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

If you have sold or transferred all your shares in the Company, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

PUXING ENERGY LIMITED
普星能量有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

(1) PROPOSED GRANTING OF GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES, (2) RE-ELECTION OF RETIRING DIRECTORS, (3) PROPOSED DECLARATION AND PAYMENT OF FINAL DIVIDEND, (4) PROPOSED RE-APPOINTMENT OF AUDITOR, (5) VERY SUBSTANTIAL DISPOSALS AND CONNECTED TRANSACTIONS IN RELATION TO 49% EQUITY INTEREST IN DENENG AND 100% EQUITY INTEREST IN JINGXING AND NOTICE OF ANNUAL GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee

Donvex 富域資本
Donvex Capital Limited
富域資本有限公司

Capitalised terms used in this cover page have the same meanings as defined in this circular. A letter from the Board is set out on pages 8 to 74 of this circular. A notice convening the AGM of the Company to be held at Second Floor Meeting Room, Wanxiang Group Corporation, No. 855 Jianshe 2nd Road, Xiaoshan District, Hangzhou City, China, on Tuesday, 30 June 2026 at 10:00 a.m. is set out on pages AGM – 1 to AGM – 6 of this circular. A form of proxy for use at the AGM is enclosed with this circular.

Whether or not you are able to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish and, in such event, the form of proxy shall be deemed to be revoked.

9 June 2026

* *for identification purpose only*

CONTENTS

Page

Definitions 1

Letter from the Board 8

Introduction 8

Issue Mandate, Repurchase Mandate and Extension Mandate 9

Re-election of Retiring Directors 10

Proposed Declaration and Payment of Final Dividend 11

Proposed Re-appointment of Auditor 11

Very Substantial Disposals and Connected Transactions in Relation to 49% Equity Interest in Deneng and 100% Equity Interest in Jingxing 12

AGM and Proxy Arrangement 72

Voting by Poll 72

Closure of Register of Members 73

Recommendation 73

Responsibility Statement 74

Letter from the Independent Board Committee 75

Letter from the Independent Financial Adviser 77

Appendix I – Explanatory Statement on Repurchase of Shares I-1

Appendix II – Details of Retiring Directors Proposed for Re-election II-1

Appendix III – Financial Information of the Group III-1

Appendix IV-A – Financial Information of the Deneng Group IV-A-1

Appendix IV-B – Financial Information of Jingxing IV-B-1

Appendix V – Unaudited Pro Forma Finanical Information of the Remaining Group V-1

Appendix VI – Management Discussion and Analysis of the Remaining Group VI-1

Appendix VII – Valuation Reports VII-1

Appendix VIII – General Information of the Group VIII-1

Notice of AGM AGM-1

In this circular (other than in the notice of AGM), unless the context requires otherwise, the following expressions have the following meanings:

"AGM"	the annual general meeting of the Company to be held at Second Floor Meeting Room, Wanxiang Group Corporation, No. 855 Jianshe 2nd Road, Xiaoshan District, Hangzhou City, China, on Tuesday, 30 June 2026 at 10:00 a.m. (or any adjournment thereof);
"Anergy International"	Anergy International Limited, a company incorporated under the laws of British Virgin Islands with limited liability, which wholly owns Puxing International, and is owned as to 100% by Wanxiang Group which in turn is ultimately controlled by Mr. Lu
"Anji Power Plant"	Puxing (Anji) Gas Turbine Cogeneration Co., Ltd.*(普星(安吉)燃機熱電有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidairy of the Company
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Articles of Association"	the articles of association of the Company;
"Audit Committee"	the audit committee of the Company;
"Audit Report of the Deneng Group"	consolidated audit report of the Deneng Group for the year ended 31 December 2025 issued by Zhonghui Accounting Firm (Special General Partnership)* 中匯會計師事務所(特殊普通合夥), a PRC certified public accountants in accordance with PRC GAAP
"Audit Report of Jingxing"	audit report of Jingxing for the year ended 31 December 2025 issued by Da Hua Certified Public Accountants (Special General Partnership) Chongqing Branch*(大華會計師事務所(特殊普通合夥)重慶分所), a PRC certified public accountants in accordance with PRC GAAP
"Bluesky Power Plant"	Zhejiang Puxing Bluesky Natural Gas Power Co., Ltd.*(浙江普星藍天然氣發電有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Board"	the board of Directors

"Business Day(s)"	a day other than Saturday, Sunday and a public holiday in the PRC or Hong Kong
"CCASS"	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
"close associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Company"	Puxing Energy Limited(普星能量有限公司), a company incorporated in the Cayman Islands with limited liability, of which the Shares are listed on the Main Board of the Stock Exchange
"Completions"	completion of the Disposals in accordance with the terms and conditions of the Equity Transfer Agreements
"Completion Date"	the date of the completion
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the same meaning ascribed to it under the Listing Rules
"core connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the corporate governance code as set out in Appendix C1 to the Listing Rules;
"Deneng"	Shunfa Deneng (Deqing) Power Co., Ltd.* 順發德能(德清)電力有限公司 (with previous name as Zhejiang Puxing Deneng Natural Gas Power Co., Ltd.* 浙江普星德能然氣發電有限公司), a company established under the laws of the PRC with limited liability, which is directly owned by Puxing Neng (HK) Limited and Bluesky Power Plant as to 19% and 30% respectively as at the Latest Practicable Date
"Deneng Disposal"	the disposal of 49% of the equity interest in Deneng by the Group (19% by Puxing Neng (HK) Limited, 30% by Bluesky Power Plant) to the Purchaser pursuant to the Deneng Equity Transfer Agreement

"Deneng Equity Transfer Agreement"	the equity transfer agreement dated 30 March 2026 entered into between Puxing Neng (HK) Limited, Bluesky Power Plant, the Purchaser and Deneng in relation to the Deneng Disposal
"Deneng Group"	Deneng and Quzhou
"Director(s)"	the director(s) of the Company;
"Disposals"	collectively, the Deneng Disposal and the Jingxing Disposal
"Disposal Group"	Deneng Group and Jingxing
"Equity Transfer Agreements"	collectively, Deneng Equity Transfer Agreement and Jingxing Equity Transfer Agreement
"Force Majeure Event"	any circumstances which are not within the reasonable control or prediction of affected party, or even if predicted, such circumstances are inevitable or cannot be overcome, and occur after the date of execution of the Equity Transfer Agreement and cause the performance by the party to the Equity Transfer Agreements objectively impossible in whole or in part, which include, without limitation, flood, fire, storm, earthquake, strikes, riots, wars (whether or not they have been declared) and any change in the relevant laws or regulations of the relevant industry
"Extension Mandate"	a general and unconditional mandate to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the aggregate number of Shares which may be allotted, issued and dealt with under the Issue Mandate;
"Final Dividend"	the proposed final dividend of HK$0.074 per Share for the year ended 31 December 2025;
"Group"	the Company and its subsidiaries;
"HKSCC"	Hong Kong Securities Clearing Company Limited;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;

"Independent Board Committee"	a committee of the Board comprising Mr. Wu Chongguo, Ms. Wu Ying and Mr. Yu Wayne W., being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder
"Independent Financial Adviser"	Donvex Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder
"Independent Shareholders"	the Shareholders other than Puxing International and its associates
"Issue Mandate"	a general and unconditional mandate to the Directors to exercise all the powers of the Company to allot, issue and otherwise deal with Shares (including any sale or transfer of treasury shares of the Company out of treasury) not exceeding 20% of the aggregate number of Shares in issue (excluding treasury shares, if any) on the date of passing the relevant resolution;
"Jingxing"	Zhejiang Puxing Jingxing Natural Gas Power Co., Ltd.* (浙江普星京興然氣發電有限公司), a company established under the laws of the PRC with limited liability, which is directly owned by Puxing Xing (HK) Limited and is an indirect wholly-owned subsidiary of the Company as at the date of the Latest Practicable Date
"Jingxing Disposal"	the disposal of 100% of the equity interest in Jingxing by Puxing Xing (HK) Limited to the Purchaser pursuant to the Jingxing Equity Transfer Agreement
"Jingxing Equity Transfer Agreement"	the equity transfer agreement dated 30 March 2026 entered into between Puxing Xing (HK) Limited, the Purchaser and Jingxing in relation to the Jingxing Disposal

"Latest Practicable Date"	2 June 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
"Memorandum and Articles of Association"	the Memorandum of Association and the Articles of Association;
"Memorandum of Association"	the memorandum of association of the Company, as amended from time to time;
"Mr. Lu"	Mr. Lu Weiding (魯偉鼎), the ultimate controller of the Company;
"Nomination Committee"	the nomination committee of the Company;
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan;
"PRC GAAP"	generally accepted accounting principles in the PRC
"Previous Disposal"	the Company previously disposed of 51% of equity interest in Deneng and its subsidiary Quzhou, to the Purchaser, which was completed on 7 March 2025, being the date on which the relevant registration procedures were completed
"Purchaser"	SHUNFA HENGNENG Corporation*(順發恒能股份公司), a company established under the laws of the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000631)
"Puxing International"	Puxing International Limited, a company incorporated under the laws of British Virgin Islands with limited liability, being directly interested in approximately 65.42% of the issued share capital of the Company

"Quzhou"	Shunfa (Quzhou) Thermal Power Co., Ltd.* 順發(衢州)熱電有限公司 (with previous name as Quzhou Puxing Gas Turbine Thermal Power Co., Ltd.* 衢州普星燃機熱電有限公司), a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of Deneng
"Registration Procedures"	the relevant registration procedures with the relevant PRC government authority in respect of the change in the ownership of the equity interest of Deneng and Jingxing
"Remaining Group"	the Group (excluding Deneng Group and Jingxing) on the assumption that completion of the Disposals had taken place
"Remuneration Committee"	the remuneration committee of the Company;
"Repurchase Mandate"	a general and unconditional mandate to the Directors to exercise all the powers of the Company to repurchase Shares not exceeding 10% of the aggregate number of the Share in issue (excluding treasury shares, if any) on the date of passing of the relevant resolution;
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time);
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of the Shares;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"substantial shareholder(s)"	has the same meaning ascribed to it under the Listing Rules;
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong;
"treasury shares"	has the meaning ascribed to it under the Listing Rules;

"Valuation Date"	31 December 2025, being the reference date for the preparation of the Valuation Reports
"Valuation Reports"	two separate valuation reports prepared by the Valuer on the appraised value of: (i) 100% equity interest in Deneng as at the Valuation Date; and (ii) 100% equity interest in Jingxing as at the Valuation Date, by adopting the asset-based approach
"Valuer"	United Assets & Real Estate Appraisal Co., Ltd.*(聯合中和資產不動產評估諮詢有限公司), an independent valuer
"Wanxiang Group"	Wanxiang Group Corporation*(萬向集團公司), a company established in the PRC and a connected person of the Company; and
"ZDRC"	Zhejiang Development and Reform Commission
"%"	per cent.

For the purpose of this circular, unless otherwise indicated, the exchange rate of RMB1.00 = HK$1.13 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

References to time and dates in this circular are to Hong Kong time and dates.

* *For identification purposes only*

PUXING ENERGY LIMITED
普星能量有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

Executive Directors:
Mr. GUAN Dayuan *(Chairman)*
Mr. WEI Junyong
Mr. YUAN Feng

Independent Non-executive Directors:
Mr. WU Chongguo
Ms. WU Ying
Mr. YU Wayne W.

Registered Office:
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong:
40/F, Dah Sing Financial Centre
248 Queen's Road East, Wanchai
Hong Kong

9 June 2026

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED GRANTING OF GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE SHARES, (2) RE-ELECTION OF RETIRING DIRECTORS, (3) PROPOSED DECLARATION AND PAYMENT OF FINAL DIVIDEND, (4) PROPOSED RE-APPOINTMENT OF AUDITOR (5) VERY SUBSTANTIAL DISPOSALS AND CONNECTED TRANSACTIONS IN RELATION TO 49% EQUITY INTEREST IN DENENG AND 100% EQUITY INTEREST IN JINGXING AND NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with the notice of AGM and information regarding the resolutions to be proposed at the AGM relating to, among other things, (i) the granting of the Issue Mandate to the Board; (ii) the granting of the Repurchase Mandate to the Board; (iii) the granting of the Extension Mandate to the Board; (iv) the re-election of retiring Directors; (v) proposed declaration and payment of the Final Dividend for the year ended 31 December 2025; (vi) proposed re-appointment of auditor; and (vii) very substantial disposals and connected transactions relating to the disposal of 49% equity interest in Deneng and 100% equity equity interest in Jingxing.

ISSUE MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

At the annual general meeting of the Company held on 27 June 2025, ordinary resolutions were passed for the granting of general mandates to the Directors (i) to allot, issue and deal with up to 91,720,000 new Shares (including any sale or transfer of treasury shares of the Company), representing 20% of the aggregate number of Shares in issue (excluding treasury shares, if any) as at 27 June 2025; (ii) to repurchase Shares up to a maximum of 10% of the aggregate number of Shares in issue (excluding treasury shares, if any) as at 27 June 2025; and (iii) to extend the general mandate to issue, allot and deal with the Shares in the share capital of the Company by adding the aggregate number of Shares repurchased.

The above general mandates will lapse at the conclusion of the forthcoming AGM. In order to provide continual flexibility to the Directors, the following resolutions (among other matters) will be proposed at the AGM:

(a) to grant the Issue Mandate to the Directors, i.e., to exercise all the powers of the Company to allot, issue and otherwise deal with additional Shares (including any sale or transfer of treasury shares of the Company) up to a maximum of 20% of the aggregate number of Shares in issue (excluding treasury shares, if any) on the date of passing of such resolution and the Company may hold such repurchased shares in treasury;

(b) to grant the Repurchase Mandate to the Directors, i.e., to exercise all the powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate number of Shares in issue (excluding treasury shares, if any) on the date of passing of such resolution; and

(c) to grant the Extension Mandate to the Directors, i.e., to extend the aggregate number of Shares to be issued, allotted and dealt with under the Issue Mandate by adding the aggregate number of Shares repurchased under the Repurchase Mandate.

As at the Latest Practicable Date, the Company had an aggregate of 458,600,000 Shares in issue. Subject to the passing of the proposed resolution for the grant of the Issue Mandate and on the basis that no Shares are allotted and issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Issue Mandate (if approved by the Shareholders at the AGM) to issue up to a maximum of 91,720,000 new Shares.

