limited (the "**Company**") dated 21 October 2025 concerning the captioned transaction (the "**Announcement**"). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the Valuation Report prepared by the Valuer in relation to the valuation of the market value of the Target Company as at 30 September 2024. The valuation of the Target Company based on discounted cash flow analysis under the income approach is regarded as a profit forecast (the "**First Profit Forecast**") under Rule 14.61 of the Listing Rules.

For the purpose of preparing this letter, the Board has (i) considered the letter from Rongcheng (Hong Kong) CPA Limited regarding the calculations of the First Profit Forecast upon which the valuation of the Target Company is based; (ii) reviewed the First Profit Forecast upon which the valuation of the Target Company has been made; (iii) discussed with the relevant senior management of the Company regarding the bases and assumptions upon which the First Profit Forecast regarding the Target Company in the valuation has been prepared, the relevant work conducted by the senior management, and the historical performance of the Target Company; and (iv) reviewed the reports to the Directors from the senior management regarding the calculations of the future cash flows used in the valuation.

Based on the foregoing, pursuant to the requirements of Rule 14.60A(3) of the Listing Rules, the Board confirms that the First Profit Forecast was made after due and careful enquiry.

Yours faithfully,

For and on behalf of
Board of Directors of
China Shuifa Singyes Energy Holdings Limited
Zhou Guangyan
Vice-Chairman and Executive Director

* *For identification purposes only*

The following is the text of a letter received from the Company's auditor, Rongcheng (Hong Kong) CPA Limited, Certified Public Accountants and Registered Public Interest Entity Auditor, for inclusion in this circular.

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE 100% EQUITY INTERESTS IN GUIZHOU XINGYE GREEN ENERGY TECHNOLOGY CO., LTD.*

TO THE BOARD OF DIRECTORS OF

CHINA SHUIFA SINGYES ENERGY HOLDINGS LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by China United Assets Appraisal Group (Shandong) Co., Ltd.* (中聯資產評估集團山東有限公司) dated 13 March 2026, of the 100% equity interests in Guizhou Xingye Green Energy Technology Co., Ltd.* (貴州興業綠色能源科技有限公司) (the "**Target Company**") as at 31 October 2025 (the "**Valuation**") is based. The Target Company is a company incorporated in the People's Republic of China with limited liability and is principally engaged in the maintenance and management of photovoltaic power station and sale of electricity. The Valuation 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 set out in the announcement of China Shuifa Singyes Energy Holdings Limited (the "**Company**") dated 21 October 2025 in connection with the acquisition of the 100% equity interests in the Target Company (the "**Announcement**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the "**Assumptions**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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" issued by the HKICPA, which requires our 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' Responsibility

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly complied, in all material respects, in accordance with the Assumptions on which the Valuation is 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. 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 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 calculations are concerned, have been properly compiled, in all material aspects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Target Company.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. 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 Valuation 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, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions.

Rongcheng (Hong Kong) CPA Limited
Certified Public Accountants
Kwan Shui Cheung, Esmond
Practising Certificate Number: P05371
Hong Kong
30 April 2026

* *For identification purpose only*

The following is the full text of the letter from the Board for inclusion in this circular.

30 April 2026

The Board of Directors
China Shuifa Singyes Energy Holdings Limited

Dear Sirs,

Re: Major Transaction in relation to the acquisition of 100% equity interest in Guizhou Xingye Green Energy Technology Co., Ltd.* (貴州興業綠色能源科技有限公司) (the "Target Company")

Reference is made to the announcement of China Shuifa Singyes Energy Holdings Limited (the "**Company**") dated 21 October 2025 and the circular of the Company dated 30 April 2026 (the "**Circular**") concerning the captioned transaction. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We refer to the Second Valuation Report prepared by the Valuer in relation to the valuation of the market value of the Target Company as at 31 October 2025. The valuation of the Target Company based on discounted cash flow analysis under the income approach is regarded as a profit forecast (the "**Second Profit Forecast**") under Rule 14.61 of the Listing Rules.