Further, subject to the passing of the proposed resolution for the grant of the Repurchase Mandate and on the basis that no Shares are allotted and issued or repurchased by the Company prior to the AGM, the Company would allow under the Repurchase Mandate (if approved by the Shareholders at the AGM) to repurchase up to a maximum of 45,860,000 Shares.

Each of the Issue Mandate and Repurchase Mandate, if approved, will continue in force until the earliest of: (i) the conclusion of the next annual general meeting of the Company following the AGM; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation and variation of the authority given under such resolution by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company following the AGM.

Under the Listing Rules, the Company is required to give the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution for the grant of the Repurchase Mandate to the Directors. The explanatory statement required by the Listing Rules is set out in Appendix I to this circular.

RE-ELECTION OF RETIRING DIRECTORS

Pursuant to article 84(1) of the existing Articles of Association and to comply with the code provision B.2.2 in Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Pursuant to article 84(2) of the Articles of Association, a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the AGM at which he retires.

Accordingly, the Directors, Mr. Wu Chongguo and Ms. Wu Ying will retire as Directors by rotation at the AGM and being eligible, offer themselves for re-election at the AGM.

On 27 March 2026, the Nomination Committee, having reviewed the Board's composition, nominated Mr. Wu Chongguo and Ms. Wu Ying to the Board for it to recommend to Shareholders for re-election at the AGM. The nominations took into account the respective contribution of the retiring Directors to the Board and considering the skills, experience, professional knowledge, personal integrity and time commitments of the retiring Directors, with due regard for the benefits of Board diversity.

On 27 March 2026, the Board accepted the Nomination Committee's nominations and recommended Mr. Wu Chongguo and Ms. Wu Ying to stand for re-election by Shareholders at the AGM. The Board considers that the re-election of them as Directors is in the best interest of the Company and its Shareholders as a whole. Mr. Wu Chongguo and Ms. Wu Ying abstained from the discussion and voting at the Board meeting regarding their respective nominations.

Each of the independent non-executive Directors has made an annual confirmation of independence under the factors as set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules.

Biographical details of the aforementioned retiring Directors who are proposed to be re-elected at the AGM are set out in Appendix II to this circular. The re-election of these retiring Directors will be individually voted on by Shareholders.

PROPOSED DECLARATION AND PAYMENT OF FINAL DIVIDEND

On 27 March 2026, the Board has resolved to recommend the payment of a final dividend of HK$0.074 per Share for the year ended 31 December 2025, subject to the approval of the Shareholders at the AGM. Based on the 458,600,000 Shares in issue as at 31 December 2025, it is expected that the Final Dividend payable will amount to approximately HK$33,936,400. The Final Dividend is expected to be paid on or around 22 July 2026.

PROPOSED RE-APPOINTMENT OF AUDITOR

KPMG will retire as the auditor of the Company at the AGM and, being eligible, offer itself for re-appointment. The Board proposes to re-appoint KPMG as the independent auditor of the Company for the year ending 31 December 2026 and to hold the office until the conclusion of the next annual general meeting of the Company. A resolution will also be proposed to authorise the Board to fix the auditor's remuneration.

The estimated audit fee for the audit of the consolidated financial statements of the Group for the financial year ending 31 December 2026 is expected to be in the range of approximately RMB 0.8 million to RMB 1.3 million. The estimated audit fee represents a fair and reasonable estimation, after due consideration and arm's length negotiation between the Company and KPMG. The estimation takes into account various factors such as the size and structure of the Group, the nature and complexity of the Group's businesses, the expected scope, timetable and direction of the audit and the time and resources deployed by the auditor. Furthermore, the estimated audit fee assumes there will be no additional material changes in the Group's businesses and operations except for the very substantial disposals occurred in 2026, no material changes in accounting policies or regulatory environment, and that the Company will provide timely and adequate assistance and information as required for the audit.

VERY SUBSTANTIAL DISPOSALS AND CONNECTED TRANSACTIONS IN RELATION TO 49% EQUITY INTEREST IN DENENG AND 100% EQUITY INTEREST IN JINGXING

I. Background

The Deneng Disposal

As disclosed in the Announcement, on 30 March 2026 (after trading hours), Puxing Neng (HK) Limited (a direct wholly owned subsidiary of the Company) and Bluesky Power Plant (a direct wholly owned subsidiary of the Company) as vendors, the Purchaser and Deneng (as target company) entered into the Deneng Equity Transfer Agreement, pursuant to which Puxing Neng (HK) Limited has conditionally agreed to sell 19% of the equity interest in Deneng, Bluesky Power Plant has conditionally agreed to sell 30% of the equity interest in Deneng, and the Purchaser has conditionally agreed to acquire 49% of the equity interest in Deneng at the consideration of RMB113,340,000 (equivalent to approximately HK$128,074,200), subject to the terms and conditions of the Deneng Equity Transfer Agreement. Deneng is directly owned as to 19% by Puxing Neng (HK) Limited, 30% by Bluesky Power Plant, and 51% by the Purchaser respectively. Upon completion and the completion of the Registration Procedures, the Company will no longer hold any equity interest in Deneng.

The Jingxing Disposal

As disclosed in the Announcement, on 30 March 2026 (after trading hours), the Puxing Xing (HK) Limited (a direct wholly owned subsidiary of the Company) as vendor, the Purchaser and Jingxing (as target company) entered into the Jingxing Equity Transfer Agreement, pursuant to which Puxing Xing (HK) Limited has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire 100% of the equity interest in Jingxing at the consideration of RMB146,860,000 (equivalent to approximately HK$165,951,800), subject to the terms and conditions of the Jingxing Equity Transfer Agreement. The Company owns the entire equity interest in Jingxing through Puxing Xing (HK) Limited. Upon completion and the completion of the Registration Procedures, Jingxing will no longer be a subsidiary of the Company, and the Company will no longer hold any equity interest in Jingxing.

II. Equity Transfer Agreements

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

Deneng Equity Transfer Agreement

Date	:	30 March 2026
Parties	:	(a) Puxing Neng (HK) Limited (as vendor) (b) Bluesky Power Plant (as vendor) (c) the Purchaser, and (d) Deneng (as target company)
Subject matter	:	Pursuant to the Deneng Equity Transfer Agreement, Puxing Neng (HK) Limited has conditionally agreed to sell 19% of the equity interest in Deneng, Bluesky Power Plant has conditionally agreed to sell 30% of the equity interest in Deneng, and the Purchaser has conditionally agreed to acquire 49% of the equity interest in Deneng, subject to terms and conditions of the Deneng Equity Transfer Agreement. For more information on Deneng, please refer to the section headed "III. Information on the target companies" in this circular below.
Consideration	:	The consideration for the Deneng Disposal is RMB113,340,000 (equivalent to approximately HK$128,074,200) which was determined after arm's length negotiations between the vendors and the Purchaser on normal commercial terms with reference to a number of factors, including: (a) the audited consolidated net assets value of Deneng of approximately RMB231,278,145 based on the Audit Report of Deneng Group; (b) the audited financial performance of Deneng for the year ended 31 December 2025;

(c) the benefits of the Deneng Disposal as set out in the section headed "V. Reasons for and benefits of the Disposals" in this circular below; and

(d) for the Board's reference purposes, the Board has also considered the appraised value of 100% equity interests in Deneng as at 31 December 2025 by adopting the asset-based approach, being approximately RMB286,407,900 (equivalent to approximately HK$323,640,900) prepared by the Valuer.

Registration Procedures : The vendors and the Purchaser shall complete the Registration Procedures within fifteen (15) Business Days after the date on which all the conditions precedent are fulfilled.

Payment of the Consideration : The consideration shall be paid to a bank account designated by the vendors within thirty (30) Business Days from the date of the completion of the foreign exchange registration of the funds of the Deneng Disposal in accordance with Hong Kong dollar foreign exchange purchase procedures (the amount of foreign exchange purchase proceeds shall be calculated at the actual exchange rate) after the Purchaser has withheld and paid taxation according to laws (if applicable).

Transition period agreement : (a) Subject to the completion, during the period from 31 December 2025 to the Completion Date (the "**Transition Period**"), the Purchaser shall bear all the profits and losses of the 49% equity interest of Deneng, and the vendors shall have the obligation of good faith management of the 49% equity interest of Deneng. In case of any event or potential event that has significant adverse impact on the 49% equity interest of Deneng during the Transition Period, the Purchaser shall be notified in a timely manner and such matter shall be handled properly; and

(b) Dividends which have been declared and approved for distribution by Deneng but have not yet been paid prior to the completion of Registration Procedures, shall belong to the original shareholders of Deneng, (i.e. Puxing Neng (HK) Limited is entitled to receive dividends of RMB56,994,300 while Bluesky Power Plant is entitled to receive dividends of RMB14,783,300).

The principal purpose of the Transition Period arrangement is to secure the transaction consideration and clearly delineate the allocation of risks, so as to ensure certainty and operability of the transaction at the execution level. Such arrangement help avoid the need to adjust the transaction consideration by reference to the operating profits or losses of the disposed assets during the Transition Period; facilitate a more streamlined completion process by reducing the complexity of additional audit and settlement procedures; and provide that the profits and losses of the relevant assets during the Transition Period are borne by the holder of the future interests. Arrangements of this nature are not uncommon in asset disposal transactions and are not uncommon in comparable transactions involving a fixed consideration structure.

The consideration for the transaction is a fixed lump sum consideration and is not subject to any automatic adjustment by reason of differences in the timing of Completion. In determining the final consideration, the vendor(s) and the Purchaser have taken into account, as an integral part of the overall commercial terms, the arrangements for the attribution of profits and losses during the Transition Period. Such transitional arrangements do not constitute any separate or additional benefit conferred on the Purchaser, but form part of the overall commercial outcome resulting from arm's length negotiations and balancing of interests between the parties. The Board is of the view that the amount of Consideration adequately reflects the economic effect of such arrangements.

In assessing the fairness and reasonableness of the above Transition Period arrangements, the Board has taken into account that: such arrangements provide for a balanced allocation of rights, benefits and risks, with the Purchaser assuming the relevant profits and losses from the designated date; the arrangements contribute to securing the transaction price; the relevant terms were agreed between the vendor(s) and the Purchaser following arm's length negotiations on normal commercial terms; and that such arrangements are consistent with prevailing market practice in transactions involving the disposal of similar assets. Based on the above, the Board is of the view that the transitional arrangements and the relevant terms thereof are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Subject to the satisfaction of the conditions for Completion, all profits and losses attributable to the relevant interests under the Deneng Disposal arising during the Transition Period from 31 December 2025 up to the Completion Date shall be solely borne or enjoyed by the Purchaser. No separate settlement arrangement will be made in respect of any profits or losses incurred during the Transition Period, and such profits or losses shall not affect, nor give rise to any adjustment to the consideration.

Regarding "the vendors shall have the obligation of good faith management of the 49% equity interest of Deneng", it means that during the Transition Period, notwithstanding that the profits and losses attributable to the assets underlying the 49% equity interest in Deneng are borne or enjoyed by the purchaser, the vendors as the legal holders of such equity interest prior to Completion, is required to continue to participate in and cooperate with the day to day operations of Deneng in a prudent and responsible manner. The purpose of such obligation is to ensure that during the Transition Period, the business operations and asset condition of Deneng remain stable, and to prevent the vendors (as the former shareholders prior to Completion) from exercising shareholder rights in a manner that may adversely affect the value of the 49% equity interest in Deneng, thereby ensuring that upon Completion, the condition of the 49% equity interest remains substantially consistent in all material respects with that at the time of execution of the relevant agreement.

Regarding "in case of any event or potential event that has significant adverse impact on the 49% equity interest of Deneng during the Transition Period, the Purchaser shall be notified in a timely manner and such matter shall be handled properly", it sets out the vendors' information disclosure and reasonable cooperation obligations in respect of the 49% equity interest in Deneng during the Transition Period. If during the Transition Period any event occurs or is reasonably expected to occur which may, under reasonable expectations, have a material adverse impact on the business, assets, financial condition of Deneng or the value of the 49% equity interest in Deneng (such as material litigation, asset seizure, loss of key management personnel or material breach of contract), the vendors shall, after becoming aware of such event and where reasonably practicable, promptly and fully inform the Purchaser of the relevant circumstances. Upon receipt of such information, the vendors and the Purchaser may discuss with each other and, on a commercially reasonable basis, adopt appropriate measures to address such event and to mitigate its adverse impact.

Conditions precedent : Completion is conditional upon the satisfaction of the following conditions precedent on or before the Completion Date in accordance with the terms of the Deneng Equity Transfer Agreement:

(a) the Deneng Equity Transfer Agreement having been duly signed by the vendors, the Purchaser and Deneng;

(b) the Purchaser having performed the necessary procedures in accordance with relevant laws, regulations, rules, articles of association and internal compliance procedures, including but not limited to: (i) approval of the Deneng Disposal by the unrelated directors of the Purchaser and making relevant resolutions at the board meeting duly convened by the Purchaser; and (ii) consent from other relevant government departments and any third party (if applicable);

(c) the vendors and Deneng having performed the necessary procedures in accordance with relevant laws, regulations, rules, articles of association and internal compliance procedures; (ii) approval of the Deneng Disposal by the Independent Shareholders; (iii) compliance with the relevant requirements under the Listing Rules or the Stock Exchange; and (iv) consent from other relevant government departments and any third party (if applicable); and

(d) the representations and warranties made by the Purchaser, the vendors and Deneng under the Deneng Equity Transfer Agreement remaining to be true, accurate and not misleading.

None of the above conditions precedent can be waived. As at the Latest Practicable Date, the conditions precedent set out in items (a) and (b)(i) above have been fulfilled.

Completion : Completion shall take place on the date of the completion of Registration Procedures, which shall be completed within fifteen (15) Business Days from the date on which all the conditions precedent are fulfilled.

As at the Latest Practicable Date, Deneng is directly owned as to 19% by Puxing Neng (HK) Limited, 30% by Bluesky Power Plant, and 51% by the Purchaser respectively. Upon completion and the completion of the Registration Procedures, the Company will no longer hold any equity interest in Deneng.

Termination : The Deneng Equity Transfer Agreement may be terminated in writing in the following manners:

(a) unless the vendors, the Purchaser and Deneng agree otherwise, if completion does not take place on or before 31 March 2027, either the vendors or the Purchaser may terminate the Deneng Equity Transfer Agreement by written notice to the other party;

(b) if the vendors, the Purchaser and Deneng agree in writing;

(c) except for the Force Majeure Event, if a party to the Deneng Equity Transfer Agreement fails to perform any of its obligations under the Deneng Equity Transfer Agreement in a timely and appropriate manner or breaches any of its representations, warranties and undertakings under the Deneng Equity Transfer Agreement, the non-defaulting party to the Deneng Equity Transfer Agreement may terminate the Deneng Equity Transfer Agreement;

(d) if the Registration Procedures cannot be completed, the vendors, the Purchaser and Deneng may unanimously agree to terminate the Deneng Equity Transfer Agreement; or

(e) if a Force Majeure Event has lasted for at least thirty (30) days and renders the performance of the obligations by any party under the Deneng Equity Transfer Agreement impossible, either the vendors, the Purchaser or Deneng may terminate the Deneng Equity Transfer Agreement.

Under the event set out in items (c) above, the non-defaulting party shall have the right to immediately terminate the Deneng Equity Transfer Agreement and abandon the Deneng Disposal upon its independent and prudent decision by written notice to defaulting party without bearing any liability. The right of either party to terminate the Deneng Equity Transfer Agreement pursuant to items (c) above is additional and separate, and any exercise of such right shall not affect, diminish, or constitute a waiver of any other right, remedy or claim available to it at the date of such written notice.

Jingxing Equity Transfer Agreement

Date : 30 March 2026

Parties : (a) Puxing Xing (HK) Limited (as vendor)

(b) the Purchaser, and

(c) Jingxing (as target company)

Subject matter : Pursuant to the Jingxing Equity Transfer Agreement, Puxing Xing (HK) Limited has conditionally agreed to sell 100% of the equity interest in Jingxing, and the Purchaser has conditionally agreed to acquire 100% of the equity interest in Jingxing, subject to terms and conditions of the Jingxing Equity Transfer Agreement.

For more information on Jingxing, please refer to the section headed "III. Information on the target companies" in this circular below.

Consideration : The consideration for the Jingxing Disposal is RMB146,860,000 (equivalent to approximately HK$165,951,800) which was determined after arm's length negotiations between Puxing Xing (HK) Limited and the Purchaser on normal commercial terms with reference to a number of factors, including:

(a) the audited consolidated net assets value of Jingxing of approximately RMB146,857,392 based on the Audit Report of Jingxing;

(b) the audited financial performance of Jingxing for the year ended 31 December 2025;

(c) the benefits of the Jingxing Disposal as set out in the section headed "V. Reasons for and benefits of the Disposals" in this circular below; and

(d) for the Board's reference purposes, the Board has also considered the appraised value of 100% equity interests in Jingxing as at 31 December 2025 by adopting the asset-based approach, being approximately RMB148,589,800 (equivalent to approximately HK$167,906,470) prepared by the Valuer.

Registration Procedures : Puxing Xing (HK) Limited and the Purchaser shall complete the Registration Procedures within fifteen (15) Business Days after the date on which all the conditions precedent are fulfilled.

Payment of the Consideration : The consideration shall be paid to a bank account designated by Puxing Xing (HK) Limited within thirty (30) Business Days from the date of the completion of the foreign exchange registration of the funds of the Jingxing Disposal in accordance with Hong Kong dollar foreign exchange purchase procedures (the amount of foreign exchange purchase proceeds shall be calculated at the actual exchange rate) after the Purchaser has withheld and paid taxation according to laws (if applicable).

Transition period agreement : (a) Subject to the completion, during the period from 31 December 2025 to the Completion Date (the "**Transition Period**"), the Purchaser shall bear all the profits and losses of the 100% equity interest of Jingxing, and Puxing Xing (HK) Limited shall have the obligation of good faith management of the 100% equity interest of Jingxing. In case of any event or potential event that has significant adverse impact on the 100% equity interest of Jingxing during the Transition Period, the Purchaser shall be notified in a timely manner and such matter shall be handled properly; and

(b) Dividends which have been declared and approved for distribution by Jingxing but have not yet been paid prior to the completion of Registration Procedures, shall belong to Puxing Xing (HK) Limited.

The principal purpose of the Transition Period arrangement is to secure the transaction consideration and clearly delineate the allocation of risks, so as to ensure certainty and operability of the transaction at the execution level. Such arrangement help avoid the need to adjust the transaction consideration by reference to the operating profits or losses of the disposed assets during the Transition Period; facilitate a more streamlined completion process by reducing the complexity of additional audit and settlement procedures; and provide that the profits and losses of the relevant assets during the Transition Period are borne by the holder of the future interests. Arrangements of this nature are not uncommon in asset disposal transactions and are not uncommon in comparable transactions involving a fixed consideration structure.

The consideration for the transaction is a fixed lump sum consideration and is not subject to any automatic adjustment by reason of differences in the timing of Completion. In determining the final consideration, the vendor and the Purchaser have taken into account, as an integral part of the overall commercial terms, the arrangements for the attribution of profits and losses during the Transition Period. Such transitional arrangements do not constitute any separate or additional benefit conferred on the Purchaser, but form part of the overall commercial outcome resulting from arm's length negotiations and balancing of interests between the parties. The Board is of the view that the amount of Consideration adequately reflects the economic effect of such arrangements.

In assessing the fairness and reasonableness of the above Transition Period arrangements, the Board has taken into account that: such arrangements provide for a balanced allocation of rights, benefits and risks, with the Purchaser assuming the relevant profits and losses from the designated date; the arrangements contribute to securing the transaction price; the relevant terms were agreed between Puxing Xing (HK) Limited and the Purchaser following arm's length negotiations on normal commercial terms; and that such arrangements are consistent with prevailing market practice in transactions involving the disposal of similar assets. Based on the above, the Board is of the view that the transitional arrangements and the relevant terms thereof are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

Subject to the satisfaction of the conditions for Completion, all profits and losses attributable to the relevant interests under the Jingxing Disposal arising during the Transition Period from 31 December 2025 up to the Completion Date shall be solely borne or enjoyed by the Purchaser. No separate settlement arrangement will be made in respect of any profits or losses incurred during the Transition Period, and such profits or losses shall not affect, nor give rise to any adjustment to the consideration.

Regarding "Puxing Xing (HK) Limited shall have the obligation of good faith management of the 100% equity interest of Jingxing", it means that during the Transition Period, notwithstanding that the profits and losses attributable to the assets underlying the 100% equity interest in Jingxing are borne or enjoyed by the purchaser, Puxing Xing (HK) Limited as the legal holders of such equity interest prior to Completion, is required to continue to participate in and cooperate with the day to day operations of Jingxing in a prudent and responsible manner. The purpose of such obligation is to ensure that during the Transition Period, the business operations and asset condition of Jingxing remain stable, and to prevent Puxing Xing (HK) Limited (as the former shareholder prior to Completion) from exercising shareholder rights in a manner that may adversely affect the value of the 100% equity interest in Jingxing, thereby ensuring that upon Completion, the condition of the 100% equity interest remains substantially consistent in all material respects with that at the time of execution of the relevant agreement.

Regarding "in case of any event or potential event that has significant adverse impact on the 100% equity interest of Jingxing during the Transition Period, the Purchaser shall be notified in a timely manner and such matter shall be handled properly", it sets out the vendor's information disclosure and reasonable cooperation obligations in respect of the 100% equity interest in Jingxing during the Transition Period. If during the Transition Period any event occurs or is reasonably expected to occur which may, under reasonable expectations, have a material adverse impact on the business, assets, financial condition of Jingxing or the value of the 100% equity interest in Jingxing (such as material litigation, asset seizure, loss of key management personnel or material breach of contract), Puxing Xing (HK) Limited shall, after becoming aware of such event and where reasonably practicable, promptly and fully inform the Purchaser of the relevant circumstances. Upon receipt of such information, Puxing Xing (HK) Limited and the Purchaser may discuss with each other and, on a commercially reasonable basis, adopt appropriate measures to address such event and to mitigate its adverse impact.

Conditions precedent : Completion is conditional upon the satisfaction of the following conditions precedent on or before the Completion Date in accordance with the terms of the Jingxing Equity Transfer Agreement:

(a) the Jingxing Equity Transfer Agreement having been duly signed by Puxing Xing (HK) Limited, the Purchaser and Jingxing;

(b) the Purchaser having performed the necessary procedures in accordance with relevant laws, regulations, rules, articles of association and internal compliance procedures, including but not limited to: (i) approval of the Jingxing Disposal by the unrelated directors of the Purchaser and making relevant resolutions at the board meeting duly convened by the Purchaser; and (ii) consent from other relevant government departments and any third party (if applicable);

(c) Puxing Xing (HK) Limited and Jingxing having performed the necessary procedures in accordance with relevant laws, regulations, rules, articles of association and internal compliance procedures; (ii) approval of the Jingxing Disposal by the Independent Shareholders; (iii) compliance with the relevant requirements under the Listing Rules or the Stock Exchange; and (iv) consent from other relevant government departments and any third party (if applicable); and

(d) the representations and warranties made by the Purchaser, Puxing Xing (HK) Limited and Jingxing under the Jingxing Equity Transfer Agreement remaining to be true, accurate and not misleading.

None of the above conditions precedent can be waived. As at the Latest Practicable Date, the conditions precedent set out in items (a) and (b)(i) above have been fulfilled.

Completion : Completion shall take place on the date of the completion of Registration Procedures, which shall be completed within fifteen (15) Business Days from the date on which all the conditions precedent are fulfilled.

As at the Latest Practicable Date, the Company owns the entire equity interest in Jingxing through Puxing Xing (HK) Limited. Upon completion and the completion of the Registration Procedures, Jingxing will no longer be a subsidiary of the Company, and the Company will no longer hold any equity interest in Jingxing.

Termination : The Jingxing Equity Transfer Agreement may be terminated in writing in the following manners:

(a) unless Puxing Xing (HK) Limited, the Purchaser and Jingxing agree otherwise, if completion does not take place on or before 31 March 2027, either Puxing Xing (HK) Limited or the Purchaser may terminate the Jingxing Equity Transfer Agreement by written notice to the other party;

(b) if Puxing Xing (HK) Limited, the Purchaser and Jingxing agree in writing;

(c) except for the Force Majeure Event, if a party to the Jingxing Equity Transfer Agreement fails to perform any of its obligations under the Jingxing Equity Transfer Agreement in a timely and appropriate manner or breaches any of its representations, warranties and undertakings under the Jingxing Equity Transfer Agreement, the non-defaulting party to the Jingxing Equity Transfer Agreement may terminate the Jingxing Equity Transfer Agreement;

(d) if the Registration Procedures cannot be completed, Puxing Xing (HK) Limited, the Purchaser and Jingxing may unanimously agree to terminate the Jingxing Equity Transfer Agreement; or

(e) if a Force Majeure Event has lasted for at least thirty (30) days and renders the performance of the obligations by any party under the Jingxing Equity Transfer Agreement impossible, either Puxing Xing (HK) Limited, the Purchaser or Jingxing may terminate the Jingxing Equity Transfer Agreement.

Under the event set out in items (c) above, the non-defaulting party shall have the right to immediately terminate the Jingxing Equity Transfer Agreement and abandon the Jingxing Disposal upon its independent and prudent decision by written notice to defaulting party without bearing any liability. The right of either party to terminate the Jingxing Equity Transfer Agreement pursuant to items (c) above is additional and separate, and any exercise of such right shall not affect, diminish, or constitute a waiver of any other right, remedy or claim available to it at the date of such written notice.

III. Information on the target companies

The Deneng Disposal

Deneng, the target company of the Deneng Disposal, is a company established under the laws of the PRC with limited liability on 18 August 2004. As at the Latest Practicable Date, Deneng is directly owned as to 19% by Puxing Neng (HK) Limited, 30% by Bluesky Power Plant, and 51% by the Purchaser respectively. As the Group is only interested in 49% of the equity interest of Deneng, the financial results of Deneng is not consolidated into the financial statements of the Company. Deneng is principally engaged in natural gas power generation and on-grid sales, supporting mechanical and electrical equipment production and sales, sales of hot water produced by waste heat, power grid auxiliary service project development, operation, maintenance and technical services.

As at the Latest Practicable Date, Deneng directly owns the entire equity interest in Quzhou, a company established under the laws of the PRC with a registered capital of RMB300,000,000. Quzhou is principally engaged in thermal power technology research and development; gas turbine thermal power project investment, operation, maintenance, technical services; heating services; power generation business and photovoltaic power generation project investment and development.

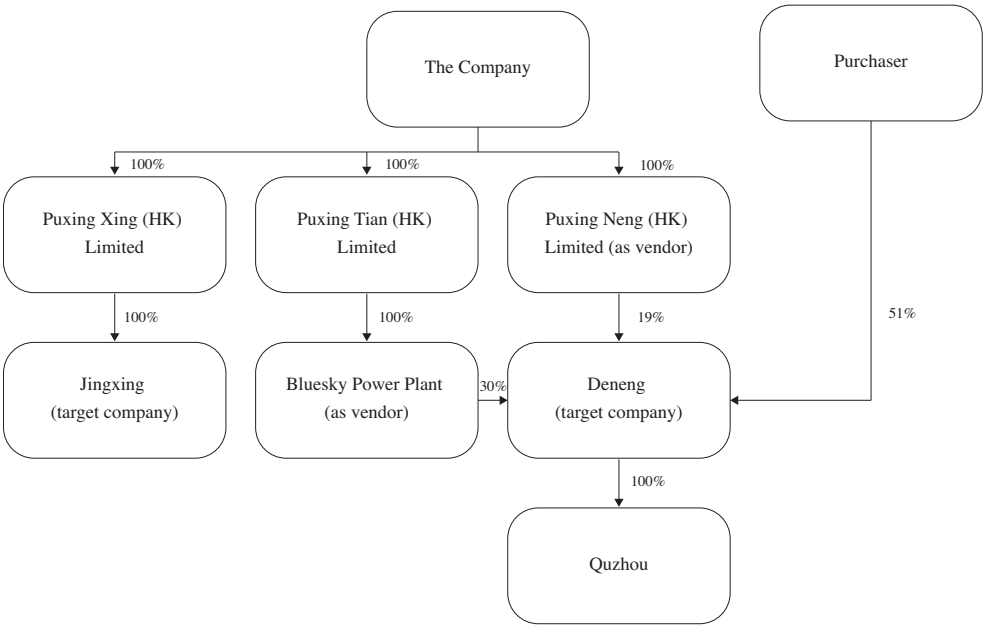
As at the Latest Practicable Date, the Deneng Group currently operates two gas-fired power plants with an aggregate installed capacity of approximately 342.15 MW (including approximately 150 kW photovoltaic power generating units) and a maximum heating capacity of approximately 200 tons/hour. The power plants operated by the Deneng Group generate power in accordance with the instructions of the relevant government authorities in Zhejiang Province and sell the power generated to State Grid Zhejiang Electric Power Co., Ltd.（國網浙江省電力有限公司） by sending it to the power grid. Quzhou also supplies steam to the users locating in proximity of its heating pipelines.