For the purpose of preparing this letter, the Board has (i) considered the letter from Rongcheng (Hong Kong) CPA Limited regarding the calculations of the Second Profit Forecast upon which the valuation of the Target Company is based; (ii) reviewed the Second Profit Forecast upon which the valuation of the Target Company has been made; (iii) discussed with the relevant senior management of the Company regarding the bases and assumptions upon which the Second Profit Forecast regarding the Target Company in the valuation has been prepared, the relevant work conducted by the senior management, and the historical performance of the Target Company; and (iv) reviewed the reports to the Directors from the senior management regarding the calculations of the future cash flows used in the valuation.

Based on the foregoing, pursuant to the requirements of Rule 14.60A(3) of the Listing Rules, the Board confirms that the Second Profit Forecast was made after due and careful enquiry.

Yours faithfully,

For and on behalf of
Board of Directors of
China Shuifa Singyes Energy Holdings Limited
Zhou Guangyan
Vice-Chairman and Executive Director

* *For identification purposes only*

RESPONSIBILITY STATEMENT

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

DISCLOSURES OF INTERESTS

Interests of Directors and chief executive in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, no Directors and chief executives of the Company has interests and short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); (ii) recorded in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as adopted by the Company.

Interests of substantial and other Shareholders in the Shares and underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following persons (other than being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long position in the Shares

Name of Shareholder(s)	**Capacity/Nature of Interests**	**Number of Shares held**	**Approximate percentage of shareholding** *(Note 3)*
Water Development (HK) Holding Co., Limited	Beneficial owner *(Note 1)*	1,687,008,585	66.92%
	Person having a security interest in shares	180,755,472	7.17%
水發集團有限公司 (Shuifa Group Co., Ltd.*)	Interest in a controlled corporation *(Note 1)*	1,867,764,057	74.09%
Strong Eagle Holdings Ltd.	Beneficial owner *(Note 2)*	202,038,750	8.01%
Mr. Liu Hongwei	Interest in a controlled corporation *(Note 2)*	202,038,750	8.01%

Notes:

1. Water Development (HK) Holding Co., Limited is 100% beneficially owned by 水發集團有限公司 (Shuifa Group Co., Ltd.*). 水發集團有限公司 (Shuifa Group Co., Ltd.*) is deemed to be interested in the Shares in which Water Development (HK) Holding Co., Limited is interested by virtue of Part XV of the SFO. Mr. Chen Fushan, Mr. Hu Xiao and Ms. Wang Suhui are employees of 水發集團有限公司 (Shuifa Group Co., Ltd.*) and/or its subsidiaries.

2. Strong Eagle Holdings Ltd. is owned by Mr. Liu Hongwei, Mr. Sun Jinli, Mr. Xie Wen, Mr. Xiong Shi and Mr. Zhuo Jianming as to 53%, 15%, 13% 10% and 9% respectively. Mr. Liu Hongwei is deemed to be interested in the Shares held by Strong Eagle Holdings Ltd. by virtue of Part XV of the SFO.

3. The percentage is calculated on the basis of 2,521,081,780 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no other person, other than Directors or

chief executive of the Company and (in the case of the other members of the Group) other than the Company, who had, or were deemed or taken to have any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contract with the Company, or any of its subsidiaries or associated companies which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date:

(i) none of the Directors had any interest, direct or indirect, in any which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2025, being the date to which the latest published audited accounts of the Company were made up; and

(ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group which was subsisting as at the Latest Practicable Date and was significant in relation to the business of the Enlarged Group.

COMPETING BUSINESS

As at the Latest Practicable Date and so far as the Directors were aware, none of the Directors or their respective close associates had an interest in any business that competes with or is likely to compete with the business of the Group.

LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

MATERIAL CONTRACTS

The following contracts, not being contracts entered in the ordinary course of business of the Group, have been entered into by the members of the Group within two years preceding the Latest Practicable Date and which are, or may be, material:

(1) the Equity Transfer Agreement;

(2) the equity transfer agreement dated 29 December 2025 and entered into between Shuifa Green Energy (as seller) and Shenzhen Beizi Enterprise Development Co., Ltd.* (深圳北資實業發展有限公司) ("**Shenzhen Beizi**", as purchaser), pursuant to which Shuifa Green Energy has agreed to sell, and Shenzhen Beizi has agreed to purchase (i) 100% equity interest in Xingmin Energy (Ji'nan) Co., Ltd.* ("**Xingmin Energy**", 興民能源(濟南)有限公司); and (ii) the outstanding debt of Xingmin Energy owing to Shuifa Green Energy in the total amount of RMB13,783,800, at the total consideration of RMB14,002,100;