The Jingxing Disposal

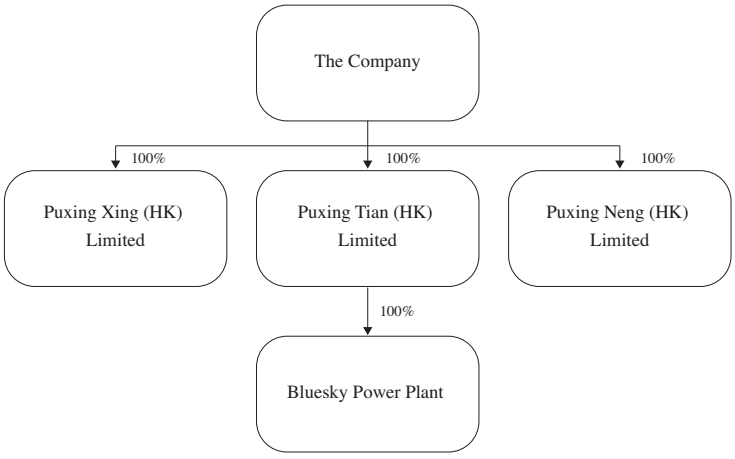
Jingxing, the target company of the Jingxing Disposal, is a company established under the laws of the PRC with limited liability on 6 January 2006. As at the Latest Practicable Date, the Company owns the entire equity interest in Jingxing through Puxing Xing (HK) Limited. Jingxing is principally engaged in power generation business, grid-connected power supply and technical services.

As at the Latest Practicable Date, Jingxing currently operates a power plant located in Changxing County, Zhejiang Province with an installed capacity of approximately 75.22 MW (including approximately 220 kW photovoltaic power generating units). It is a centrally dispatched natural gas power plant in Huzhou, Zhejiang Province. It generates power in accordance with the instructions of the Zhejiang Provincial Development and Reform Commission (Energy Administration)(浙江省發改委(能源局)), and the electricity generated is sold directly to the Huzhou Power Supply Bureau(湖州電力局), which transmits the power to the Huzhou municipal grid.

Before the Disposals



After the Disposals



Financial information of the target companies

The Deneng Disposal

Based on the audited consolidated financial statements for the years ended 31 December 2023, 31 December 2024 and 31 December 2025 of the Deneng Group prepared in accordance with the PRC GAAP, the financial information of the Deneng Group was approximately as follows:

	For the year ended 31 December		
	2025	**2024**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
	audited	audited	audited
Revenue	240,990	258,055	259,763
Profit before taxation	54,638	53,372	46,005
Profit after taxation	40,689	43,422	34,305

The revenue of the Deneng Group above comprises volume tariff revenue, capacity tariff revenue and revenue from sales of heat.

The audited consolidated net assets value and total assets of Deneng Group as at 31 December 2025 prepared in accordance with the PRC GAAP was approximately RMB231,278,145 and RMB725,740,432, respectively. Set out below is a breakdown of the major assets of the Deneng Group and their respective carrying values as at 31 December 2025:

	RMB'000 audited
Monetary funds	5,142
Accounts and other receivables	20,672
Inventories	47,184
Fixed assets	581,138
Intangible assets	15,964
Long-term unamortized expenses	48,896
Other assets	6,744
Total assets	725,740

The audited consolidated net assets value of the Deneng Group as at 31 December 2025 prepared in accordance with the PRC GAAP was approximately RMB231,278,145. The appraised value of the shareholders' equity of Deneng as at 31 December 2025 was approximately RMB286,407,900, which was with reference to the Deneng's Valuation Report prepared by the Valuer by adopting the asset-based approach. The difference between the appraised value of Deneng based on the Deneng's Valuation Report and the audited consolidated net assets value of the Deneng Group based on the Audit Report of the Deneng Group was mainly due to the appreciation of land use right of the Deneng Group. The appraised value of such land use right was arrived at by comparing with undeveloped lands for sale in the primary land market which did not reflect factors including: (i) the restriction on the transfer of the land use right of the Deneng Group (i.e. in principle such land use right is required to be transferred entirely together with the buildings and attachments on the land as a whole according to the relevant PRC laws and regulations) and (ii) the comparatively low liquidity of such land use right in the market, considering that two power plants are constructed on such land, so the appreciation part of the land use right does not have the ability to realise. As such, the Board is of the view that such appraised value is not of much reference value to the Group in determining the consideration.

As mentioned earlier, the appraised value of the land use right of Deneng Group was arrived at by comparing with undeveloped lands for sale in the primary land market. The valuation of the land use rights for this purpose was conducted using the market approach, with the valuation principle based on substitution. This means that the market value of land use rights can be determined by comparing and reasonably adjusting the market prices of similar land use rights that are known and sufficiently comparable. For this valuation,

"comparable land use rights" primarily refer to lands that are identical or comparable to the subject land in terms of location, planned use, right nature, land grade (or level), and scale. In selecting specific comparable cases, the Valuer chose undeveloped lands publicly transferred in the primary land market of the same region as the primary basis for comparison. This selection is mainly due to the openness and fairness of such transactions, as well as their strong correlation with land prices in the same region. By making reasonable adjustments to location conditions, planning indicators, and individual factors, the relevant comparable cases can objectively and reliably reflect the market value of the subject land use right. Meanwhile, for developed land use rights in the same city or region that are similar to the subject land in terms of industrial attributes, planned use, land utilization, and development maturity, it was nearly impossible to find transaction cases in the secondary land market. This is because standalone land transactions for built-up power plants generally do not exist, as they do not align with the customary practice of integrated property and land transactions in China. In most cases, transactions involving built-up power plants are conducted as equity transfers or bundled asset portfolio transactions, therefore not possible to separate the pure land use right transaction price. Given the above, during the course of the valuation it was difficult for the Valuer to collect comparable cases involving developed land use rights in the same city or region, and accordingly, no comparative analysis with similar developed land was conducted.

The valuation using the asset-based approach (cost approach) is premised on the replacement cost of individual assets and reflects the revalued replacement value of the assets of Deneng as at the Valuation Date. This approach is generally applicable where the relevant industry is mature, replacement costs of assets are verifiable, and the degree of remaining useful life and impairment factors of the assets can be reasonably assessed. The assets subject to valuation operate in a mature industry with abundant publicly available market information. The replacement costs of the relevant equipment can be obtained through multiple sources, including manufacturers and public sales platforms. In addition, the Valuer is able to reasonably estimate the remaining useful life of the assets through on-site inspections, taking into account their economic useful life as well as physical, functional and economic depreciation factors. Accordingly, the conditions for applying the asset-based approach are satisfied. The asset-based approach reflects the replacement value of the assets and liabilities of Deneng and serves as one of the reference bases for negotiations on the transaction consideration. In considering the consideration for the Deneng Disposal, the Board has taken into account a number of factors, including the valuation results under the asset-based approach, the future profitability of Deneng, comparable market transactions and potential synergies, and has not relied solely on the valuation outcome derived from the asset-based approach. In this regard, the asset-based approach provides an objective baseline of asset value for Deneng Disposal. The Board is of the view that the Valuer's selection and application of the asset-based approach, the valuation parameters adopted and methodologies applied are reasonable and appropriate, without any material deficiencies. Accordingly, the adoption of the asset-based approach in the valuation is reasonable and appropriate.

The Board considers that the valuation report shall not be the sole or determinative basis for determining the consideration. The determination of the consideration represents an overall judgment made by the Board after taking into account a combination of relevant facts and commercial considerations.

In determining the consideration, the Board has taken into account, among other things, the following factors:

- Role and reference nature of valuation report:

  The Company engaged an independent valuer to conduct valuation of Deneng. The Deneng's Valuation Report, which primarily adopted the asset-based approach, provided the Board with a professional and objective reference, facilitating an understanding of Deneng's asset composition and potential value beyond its book value under specified assumptions and conditions. However, the Board noted that a significant portion of the uplift in the valuation was attributable to the land use rights held by Deneng. Such land has been developed and is ancillary to power plant operations and, under the relevant PRC laws, is required to be transferred entirely together with the buildings and ancillary facilities constructed on the land. Accordingly, the market liquidity of such land is relatively limited, and its ability to be realised independently is subject to practical constraints. In light of the above, the Board considered that such valuation uplift shall be treated with prudence in commercial pricing, and therefore assigned a lower weighting to such uplift. Therefore, the valuation was not regarded as the sole or determinative basis for the consideration.

- Audited net asset value and financial performance:

  The consideration for the Deneng Disposal was principally determined with reference to the audited net asset value of Deneng as at the relevant base date, which provides a clear, objective and verifiable pricing basis. The Board also took into account the audited financial performance of Deneng.

- Certainty of cash recovery:

  The transaction consideration is payable in cash, enabling the Company to realise proceeds on a timely basis and, following Completion, to cease bearing uncertainties relating to potential future capital investment of the target companies. The Board considers that, under the prevailing industry environment, certainty of cash recovery carries commercial value to the Company.

- Operational risks:

  The future operations of Deneng are subject to uncertainties arising from factors including electricity price market-oriented reforms, the continued application of reduced capacity tariffs, potential capital investment requirements associated with new-type energy storage projects, and increases in electricity procurement costs. The Board considers that, in the current market environment, the consideration reflects such potential operational risks.

- Outcome of arm's length negotiations:

  The final consideration was determined after arm's length negotiations between the vendors and the Purchaser on normal commercial terms, taking into account the above factors, and represents a reasonable commercial outcome achievable at the relevant time.

Although the consideration for the Deneng Disposal represents an approximate 19% discount to the valuation result in respect of the 49% equity interest in Deneng, the Board considers that such discount does not indicate that the transaction consideration deviates from a reasonable level, but rather reflects the following practical considerations: (i) the realisation challenges and liquidity constraints associated with certain assets to which the premium component in the valuation is attributable; (ii) the policy and market uncertainties facing the future operations of Deneng; and (iii) the requirement for the Purchaser to independently assume, following Completion, the capital investment obligations relating to the Deneng Group's new-type energy storage projects. In 2020, the consideration of the acquisition of Quzhou power plant by the Group was also at an approximate 16.86% discount to its appraised valuation. Having regard to the foregoing, the Board is of the view that the discount appropriately reflects a reasonable commercial assessment of the assets under the prevailing market and industry conditions, and that the terms of the Deneng Disposal are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

In the Previous Disposal, the Company disposed of a 51% equity interest in Deneng for a consideration of RMB142,720,000. In the Deneng Disposal, the Company disposed of a 49% equity interest in Deneng for a consideration of RMB113,340,000. If the consideration for the Previous Disposal were used on a pro rata basis for reference purposes only, the theoretical consideration for the 49% equity interest in Deneng would be approximately RMB137,123,137. Compared with the consideration for the Deneng Disposal, this represents a difference of approximately RMB23,783,137. The considerations for the two disposals were each determined through arm's-length negotiations based on the latest available audited net asset value of Deneng at the relevant time. The audit reference dates adopted for the two disposals were different. The audit reference date for the Previous Disposal was 30 September 2024, whereas the audit reference date for the Deneng Disposal was 31 December 2025. The difference in consideration primarily arose from changes in Deneng's audited net asset value – Deneng recorded an increase in net profit of approximately RMB45,950,000 and, following completion of the Previous Disposal, declared dividends of RMB100,000,000 to its shareholders based on their respective shareholding percentages (of which the Company would be entitled to RMB49,000,000 corresponding to its 49% equity interest). As a result, the retained earnings position of Deneng changed accordingly. The dividends declared represented accumulated undistributed profits from prior years. Such historical accumulated dividends do not represent or guarantee that Deneng's future profitability will remain strong.

The Jingxing Disposal

Based on the audited financial statements for the years ended 31 December 2023, 31 December 2024 and 31 December 2025 of Jingxing prepared in accordance with the PRC GAAP, the financial information of Jingxing was approximately as follows:

	For the year ended 31 December		
	2025	**2024**	**2023**
	RMB'000	*RMB'000*	*RMB'000*
	audited	audited	audited
Revenue	35,605	37,053	52,590
Profit before taxation	4,964	4,898	4,809
Profit after taxation	3,719	3,736	3,394

The revenue of Jingxing above comprises volume tariff revenue and capacity tariff revenue.

The audited net assets value and total assets of Jingxing as at 31 December 2025 prepared in accordance with the PRC GAAP was approximately RMB146,857,392 and RMB168,178,082, respectively. Set out below is a breakdown of the major assets of Jingxing and their respective carrying values as at 31 December 2025:

	RMB'000 audited
Monetary funds	15,799
Accounts and other receivables	2,683
Inventories	1,768
Fixed assets	122,092
Intangible assets	25,833
Other assets	3
Total assets	168,178

The audited net assets value of Jingxing as at 31 December 2025 prepared in accordance with the PRC GAAP was approximately RMB146,857,392. The appraised value of the shareholders' equity of Jingxing as at 31 December 2025 was approximately RMB148,589,800, which was with reference to the Jingxing's Valuation Report prepared by the Valuer by adopting the asset-based approach. The difference between the appraised value of Jingxing based on the Jingxing's Valuation Report and the audited consolidated net assets value of Jingxing based on the Audit Report of Jingxing was mainly due to a slight increase in the value of land use right assets and that such increase is not material, the Board is of the view that the audited consolidated net assets value should be adopted as the basis for determining the consideration.

The Board considers that the valuation report shall not be the sole or determinative basis for determining the consideration. The determination of the consideration represents an overall judgment made by the Board after taking into account a combination of relevant facts and commercial considerations.

In determining the consideration, the Board has taken into account, among other things, the following factors:

- Role and reference nature of valuation report:

  The Company engaged an independent valuer to conduct valuation of Jingxing. The Jingxing's Valuation Report, which primarily adopted the asset-based approach, provided the Board with a professional and objective reference, facilitating an understanding of Jingxing's asset composition and potential value beyond its book value under specified assumptions and conditions. However, the Board noted that a significant portion of the uplift in the valuation was attributable to the land use rights held by Jingxing. Such land has been developed and is ancillary to power plant operations and, under the relevant PRC laws, is required to be transferred entirely together with the buildings and ancillary facilities constructed on the land. Accordingly, the market liquidity of such land is relatively limited, and its ability to be realised independently is subject to practical constraints. In light of the above, the Board considered that such valuation uplift shall be treated with prudence in commercial pricing, and therefore assigned a lower weighting to such uplift. Therefore, the valuation was not regarded as the sole or determinative basis for the consideration.

- Audited net asset value and financial performance:

  The consideration for the Jingxing Disposal was principally determined with reference to the audited net asset value of Jingxing as at the relevant base date, which provides a clear, objective and verifiable pricing basis. The Board also took into account the audited financial performance of Jingxing.

- Certainty of cash recovery:

  The transaction consideration is payable in cash, enabling the Company to realise proceeds on a timely basis and, following Completion, to cease bearing uncertainties relating to potential future capital investment of the target companies. The Board considers that, under the prevailing industry environment, certainty of cash recovery carries commercial value to the Company.

- Operational risks:

  The future operations of Jingxing are subject to uncertainties arising from factors including electricity price market-oriented reforms, the continued application of reduced capacity tariffs, potential capital investment requirements associated with new-type energy storage projects, and increases in electricity procurement costs. The Board considers that, in the current market environment, the consideration reflects such potential operational risks.

- Outcome of arm's length negotiations:

  The final consideration was determined after arm's length negotiations between the vendors and the Purchaser on normal commercial terms, taking into account the above factors, and represents a reasonable commercial outcome achievable at the relevant time.

IV. Valuation

The Company engaged the Valuer on the appraised value of Deneng and Jingxing as at the Valuation Date for the purpose of the Disposals. A summary of the Valuation Reports prepared by the Valuer is set out in Appendix VII to this circular.

Deneng

The appraised value of 100% equity interest in Deneng of RMB286,407,900 (equivalent to approximately HK$323,640,900) as at the Valuation Date is determined by the Valuer using the asset-based approach.

Jingxing

The appraised value of 100% equity interest in Jingxing of RMB148,589,800 (equivalent to approximately HK$167,906,470) as at the Valuation Date is determined by the Valuer using the asset-based approach.

Valuation approaches and methodologies for each of Deneng and Jingxing

The applicability of the three basic approaches of valuation, namely the market approach, the income approach and the asset-based approach, has been analyzed in the light of the valuation purpose, the valuation object, the basis of value, the collection of information and other relevant conditions.

Based on an analysis of Deneng's/Jingxing's historical operations, and interviews with the management of Deneng/Jingxing, it is noted that the principal business of Deneng/Jingxing is natural gas power generation. Electricity pricing in the power generation business consists of electricity tariffs and capacity tariffs, with electricity tariffs being significantly influenced by fluctuations in natural gas prices. Furthermore, an analysis of the historical operating model of Deneng/Jingxing indicates that natural gas power generation mainly plays a role in the peaking of the electricity market, and its power generation capacity is heavily affected by the demand for power supply in the region. Based on the aforementioned factors, the management of Deneng/Jingxing considers that future operating income and profitability are subject to considerable uncertainty, making it impractical to make reasonable forecasts of future operating income and operating risks. Accordingly, the income approach is considered inappropriate for each of the valuations of Deneng and Jingxing.

The prerequisite for applying the market approach is the existence of a developed, fair, and active public market with relatively abundant market data, where comparable transaction cases are available. As there is a sufficient number of listed companies with a nature and business similar to those of Deneng/Jingxing, their market values serve as a sound industry benchmark. Therefore, the market approach is adopted for each of the valuations of Deneng and Jingxing.

Given the completeness of the financial data, the identifiability of all assets and liabilities, and the ability to determine the value of assets based on the avenues for their re-acquisition, the asset-based approach is considered appropriate for adoption for each of the valuations of Deneng and Jingxing.

The asset-based approach considers the avenues for re-acquiring individual assets, reflecting the market value required to reconstruct the enterprise. In contrast, when applying the market approach, factors such as whether the assets are reasonably and fully utilized within the enterprise, and whether they collectively contribute as they should, are considered for their impact on the value of all shareholders' equity. The resulting value quantifies the earnings capacity of the enterprise's overall asset base. Compared to the information used in the asset-based approach, the publicly available operational and financial information of comparable listed companies used in the market approach is relatively less sufficient and comprehensive. Furthermore, fluctuations in the share prices of listed companies may exert a certain influence on the calculation of value multiples.

Based on the foregoing analysis, only the valuation result derived from the asset-based approach is adopted as the final conclusion for each of the valuations of Deneng and Jingxing.

Key quantitative inputs and the computation process

Deneng

Set out below is a summary of the appraised value of 100% equity interests in Deneng as at the Valuation Date by adopting the asset-based approach prepared by the Valuer:

Amount in RMB0000'

Description	Carrying Amount A	Appraised Value B	Increase/ Decrease in Value C=A-B	Appreciation Rate% D=C/A×100%
Current Assets	7,702.42	7,707.36	4.94	0.06
Non-Current Assets	47,779.17	56,466.75	8,687.58	18.18
Of Which: Long-Term Equity				
Investments	36,015.65	36,166.62	150.97	0.42
Fixed Assets	10,928.51	15,380.82	4,452.31	40.74
Construction in Progress	49.45	49.45	–	–
Right-of-Use Assets	13.64	13.64	–	–
Intangible Assets	296.00	4,380.30	4,084.30	1,379.83
Deferred Tax Assets	475.92	475.92	–	–
Total Assets	55,481.59	64,174.11	8,692.52	15.67
Current Liabilities	28,325.73	28,325.73	–	–
Non-Current Liabilities	7,207.59	7,207.59	–	–
Total Liabilities	35,533.32	35,533.32	–	–
All Shareholders' Equity	19,948.27	28,640.79	8,692.52	43.58

Adopting the asset-based approach, the appraised value of the total assets of Deneng as of the Valuation Date is RMB641,741,100, representing an appraisal increase of RMB86,925,200, an appreciation rate of 15.67%. The appraised value of the total liabilities is RMB355,333,200, with no valuation increase or decrease. The appraised value of all shareholders' equity is RMB286,407,900, representing an appraisal increment of RMB869,252,000 and an appreciation rate of 43.58% compared to the book value of total equity on the parent-company basis.

Compared to the book value of total equity attributable to the parent company's shareholders (on a consolidated basis), the appraised value shows an appraisal increase of RMB55,129,800 and an appreciation rate of 23.84%.

There are differences between the carrying amount and appraised value of Deneng, the details of which are set out as follows:

(i) Reason for current assets appreciation： Deneng had provided an allowance for doubtful accounts for its receivables. However, based on historical operations, no actual bad debts have occurred, and this valuation did not anticipate any credit loss. Therefore, an appraisal increase resulted;

(ii) Reason for long-term equity investments appreciation: The appreciation is attributed to the favourable operating conditions of the investee company, leading to a higher valuation;

(iii) Reason for fixed assets appreciation: The increase primarily stems from the appreciation in the net appraised value of buildings and structures. The main reason is that the buildings were purchased/constructed relatively early, and prices for labour, materials, and machinery have risen. Additionally, Deneng's accounting depreciation period for equipment is shorter than the economic useful life applied in the valuation. Collectively, these factors led to the appraisal increase;

(iv) Reason for land use rights appreciation： The land use rights were acquired relatively early. Subsequently, the land market became more active, and prices increased, resulting in valuation appreciation.

The main differences between the carrying amount and appraised value of Deneng are mainly due to fixed assets and intangible assets:

Fixed assets – buildings and structures:

The gross carrying amount of buildings and structures is RMB33,158,524.27, with a net carrying amount of RMB11,706,087.67.

For buildings located on industrial land, there are very few comparable transaction cases in the local real estate market, and the buildings are not income-generating properties. Based on the valuation purpose and the actual use and condition of the buildings, the cost method is adopted for their valuation. The cost method formula applied in this valuation is as follows:

Appraised Net Value = Appraised Gross Value × Newness Rate

Appraised Gross Value = Construction and Installation Cost (excl. tax) + Preliminary and Other Costs (excl. tax) + Capitalized Interest

Based on the on-site inspection of the subject properties, combined with the construction project documentation provided by Deneng and the Zhejiang Province Construction Project Cost Information, or based on the construction and installation unit price obtained through market investigation, the construction and installation cost is determined. For standard buildings, preliminary costs and other costs are determined according to industry standards and relevant local administrative and institutional fee regulations. Capitalized interest is determined based on the benchmark lending interest rate as of the valuation date and a reasonable construction period for the subject buildings.

By examining the actual effective service life and the years already in use of the buildings, and through on-site inspection of their construction quality, the condition of the main structure, finishes, facilities, and equipment maintenance, the various forms of depreciation are estimated. Considering also their current use and the difference between the building's service life and its economic durable life, this valuation uses both the age-life method and the observed condition method to estimate the newness rate of the buildings separately. The estimation formulas are as follows:

Age-Life Method Newness Rate = Remaining Useful Life/(Remaining Useful Life + Years Already in Use) × 100%

Observed condition method newness rate is determined by on-site observation of the condition of the subject property's main structure, finishes, and equipment & facilities, with the valuer using professional experience to infer the newness rate.

Observed condition method newness rate = (Structural Component Score × G) + (Finishes Component Score × S) + (Equipment Component Score × B)

Where:

G = Weighting/Adjustment coefficient for the structural component;

S = Weighting/Adjustment coefficient for the finishes component;

B = Weighting/Adjustment coefficient for the equipment component.

To reduce calculation error, this valuation employs a combined method integrating the age-life method and the observed condition method. A comprehensive newness rate is determined through weighted calculation.

Formula: Comprehensive newness rate = (Age-life method newness rate × 40% weight) + (Observed condition method newness rate × 60% weight)

Upon completion of the aforementioned asset valuation procedures and methods, the valuation results for the building assets within the valuation scope as of the Valuation Date are:

Monetary Unit: RMB Ten Thousand Yuan

Description	Carrying Amount		Appraised Value		Appreciation Rate%	
	Gross	Net	Gross	Net	Gross	Net
Total – Buildings and Structures	3,315.85	1,170.61	4,787.43	2,487.09	44.38	112.46
Fixed Assets – Buildings	1,775.29	647.23	2,507.59	1,720.10	41.25	165.76
Fixed Assets – Structures	1,540.56	523.38	2,279.84	766.99	47.99	46.55

Primary reasons for the appreciation in the gross and net values of the building and structure assets： The buildings and structures were purchased/constructed relatively early. Due to increases in the prices of labor, materials, machinery, etc., an appraisal increase resulted.

Fixed Assets – Machinery and Equipment

The equipment fixed assets include machinery, electronic equipment, and vehicles, with a gross carrying amount of RMB361,719,473.32 and a net carrying amount of RMB97,292,918.86, totaling 1,656 items (comprising 1,523 items of machinery, 132 items of electronic equipment, and 1 vehicle).

For the vehicle, due to an active used car market with ample comparable transaction instances, the market comparison approach is adopted for its valuation. For electronic equipment and furniture purchased before 2020, as they have been in use for a relatively long period and were found to be in operation beyond their standard service life during the inventory count, with no new products currently available on the market but numerous comparable instances in the second-hand market, the second-hand market price is used for their valuation. For all other equipment, the replacement cost method is applied for valuation.

The estimation formula for the depreciated replacement cost method is as follows:

Appraised Net Value = Appraised Gross Value × Newness Rate

(1) Estimation of Appraised Gross Value

A. Estimation of Appraised Gross Value for Machinery & Equipment

Appraised Gross Value = Equipment Purchase Price + Transportation & Miscellaneous Fees + Equipment Foundation Cost + Installation & Commissioning Fees + Preliminary & Other Costs + Capitalized Interest – Deductible Value-Added Tax Input Credit

B. Estimation of Appraised Gross Value for Electronic Equipment

For electronic equipment purchased after 2020, such as modern office equipment including computers and printers, which have a simple structure, are easy to install, and operate in a highly competitive market where dealers provide services like door-to-door delivery and free installation and commissioning, the current market price excluding tax is taken as the replacement gross value

(2) Estimation of Newness Rate

A. For Machinery and Equipment

When estimating the newness rate for machinery and equipment, the remaining useful life is estimated by comprehensively considering the economic life and technical life of the equipment, based on the characteristics and usage conditions of each type of asset.

A comprehensive analysis method is used to estimate the Newness Rate:

Comprehensive Newness Rate = Age-Life Newness Rate × Observed Condition Adjustment Coefficient.

B. For Lower-Value Office Equipment

For lower-value office equipment such as computers, printers, and office desks/chairs, the newness rate is primarily estimated using the age-life method, taking into account the equipment's usage, maintenance, and current physical appearance. The estimation formula is as follows:

Newness Rate = (Economic Useful Life – Years Already in Use) ÷ Economic Useful Life × 100%

For the vehicle, the market comparison approach is adopted for valuation:

The market approach is a valuation method based on the principle of substitution. It involves comparing the subject asset with similar vehicles of the same model for which transactions have recently occurred. The transaction price of the comparables is then adjusted for differences between them and the subject asset in terms of transaction conditions, transaction date, registration date, engine displacement/transmission type, and specific attributes of the subject vehicle. These adjustments are made to ultimately arrive at a normal market price for the subject asset as of the valuation date.