(3) the equity transfer agreement dated 29 December 2025 and entered into between Zhuhai Singyes Green Construction Technology Co., Ltd.* ("**Zhuhai Singyes**", 珠海興業綠色建築科技有限公司) (as seller) and Shandong Beizi Resources and Recycle Technology Group Co., Ltd.* ("**Shandong Beizi**", 山東北資資源循環科技集團有限公司) (as purchaser), pursuant to which Zhuhai Singyes has agreed to sell, and Shandong Beizi has agreed to purchase (i) 100% equity interest in Shuixing New Energy (Heyuan) Co., Ltd.* ("**Shuixing New Energy**", 水興新能源(河源)有限公司); and (ii) the outstanding debt of Shuixing New Energy owing to Zhuhai Singyes in the total amount of RMB14,000,000, at the total consideration of RMB14,669,500;

(4) the agreement entered into between Shuifa Xingye Holdings Co. Ltd.* (水發興業控股有限公司) and China Cinda Asset Management Co., Ltd.* (中國信達資產管理股份有限公司) on 16 December 2024 in respect of the transfer of 48% equity interests of Shuifa Clean Energy Co., Ltd.* (水發清潔能源股份有限公司) at the total consideration is RMB471,806,800; and

(5) the engineering, procurement and construction (EPC) general contracting service framework agreement dated 5 November 2024 entered into between the Company and 水發集團有限公司 (Shuifa Group Co., Ltd.*) with respect to contracting certain EPC and related services. The annual caps for the three years ending 31 December 2024, 2025 and 2026 were set at RMB1,000,000,000, RMB1,200,000,000 and RMB1,500,000,000, respectively.

QUALIFICATIONS AND CONSENTS OF EXPERTS

The following sets out the qualifications of the experts who have given their opinions or advice or statements as contained in this circular:

Name	Qualification
China United Assets Appraisal Group (Shandong) Co., Ltd. (中聯資產評估集團山東有限公司)	Independent qualified PRC valuer
Rongcheng (Hong Kong) CPA Limited	Certified Public Accountants under the Professional Accountants Ordinance (Cap. 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Cap. 588 of the Laws of Hong Kong)

As at the Latest Practicable Date, the above experts had no beneficial interest, direct or indirect, in the Company or any other member of the Group, nor any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group, nor did they have any interest, direct or indirect, in any assets which had, since 31 December 2025, the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

Each of the above experts has given and has not withdrawn its written consent to the publication of this circular with inclusion of their respective letter(s), report(s), advice(s) and all references to its name in the form and context in which they respectively appear.

GENERAL

The company secretary of the Company is Ms. Wong Wan Ching, who is a Chartered Secretary, a Chartered Governance Professional and an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The head office and principal place of business of the Company in Hong Kong is at Unit 3108, 31/F, China Merchants Tower, Shun Tak Centre, 168–200 Connaught Road Central, Hong Kong.

The principal share registrar of the Company is Conyers Corporate Services (Bermuda) Limited at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sfsyenergy.com) for a period of 14 days from the date of this circular:

(i) the Equity Transfer Agreement;

(ii) the accountant's report on the Target Company, the text of which is set out in Appendix II to this circular;

(iii) the report on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(iv) the First Valuation Report, the text of which is set out in Appendix IV to this circular;

(v) the Second Valuation Report, the text of which is set out in Appendix V to this circular;

(vi) the letter from Rongcheng (Hong Kong) CPA Limited in connection with the First Valuation Report, the text of which is set out in Appendix VI to this circular;

(vii) the letter issued by the Board in relation to the First Valuation Report, the text of which is set out in Appendix VII to this circular;

(viii) the letter from Rongcheng (Hong Kong) CPA Limited in connection with the Second Valuation Report, the text of which is set out in Appendix VIII to this circular;

(ix) the letter issued by the Board in relation to the Second Valuation Report, the text of which is set out in Appendix IX to this circular; and

(x) the written consents as referred to in the section headed "Qualifications and consents of experts" in this Appendix.