Price of Subject Vehicle = Comparable Vehicle Price × K1 × K2 × K3 × K4 × K5

Where:

K1 = Transaction Conditions Adjustment

K2 = Transaction Date Adjustment

K3 = Registration Date Condition Adjustment

K4 = Engine Displacement Condition Adjustment

K5 = Vehicle Appearance & Technical Condition Adjustment

Upon completion of the aforementioned asset valuation procedures and methods, the valuation results for the equipment assets within the valuation scope as of the Valuation Date are reflected as follows:

Monetary Unit: RMB Ten Thousand Yuan

	Carrying Amount		Appraised Value		Appreciation Rate%	
Description	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Total – Equipment	36,171.95	9,729.29	37,494.94	12,893.36	3.66	32.52
Fixed Assets – Machinery & Equipment	36,094.38	9,721.57	37,480.42	12,882.09	3.84	32.51
Fixed Assets – Vehicles	21.21	1.06	2.46	2.46	–88.40	131.97
Fixed Assets – Electronic Devices	56.36	6.66	12.06	8.81	–78.61	32.38

Primary reason for the appreciation of equipment assets: The company's accounting depreciation period is shorter than the economic useful life used for valuation, resulting in an appraisal increase.

Intangible assets – land use rights:

As comparable land transaction cases in the area where the land use right is located are relatively easy to obtain, the market approach is deemed suitable for its valuation.

The fundamental premise of the market approach is that, when determining the price of a parcel of land to be valued, based on the principle of substitution, the subject land parcel is compared and contrasted with similar land parcels for which transaction instances have occurred in the recent period. Using the known prices of the latter as a reference, adjustments are made for differences in transaction conditions, date, regional characteristics, individual attributes, remaining use term, plot ratio, etc., to derive the land price for the subject parcel as of the valuation date.

Basic formula for market approach valuation: $V = VB \times A \times B \times C \times D \times E$

Where:

V: Value of the subject land parcel's use right;

VB: Comparable case price;

A: Subject land parcel transaction conditions index/Comparable case transaction conditions index;

B: Subject land parcel transaction date land price index/Comparable case transaction date land price index;

C: Subject land parcel remaining use term index/Comparable case remaining use term index;

D: Subject land parcel regional factors condition index/Comparable case regional factors condition index;

E: Subject land parcel individual attributes condition index/Comparable case individual attributes condition index.

(1) Transaction conditions adjustment: By analyzing the transaction conditions of comparable cases, non-standard transaction cases are excluded. The degree of influence of various special factors on the normal land price is measured, thereby eliminating price deviations in the transaction price caused by special factors in the transaction behavior.

(2) Transaction date adjustment: The change rate of a land price index or a property price index is used to analyze and calculate the impact of the transaction date on the land price, thereby revising the transaction price to the price as of the valuation date.

(3) Land use term adjustment: Land use term refers to the land use period stipulated in the contract for a land transaction. The length of the land use right term directly affects the number of years the land can be utilized to generate corresponding land benefits, thereby influencing the price of the land use right. Through land use term adjustment, the land use term in the comparable transaction case is adjusted to that of the subject land, eliminating price differences caused by variations in the duration of the use right.

(4) Regional factors adjustment: Regional factors primarily include the degree of industrial agglomeration in the area, transportation conditions, infrastructure level, regional environmental conditions, and regional planning conditions. As the regional factors affecting price differ for land with different intended uses, the specific content for regional factors adjustment is determined separately based on the intended use of the subject property.

(5) Individual attributes adjustment: Individual attributes refer to the unique characteristics (parcel conditions) of a specific land parcel that influence its price. The main aspects compared for individual attributes include the parcel's location, area, shape, development level, geology, and planning restrictions. Adjustments are made based on the differences in individual attributes between the comparable transaction case and the subject property.

Upon completion of the aforementioned asset valuation procedures and methods, the appraised value for the intangible asset – land use right within the valuation scope is RMB43,803,000.00. Compared to its carrying value of RMB2,960,043.56, this represents an appraisal increase of RMB40,842,956.44, an appreciation rate of 1,379.81%.

Jingxing

Set out below is a summary of the appraised value of 100% equity interests in Jingxing as at the Valuation Date by adopting the asset-based approach prepared by the Valuer:

Amount in RMB0000'

Description	Carrying Amount A	Appraised Value B	Increase/ Decrease in Value C=A-B	Appreciation Rate% D=C/A×100%
Current Assets	2,025.28	2,025.28	–	–
Non-Current Assets	14,792.53	14,965.77	173.24	1.17
Of Which: Fixed Assets	12,209.18	12,208.87	(0.31)	–0.00
Intangible Assets	2,583.35	2,756.90	173.55	6.72
Total Assets	16,817.81	16,991.05	173.24	1.03
Current Liabilities	2,031.49	2,031.49	–	–
Non-Current Liabilities	100.58	100.58	–	–
Total Liabilities	2,132.07	2,132.07	–	–
All Shareholders' Equity	14,685.74	14,858.98	173.24	1.18

Adopting the asset-based approach, the appraised value of the total assets of Jingxing as of the Valuation Date is RMB169,910,500, representing an appraisal increase of RMB1,732,400, an appreciation rate of 1.03%. The appraised value of the total liabilities is RMB21,320,700, with no valuation increase or decrease. The appraised value of all shareholders' equity is RMB148,589,800, representing an appraisal increase of RMB1,732,400, an appreciation rate of 1.18%.

There are differences between the carrying amount and appraised value of Deneng, the details of which are set out as follows:

(i) Reason for the appreciation of current assets valuation: Jingxing had recorded a provision for bad debts against its receivables. However, based on its historical operating performance, it has not actually incurred any bad debts. This valuation exercise did not anticipate any risk loss, hence resulting in the appreciation;

(ii) Reason for the appreciation of land use rights valuation: The land use rights were acquired at a relatively early time. Subsequently, the land market became active, and prices rose, leading to the valuation appreciation.

The main difference between the book value and appraised value of Jingxing is mainly due to intangible assets.

Intangible assets – land use rights:

As comparable land transaction cases in the area where the land use right is located are relatively easy to obtain, the market approach is deemed suitable for its valuation.

The fundamental premise of the market approach is that, when determining the price of a parcel of land to be valued, based on the principle of substitution, the subject land parcel is compared and contrasted with similar land parcels for which transaction instances have occurred in the recent period. Using the known prices of the latter as a reference, adjustments are made for differences in transaction conditions, date, regional characteristics, individual attributes, remaining use term, plot ratio, etc., to derive the land price for the subject parcel as of the Valuation Date.

Basic formula for Market Approach valuation: $V = VB \times A \times B \times C \times D \times E$

Where:

V: Value of the subject land parcel's use right;

VB: Comparable case price;

A: Subject land parcel transaction conditions index/Comparable case transaction conditions index;

B: Subject land parcel transaction date land price index/Comparable case transaction date land price index;

C: Subject land parcel remaining use term index/Comparable case remaining use term index;

D: Subject land parcel regional factors condition index/Comparable case regional factors condition index;

E: Subject land parcel individual attributes condition index/Comparable case individual attributes condition index.

(1) Transaction conditions adjustment: By analyzing the transaction conditions of comparable cases, non-standard transaction cases are excluded. The degree of influence of various special factors on the normal land price is measured, thereby eliminating price deviations in the transaction price caused by special factors in the transaction behavior.

(2) Transaction date adjustment: The change rate of a land price index or a property price index is used to analyze and calculate the impact of the transaction date on the land price, thereby revising the transaction price to the price as of the Valuation Date.

(3) Land use term adjustment: Land use term refers to the land use period stipulated in the contract for a land transaction. The length of the land use right term directly affects the number of years the land can be utilized to generate corresponding land benefits, thereby influencing the price of the land use right. Through land use term adjustment, the land use term in the comparable transaction case is adjusted to that of the subject land, eliminating price differences caused by variations in the duration of the use right.

(4) Regional factors adjustment: Regional factors primarily include the degree of industrial agglomeration in the area, transportation conditions, infrastructure level, regional environmental conditions, and regional planning conditions. As the regional factors affecting price differ for land with different intended uses, the specific content for regional factors adjustment is determined separately based on the intended use of the subject property.

(5) Individual attributes adjustment: Individual attributes refer to the unique characteristics (parcel conditions) of a specific land parcel that influence its price. The main aspects compared for individual attributes include the parcel's location, area, shape, development level, geology, and planning restrictions. Adjustments are made based on the differences in individual attributes between the comparable transaction case and the subject property.

Upon completion of the aforementioned asset valuation procedures and methods, the appraised value for the intangible asset – land use right within the valuation scope is RMB27,569,000. Compared to its carrying value of RMB25,833,469, this represents an appraisal increase of RMB1,735,530, an appreciation rate of 6.72%.

Key valuation assumptions for each of Deneng and Jingxing

The following key assumptions were adopted in the preparation of each of the Valuation Reports:

a. Precondition assumptions

1. The assumption of an arm's length transaction presumes that the subject of the valuation is already in a transaction process. The Valuer simulates the market to appraise it based on the transaction conditions and other relevant factors, adhering to the principle of fairness.

2. The assumption of an open market presumes that the subject of valuation is within a fully competitive and efficient market (whether regional, national, or international). In such a market, the parties contemplating a transaction are on equal footing, each possessing the capability, opportunity, and time to acquire sufficient market information. The transactional conduct of both parties is carried out voluntarily and rationally, free from coercion or undue constraints, enabling them to make reasoned judgments regarding the function, utility, and transaction price of the subject asset. Under conditions of full competition, the exchange value of the subject asset is constrained by market mechanisms and determined by prevailing market conditions, rather than by any individual transaction price.

3. The assumption of a going concern presumes that the valuation subject and the assets it comprises will continue to operate on an ongoing basis, maintaining its current mode, scale, frequency, and operating environment. This assumption not only defines the continued existence of the valuation subject but also establishes the market conditions or environment in which it operates.

b. General assumptions

1. It is assumed that there will be no material changes, as compared to the Valuation Date, in the relevant laws, regulations, industry policies, industrial policies, and macroeconomic environment currently in effect at the national and local levels (in the regions where the valuation subject operates). It is also assumed that there will be no material changes in the political, economic, and social environments of the regions where the parties involved in this transaction are located.

2. It is assumed that there will be no material changes in the fiscal and monetary policies of the regions where the valuation subject operates, nor in the applicable interest rates, exchange rates, tax bases and rates, and policy-related levies and fees.

3. It is assumed that no other force majeure events or unforeseeable factors will have a material adverse impact on the ability to continue as a going concern by the valuation subject.

c. Specific assumptions

1. It is assumed that, based on its existing management approach/model and competency level, the business scope/scope of operations and mode of operation of the valuation subject will remain substantially consistent with the current status. It is further assumed that the future development trend of its business will remain substantially consistent with the development trend of the industry in which it operates as of the Valuation Date.

2. It is assumed that the management of the valuation subject is responsible and competent to fulfill their appointed positions and duties.

3. It is assumed that all information (including fundamental, financial, operational data, etc.) provided by the Company and the valuation subject is genuine, accurate, and complete, and that all material matters have been fully disclosed.

4. It is assumed that qualification certificates of the valuation subject will be renewed on a timely basis upon their expiration.

Based on the above bases, methodologies and assumptions, the Board considers that the each of the valuations of Deneng and Jingxing performed by the Valuer is fair, reasonable and appropriate.

V. Reasons for and benefits of the Disposals

The Group is mainly engaged in the development, operation and management of natural gas-fired power plants. As at the Latest Practicable Date, the Group has three wholly-owned gas-fired power plants in Zhejiang Province, with an aggregate installed capacity of 345.92 megawatt (MW) (including 919 kilowatt (kW) photovoltaic power generating units) with a maximum heating capacity of 160 tons/hour. Zhejiang Province is promoting the reform of the electricity spot market and the capacity price reduction policy, which has brought challenges to the Group's business model and profitability. The Company's management team actively researches and explores business models under new forms, strives to find new market convergence points, and is committed to achieving strategic transformation.

In 2022, the Zhejiang Provincial Development and Reform Commission and the Zhejiang Provincial Energy Administration issued the *Implementation Plan for the "14th Five-Year Plan" New-Type Power System Pilot Construction in Zhejiang Province*《浙江省"十四五"新型電力系統試點建設方案》) and the *Notice on the 2022 New-Type Power System Pilot Project Plan in Zhejiang Province* (Zhe Fa Gai Energy [2022] No. 102)(《浙江省2022年新型電力系統試點項目計劃的通知》(浙發改能源[2022]102號)). These policy documents stipulated, among others, the development of an integrated system centred on source–grid–load–storage integration, multi-energy complementarity and a flexible and efficient power supply structure; the required enhancement of the power system's peak-shaving, frequency regulation and stability support capabilities; and explicitly identified new-type energy storage as a key infrastructure component for improving system flexibility. Under this policy framework, Zhejiang Province promoted the construction of new-type energy storage projects on the power generation side, grid side and user side, and such storage facilities have gradually become one of the necessary conditions for power plants to contribute in power system operation. The implication is that, with the increasing penetration of renewable energy and the growing demand for flexibility and stability in the power system, the deployment of supporting energy storage facilities has evolved from an "optional" feature into a "threshold requirement" or "necessary condition" for power plants to effectively participate in the electricity market and to ensure the safe and stable operation of the power system. In line with the prevailing policy direction, Zhejiang Province requires power plants to be equipped with energy storage facilities, with clear technical requirements on capacity, duration and efficiency. For Deneng Group (including Deneng power plant and Quzhou power plant) and Jingxing power plant, which are relatively smaller in scale and operate more traditional generating units, the investment required to comply with such requirements would result in significant capital expenditure. Such investments may not be fully recoverable through tariff mechanisms in the short term, thereby adversely affecting project returns. Under the development of the new-type power system, power plants are required to transition from pure "power generators" to "integrated energy service providers" with capabilities to provide ancillary services such as peak shaving and frequency regulation. Energy storage is a key asset for delivering such services. The power plants under the disposal group (including Deneng power plant, Quzhou power plant and Jingxing power plant) currently have relatively simple business structures, and historically have not made substantial investments in energy storage. As a result, they lack the flexibility required

to respond to the deepening reforms of the electricity market (such as the spot market and ancillary services market), which in turn creates uncertainty as to their future profitability. Through the proposed Disposals, the Company can avoid the need to incur additional capital expenditure to enable the relevant power plants to meet potentially more stringent energy storage requirements in the future, thereby reducing compliance pressure and reinvestment risks arising from policy changes. At the same time, the Company may reallocate its resources to retained assets with stronger strategic alignment or those that have already deployed energy storage in advance, which is consistent with the Company's strategy to optimise its asset portfolio and focus on its core competitiveness, thereby enhancing overall operational efficiency.

Subsequently, pursuant to the *Zhejiang Province "14th Five-Year Plan" New-Type Energy Storage Development Plan* (the "**Document No. 135**")(《浙江省"十四五"新型儲能發展規劃》("135號文")) and the notice on the first batch of new-type energy storage demonstration projects during the "14th Five-Year Plan" period issued in 2022, the energy storage projects of the Deneng power plant and the Jingxing power plant had been included in the reserve project list. All power plants included in the reserve project list would, in due course, be required to construct supporting energy storage facilities in order to continue aligning with the development direction of the Zhejiang Province power system. At that time, however no specific implementation timetable was stipulated in the relevant policy documents.

Deneng's original business model did not have any energy storage facilities, with its principal business focusing on gas-fired power generation. However, as the State and Zhejiang Province continued to promote grid-side and generation-side energy storage construction during the "14th Five-Year Plan" period, energy storage gradually evolved from a policy-encouraged initiative into an integral part of regulatory and planning requirements. By comparison, the Bluesky Power Plant of the Group completed its energy storage project investment and construction in July 2024, becoming one of the first batch of new-type energy storage power plant demo, with the relevant capital investment already incurred. As Anji Power Plant of the Group is a combined heat and power plant that provides both electricity generation and heat supply to surrounding users, it is not involved in this energy storage capital investment.

In March 2025, the Zhejiang Provincial Energy Administration issued the *Notice on the 2025 New-Type Energy Storage Project Construction Plan* (Zhe Energy [2025] No. 5)(《2025年新型儲能項目建設計劃的通知》(浙能源[2025]5號)), pursuant to which the new-type energy storage project of the Deneng Power Plant was formally included in the annual construction plan. The Jingxing Power Plant was not included in the annual construction plan yet. The notice expressly stipulated that projects being included in the construction plan shall commence construction within 2025, and projects that fail to progress as scheduled would be removed from the construction plan and would not be permitted to connect to the grid upon determination by the Provincial Energy Administration. In other words, following the issuance of the notice, the Deneng energy storage project became a mandatory investment project subject to explicit commencement timing and grid-connection constraints. According to the approval of the Provincial Energy Administration, the estimated total investment for the Deneng power plant energy storage project being approved amounts to approximately RMB90 million.

The Company considers that the prices of core energy storage system equipment (in particular, batteries) are considerably affected by market supply and demand dynamics, and the relevant investment amount is subject to the risk of further increase. In addition, although subsidy arrangements were mentioned in earlier policy documents issued in 2022, the energy storage projects included in the 2025 construction plan are not supported by any fiscal subsidies. Under such regulatory requirements, the Company would likely be required to incur additional and significant capital investment, to bear uncertainties relating to the construction and operation returns of energy storage projects, and to face financial risks associated with project implementation in the absence of clear subsidy support or stable return mechanisms.

The State Grid Zhejiang Electric Power Company Limited published the *Announcement on Agency Electricity Purchase Prices for Industrial and Commercial Users*(《關於工商用戶代理購電價格的公告》) in October 2025. The announcement was issued pursuant to the relevant requirements of the National Development and Reform Commission on the agency electricity purchase mechanism and applies to industrial and commercial users whose electricity is purchased on their behalf by grid companies, including grid-side energy storage projects. According to the electricity price schedule for industrial and commercial users under the agency electricity purchase mechanism set out in the announcement, grid-side energy storage projects are required to pay charging electricity prices based on their grid-connection voltage level, under different categories of electricity tariffs. The charging electricity price applicable to the Group's grid-side energy storage projects falls under the single-rate general industrial and commercial electricity tariff. Based on the price level announced in October 2025, the average electricity purchase price was approximately RMB0.30 per kWh.

Based on actual operating performance, such agency electricity purchase pricing mechanism has had, and continues to have, a cost impact on the Group's energy storage project which has commenced operation. By way of example, for the energy storage business of the Group's Bluesky Power Plant, the average electricity purchase price increased from approximately RMB0.15 per kWh at the beginning of 2025 to approximately RMB0.30 per kWh in October 2025. As the electricity selling price remained broadly stable at approximately RMB0.42 per kWh, the spread between charging and discharging prices for the energy storage business narrowed significantly, thereby directly compressing the profit margin of the energy storage operations. An increase in the electricity purchase price represents an increase in costs to the Company, and such costs are not driven by factors within the Company's control. While the electricity purchase price level recorded in October 2025 represented a relatively high point and was not expected to persist indefinitely, the average electricity purchase price remained at approximately RMB0.30 per kWh at its peak in November 2025, before easing to approximately RMB0.25 per kWh in December 2025. Although prices did not remain at elevated levels for a prolonged period, they continued to be considerably higher than those at the beginning of 2025. The overall upward shift and heightened volatility in electricity purchase prices during late 2025 therefore constituted an important reference factor for the Group's assessment of the expected investment returns and risk profile of new energy storage projects in the fourth quarter of 2025.

Based on the above pricing mechanism and the cost volatility it reflects, if the Deneng power plant and the Jingxing power plant were to complete investment in and commence operation of their respective energy storage projects, the profitability of such energy storage businesses would be dependent on the prevailing agency electricity purchase price level and may be subject to the risk that returns would be considerably lower than those originally anticipated at the time of project investment decision-making as a result of increases in electricity purchase costs. In assessing whether to proceed with future energy storage project investments at the Deneng power plant and the Jingxing power plant, the Board has taken into account the above agency electricity purchase pricing mechanism and potential cost fluctuations as one of the relevant risk factors. The ultimate price levels and their duration will continue to depend on subsequent developments in the electricity market and regulatory policies.

In order to advance electricity pricing market-oriented reforms and progressively liberalise electricity prices in competitive segments, the Zhejiang Provincial Development and Reform Commission issued the *Notice of the Zhejiang Provincial Development and Reform Commission on Optimising the On-grid Tariff for Natural Gas Power Generation in the Province* (Zhe Fa Gai Jia Ge [2021] No. 357)(《浙江省發展改革委關於優化我省天然氣發電上網電價的通知》(浙發改價格[2021]357 號)) on 28 September 2021. Pursuant to the notice, with effect from 1 January 2022, the on-grid tariff mechanism applicable to natural gas power generation enterprises in Zhejiang Province was optimised and adjusted in coordination with the reform of the electricity spot market, with a gas-power price linkage mechanism being introduced concurrently. As a result, the capacity tariffs applicable to the Group's gas-fired power plants were subject to adjustment.

The electricity tariff structure applicable to the Group's gas-fired power plants comprises two components, namely the capacity tariff and the energy tariff. The capacity tariff is primarily intended to compensate fixed costs of generation units, while the energy tariff is determined through market-oriented mechanisms and is linked to comprehensive natural gas price levels. Following the implementation of the above notice, except for the Jingxing power plant, which is a locally dispatched power plant and whose electricity selling price is determined under local arrangements, the electricity selling prices of the Group's other power plants are required to be determined on a monthly basis with reference to comprehensive natural gas prices (calculated on a weighted basis according to different gas sources and gas prices). Consequently, the Group's power generation revenue has become more sensitive to changes in market prices and fuel costs.

With respect to capacity tariffs, pursuant to the unified adjustment arrangements of the Zhejiang Provincial Development and Reform Commission, the capacity tariffs applicable to the Group's power plants have been reduced with effect from 2022, details of which are set out below:

- the capacity tariffs applicable to the Bluesky Power Plant, the Deneng power plant and the Jingxing power plant were adjusted to RMB394.8 per kilowatt per annum, representing a reduction of approximately 16% from RMB470 per kilowatt per annum in 2021; and

- the capacity tariffs applicable to the Anji Power Plant and the Quzhou power plant were adjusted to RMB571.2 per kilowatt per annum, representing a reduction of approximately 16% from RMB680 per kilowatt per annum in 2021.

Following such downward adjustment in 2022, no subsequent arrangements have been implemented to restore or increase the capacity tariff levels, and the Group has continued to apply the adjusted capacity tariffs since then. The reduction in capacity tariffs has directly reduced the relatively stable fixed capacity income available to the Group's gas-fired power plants. Under the electricity spot market and gas-power price linkage mechanism, the energy tariff component has become more dependent on power market supply-and-demand conditions and prevailing natural gas price trends. In this context, the capacity tariff as a stable source of income has been reduced, which has resulted in the Group's operating performance becoming more closely aligned with fluctuations in market prices.

The Deneng Disposal

To be in line with the construction plan for new-type energy storage projects by the Zhejiang Provincial Development and Reform Commission (Energy Administration)(浙江省發改委(能源局), Deneng requires additional capital investment to develop its energy storage project. However, such additional capital investment is not aligned with the Group's strategic long-term development direction. In addition, according to the announcement issued by State Grid Zhejiang Electric Power Co., Ltd.(國網浙江省電力有限公司) in October 2025 in relation to the agency electricity purchase prices for industrial and commercial users, the electricity purchase prices of the energy storage projects have increased significantly as compared with the beginning of the year, while the discharge prices have remained unchanged. As a result, the charging and discharging price spread has been materially narrowed, which has adversely affected the expected future profitability of the energy storage projects. After careful consideration to the relevant capital requirements, the prevailing regulatory and electricity pricing environment, as well as the Group's overall strategic development direction, the Board is of the view that the deployment of internal resources or the provision of funding for such investments through external financing would not be in the long term interests of the Group. Accordingly, the Company has decided to completely dispose of Deneng. The Deneng Disposal will allow the Group to streamline its business, optimise the allocation of its resources and enhance overall capital efficiency.

The profit before taxation of the Deneng Group for the years 2023, 2024 and 2025 are approximately RMB47.5 million, RMB50.9 million and RMB52.6 million, respectively. Whilst the Deneng Group recorded an increase in profit after taxation throughout 2023 to 2025, such increase was primarily attributable to non-recurring and non-operational factors, rather than an improvement in its underlying business performance, in particular, (i) a one-off technical consultancy fee of approximately RMB5.8 million incurred in 2023 in relation to technical advisory services for the operation of the Deneng power plant was partially recognised as administrative expenses in 2023 and 2024 (approximately RMB5.4 million and RMB0.4 million, respectively), with no corresponding expense recognised in 2025, and (ii) net finance costs decreased from approximately RMB21.3 million for the year 2023 to approximately RMB17.5 million for the year 2024, and further decreased to approximately RMB13.8 million for the year 2025, primarily due to a reduction in interest-bearing borrowings. Excluding the above factors, the Board considers that the financial performance of the Deneng Group has not demonstrated a corresponding improvement in its fundamental operations. Accordingly, the apparent increase in profitability does not reflect a sustained enhancement in revenue-generating capability or core business performance. In addition, the Board considers that recent regulatory policy developments in the energy sector are expected to have an impact on the Deneng Group's future operations. The required energy storage capital investments, together with the commencement of the energy storage business (after the energy storage capital investment is incurred and completed), are expected to give rise to further financial commitments and operational uncertainties, the effects of which have not yet been reflected in the historical financial results of the Deneng Group. As a result, the Deneng Disposal is in line with the assessment of the Deneng Group's performance, taking into account the potential impact of evolving regulatory requirements on its future profitability and financial position.

Given the nature of the Deneng Disposal, the Company is not in a position to approach any independent third party purchasers to obtain quotations. Deneng comprises operating power plant located in the PRC. Transaction of this nature is relatively uncommon in the market. In particular, the feasibility, timing and conditions of any potential acquisition would depend on regulatory considerations that may not be readily undertaken by prospective purchasers without performing extensive due diligence and confirming whether regulatory restrictions apply. In light of the above, the Board considers that it is not practicable to obtain meaningful or comparable quotations from independent third parties, as potential purchasers would generally not be in a position to provide indicative pricing without a high level of transaction certainty. As such, no independent third party quotations were obtained by the Company in respect of the Deneng Disposal. Notwithstanding the absence of such quotations, the consideration for the Deneng Disposal has been evaluated with reference to an independent valuation report prepared by an independent valuer in respect of Deneng, which provides an objective benchmark for assessing the fairness and reasonableness of the transaction terms.

As disclosed in the section headed "II. Equity Transfer Agreements" in the circular above, the Board has taken into account a number of factors in determining the consideration. The Directors (including the independent non-executive Directors) consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The terms of the Deneng Disposal, the Deneng Equity Transfer Agreement and the transactions contemplated thereunder were agreed after arm's length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) consider that the terms of the Deneng Disposal, the Deneng Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

The Jingxing Disposal

To be in line with the construction plan for new-type energy storage projects by the Zhejiang Provincial Development and Reform Commission (Energy Administration)(浙江省發改委(能源局), Jingxing requires additional capital investment to develop its energy storage project. However, such additional capital investment is not aligned with the Group's strategic long-term development direction. In addition, according to the announcement issued by State Grid Zhejiang Electric Power Co., Ltd.(國網浙江省電力有限公司) in October 2025 in relation to the agency electricity purchase prices for industrial and commercial users, the electricity purchase prices of the energy storage projects have increased significantly as compared with the beginning of the year, while the discharge prices have remained unchanged. As a result, the charging and discharging price spread has been materially narrowed, which has adversely affected the expected future profitability of the energy storage projects. After careful consideration to the relevant capital requirements, the prevailing regulatory and electricity pricing environment, as well as the Group's overall strategic development direction, the Board is of the view that the deployment of internal resources or the provision of funding for such investments through external financing would not be in the long term interests of the Group. Accordingly, the Company has decided to completely dispose of Jingxing. The Jingxing Disposal will enable the Group to streamline its business, optimise the allocation of its resources and enhance overall capital efficiency.

Given the nature of the Jingxing Disposal, the Company is not in a position to approach any independent third party purchasers to obtain quotations. Jingxing comprises operating power plant located in the PRC. Transaction of this nature is relatively uncommon in the market. In particular, the feasibility, timing and conditions of any potential acquisition would depend on regulatory considerations that may not be readily undertaken by prospective purchasers without performing extensive due diligence and confirming whether regulatory restrictions apply. In light of the above, the Board considers that it is not practicable to obtain meaningful or comparable quotations from independent third parties, as potential purchasers would generally not be in a position to provide indicative pricing without a high level of transaction certainty. As such, no independent third party quotations were obtained by the Company in respect of the Jingxing Disposal. Notwithstanding the absence of such quotations, the consideration for the Jingxing Disposal has been evaluated with reference to an independent valuation report prepared by an independent valuer in respect of Jingxing, which provides an objective benchmark for assessing the fairness and reasonableness of the transaction terms.

As disclosed in the section headed "II. Equity Transfer Agreements" in the circular above, the Board has taken into account a number of factors in determining the consideration. The Directors (including the independent non-executive Directors) consider that the consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The terms of the Jingxing Disposal, the Jingxing Equity Transfer Agreement and the transactions contemplated thereunder were agreed after arm's length negotiations between the parties thereto. The Directors (including the independent non-executive Directors) consider that the terms of the Jingxing Disposal, the Jingxing Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

The Group's remaining business

Upon the Completions of the Disposals, the remaining Group will continue to operate the two gas-fired power plants, namely the Bluesky Power Plant and Anji Power Plant, with an aggregate installed capacity of approximately 270.7 MW (including 700 kW photovoltaic power generating units) and a maximum heating capacity of 160 tons/hour. The total installed capacity of grid-side energy storage is 100 MW/200 MWh.

(a) Bluesky Power Plant operates a gas-fired power plant located in Hangzhou City, Zhejiang Province with an installed capacity of 112.34 MW. It serves as a peak-shaving unit of the power grid. It has an annual power generation of approximately 400 hours and an annual power generation of approximately 40 million kWh. Its total installed capacity of grid-side energy storage is 100 MW/200 MWh. For the year ended 31 December 2025, the revenue and the net profits attributable to this gas-fired power plant were RMB91,071,500 and RMB18,495,500, respectively.

(b) Anji Power Plant operates a gas-fired power plant located in Anji County, Zhejiang Province with an installed capacity of 158.36 MW. It serves as a peak-shaving unit for the power grid. It has an annual power generation of approximately 500 hours and an annual power generation of approximately 80 million kWh. It is responsible for supplying heat to the surrounding industrial parks, with an annual heat supply of approximately 80,000 tons. For the year ended 31 December 2025, the revenue and the net profits attributable to this gas-fired power plant were RMB151,746,400 and RMB22,510,600, respectively.

The Group's remaining power plants (including the Bluesky Power Plant and the Anji Power Plant) are also located within Zhejiang Province and, from a macro perspective, are subject to the same electricity price market-oriented reforms and energy regulatory policy environment, including the reduction of capacity tariffs, the reform of the electricity spot market and the electricity pricing formation mechanism linked to natural gas prices. However, notwithstanding the consistency of the relevant policy reforms at the regional and institutional levels, the extent of their practical impact on different power plants and the degree of alignment with the Group's overall strategy vary as a result of differences in asset nature, operation and capital arrangements, as further elaborated below.

- Differences in asset nature and operation:

The Bluesky Power Plant completed the investment and construction of its energy storage project in July 2024 and is among the earlier new-type energy storage projects demo completed in Zhejiang Province. The relevant capital investment had already been incurred, and no further capital commitments of a similar scale are expected in the near future. Its energy storage business commenced operation in July 2024. The Anji Power Plant is a combined heat and power plant which, in addition to power generation, also provides heat supply services to surrounding users. The heat supply business generates relatively stable operating cash flows and, to a certain extent, reduces the sensitivity of its overall revenue to fluctuations in electricity prices. As such, its business structure differs materially from that of Deneng and Jingxing, which are primarily focused on power generation. By contrast, Deneng and Jingxing mainly rely on generation-related income, and their energy storage projects, under the relevant regulatory planning, remain at a stage requiring additional capital investment, giving rise to greater uncertainty as to their impact on future cash flows and investment returns.

- Comparison of power procurement and sales arrangements:

With respect to the electricity procurement and sales arrangements of the respective power plants:

- Bluesky Power Plant purchases electricity from State Grid Zhejiang Electric Power Company Limited – Hangzhou Power Supply Company, and sells generated electricity to State Grid Zhejiang Electric Power Co,. Ltd.;

- Anji Power Plant purchases electricity from State Grid Zhejiang Electric Power Company Limited – Huzhou Power Supply Company, and sells generated electricity to State Grid Zhejiang Electric Power Co,. Ltd.

Although the ultimate purchaser of electricity generated by the above power plants is State Grid Zhejiang Electric Power Company Limited, differences in installed capacity, business structure and historical capital investment arrangements result in variations in the scale of electricity revenue and the respective capacity of each power plant to absorb policy-driven changes.

- Differences in business structure

The business model of the disposal group's power plants is relatively concentrated. Although the Deneng power plant engages in combined heat and power generation (supplying heat in Quzhou), its core operation remains to be electricity generation. The Jingxing power plant is a pure power generation plant, with revenue highly dependent on a single source electricity tariffs. In contrast, the Remaining Group's power plants exhibit a more resilient business structure. The Anji Power Plant is clearly positioned as a gas-fired combined heat and power plant, with such a model providing dual revenue streams from electricity sales and heat supply. Heat supply businesses are typically supported by long-term agreements and generate relatively stable cash flows, effectively mitigating exposure to volatility in electricity market prices. In addition, the Bluesky Power Plant has completed the construction of its energy storage project and has commenced operations, resulting in a more comprehensive business structure.

- Differences in capital investment and leverage

To comply with the latest energy storage policy requirements, the disposal group's power plants face significant capital expenditure pressures. In particular, the Deneng power plant is required to incur additional capital expenditure of approximately RMB90.17 million in the near future, while the Jingxing power plant may face similar mandatory investments in the future. This imposes immediate and substantial capital expenditure burdens, together with increased depreciation pressure going forward. Furthermore, Deneng power plant previously undertook a significant amount of debt in connection with the acquisition of the Quzhou power plant, resulting in a relatively high overall debt burden for the Group. Additional investment in energy storage projects will further increase such burden. The Group may also be required to provide guarantees, thereby increasing contingent liabilities and to a certain extent affecting its capital allocation and financial flexibility. In contrast, within the Remaining Group, the Bluesky Power Plant has already completed its energy storage project, and the Anji Power Plant is not currently subject to energy storage planning requirements. Accordingly, the Remaining Group does not face similarly urgent and substantial capital expenditure pressures, and can maintain better financial flexibility.

In light of the above differences:

- When facing the gas-electricity price changes policy: the disposal group's power plants have a relatively concentrated business model, with revenue almost entirely derived from gas-fired power generation. When natural gas procurement costs exceed on-grid electricity tariffs, the absence of alternative revenue streams to offset such impact materially weakens their profitability and increases sensitivity to energy price changes policy. In contrast, the power plants in the Remaining Group benefit from diversified revenue streams. The combined heat and power structure provides a natural "buffer", such that even if the power generation segment operates at a loss, stable heat supply income may partially offset the decline in overall profitability. This enhances the ability of such power plants in the Remaining Group to operate sustainably and remain resilient under unfavourable electricity pricing conditions;

- When facing energy storage policy requirements: As far as the disposal group is concerned, the mandatory energy storage requirements necessitate immediate and substantial capital investment, for example the RMB90.17 million required by the Deneng power plant, which directly increases cash flow pressure. At the same time, adjustments to the proxy power purchase mechanism may narrow the expected price spreads from energy storage projects, introducing uncertainty as to investment returns. As a result, while the core business of the disposal group is already under pressure from the gas-electricity price changes, the need for additional capital investment further increases the overall financial burden and uncertainty of the disposal group. In contrast, the Remaining Group's power plants generally have larger installed capacity and more stable cash flows, which may provide stronger financial capacity and a longer decision-making window in addressing energy storage investment requirements. In addition, economies of scale may help reduce the unit investment costs of energy storage projects, and more flexible operational strategies (such as participation in ancillary services markets) may enable better extraction of value from energy storage. As such, policy requirements may be more readily transformed into potential future growth drivers, rather than constituting a pure financial burden to the Group.

- Alignment with the Group's overall strategy

The Company considers that, under the current regulatory environment, the retained power plant assets (including the Bluesky Power Plant and the Anji Power Plant) are, on the whole, operationally mature, generate relatively stable cash flows, and do not involve imminent requirements for a new round of large-scale capital commitments. As such, they provide the Group with a comparatively stable operating foundation at its current stage. By contrast, when facing energy storage project construction requirements, Deneng and Jingxing would be required to undertake additional capital investment in the absence of clear subsidy arrangements or guaranteed return mechanisms. The resulting risk-return profile is therefore not fully aligned with the Group's current strategic direction, which focuses on prudent capital allocation and the exploration of new growth opportunities.

The Company has no current intention to dispose of, scale down or discontinue its remaining power plant operations, including the Bluesky Power Plant and the Anji Power Plant. The Board considers that the business models, operating conditions and cash flow performance of the above assets are relatively mature and, at this stage, constitute an important component of the Group's continuing operations, providing the Group with relatively stable income and cash flow support. Accordingly, the Company will currently continue to focus on the prudent operation of the above power plants and on the ongoing optimisation of their operating performance. The decisions made by the Group in connection with the current Disposal were based on the specific circumstances of the individual power plants, including their respective stages of capital investment, risk exposure and degree of alignment with the Group's overall strategy. The Board will continue to keep the Group's asset portfolio under appropriate review, taking into account regulatory developments, market conditions and the Group's overall strategic direction. However, as of today, the Company has no specific plans or arrangements or intention for any further disposal of the Bluesky Power Plant or the Anji Power Plant.

Given all the current power plants of the Group are in Zhejiang Province, the Board's decision to dispose of Deneng and Jingxing was primarily driven by the cost pressure reflected under the agency electricity purchase pricing mechanism. From the fourth quarter of 2025, the relevant electricity purchase price levels were considerably higher than the cost assumptions adopted by the Group during the initial project planning and investment assessment stages. As electricity selling prices remained relatively stable over the same period, such electricity purchase price levels and their phase-based fluctuations directly affected the spread between charging and discharging prices and the profit margin of energy storage businesses. The Board considers that, under such pricing mechanism, the operating performance of energy storage projects would be highly dependent on the prevailing agency electricity purchase price levels, which are in turn largely influenced by electricity market supply-and-demand conditions and policy-driven pricing mechanisms, and are not within the Group's control. Based on existing operating experience, if Deneng and Jingxing were to complete the investment, construction and commissioning of their energy storage projects, the profitability of such energy storage businesses would be subject to a relatively high degree of uncertainty, and, where electricity purchase costs remain at elevated levels, the actual returns of the relevant projects may fall below the levels initially anticipated at the time of project investment decisions. The Board has therefore regarded the agency electricity purchase pricing mechanism and the associated cost volatility risk as one of the important and practical commercial considerations in deciding to dispose of Deneng and Jingxing.

In addition, as disclosed above, the energy storage project of Deneng has, under Zhejiang Province's annual construction plan, progressed from an earlier reserve or policy stage to a construction arrangement with explicit commencement timing requirements and grid-connection constraints commencing from March 2025. The construction of the relevant energy storage project would involve additional and significant capital investment, and it cannot be ruled out that Deneng may require additional capital support from its shareholders for the subsequent construction and operation arrangements. Furthermore, although Jingxing is not currently subject to a mandatory requirement to commence energy storage project construction within a specified timeframe, its energy storage project has already been included in Zhejiang Province's new-type energy storage reserve project list. Power plants included in such reserve list would be required, at a later stage, to invest in and construct energy storage facilities in order to continue aligning with the development direction of Zhejiang Province's new-type power system.

The Board considers that, under the prevailing policy and pricing mechanisms and energy storage-related capital investment requirements, continued ownership of Deneng and Jingxing would expose the Group to the dual pressures of additional capital investment requirements and heightened dependence of energy storage profitability on agency electricity purchase prices. Such risk exposure is not fully aligned with the Group's current strategic focus on maintaining stable operations, exercising prudent capital allocation, and exploring new growth directions in energy technology and the digital economy. By contrast, the retained assets of the Bluesky Power Plant and the Anji Power Plant are, on the whole, more mature in their operations and generate relatively stable cash flows, thereby providing the Group with a more solid operational foundation. Accordingly, the Board considers that the asset selection and disposal decisions constitute a prudent and reasonable commercial judgment made under the prevailing regulatory and market conditions.

With respect to the Jingxing Disposal, for the year ended 31 December 2025, the revenue and the net profits attributable to this gas-fired power plant were RMB35,605,000 and RMB3,719,000, respectively. The revenue of Jingxing accounted for approximately 9.67% of the revenue of the Group for the year ended 31 December 2025. The Company considers that the production capacity of Jingxing is not significant to the Group. Taking into account the above, the Company considers that there will be no material impact on the production capacity of the Group.

The Group previously disposed of 51% equity interest in Deneng, with the Registration Procedures completed on 7 March 2025. With respect to the Deneng Disposal, the Group only holds 49% equity interest in Deneng as at the Latest Practicable Date, and hence the revenue of Deneng is not consolidated into the financial statements of the Group.

As a result, the Company considers that the Deneng Disposal and Jingxing Disposal would have no material impact on the operational structure and production capacity of the Group, and that the Group will be able to carry out its existing businesses with a sufficient level of operations and assets of sufficient value to support its operations after the Completions.

Although Deneng and Jingxing had continued to be profit-making during the years ended 31 December 2024 and 2025, the revenue of Deneng and Jingxing had decreased for the year ended 31 December 2025 as disclosed in the section headed "Financial information of the target companies", which is mainly due to (i) capacity tariff reduction; and (ii) fluctuations in the natural gas prices subject to the changing external economic environment. As such, the Disposals may represent an opportunity for the Group to realise its investment in Deneng and Jingxing for immediate funds for (i) strengthen its financial position; and (ii) divert resources to other investments with higher growth potential to improve its profitability.

Use of proceeds

The estimated net proceeds (after deducting relevant expenses) to be received by the Group from the Disposals is approximately RMB255 million. The Company intends to use the proceeds from the Disposals for future business development purposes, including, where appropriate and subject to market opportunities and conditions, possible acquisitions of or investments in companies engaged in artificial intelligence, the digital economy, energy technology, and to conduct equity investment, industrial investment, and asset management businesses to support the Group in achieving the evolution from traditional energy group to a comprehensive industrial group driven by both "technology and digital". The Company intends to establish a wholly-owned subsidiary in Hangzhou which will primarily serve as the Group's investment and business development platform and will be responsible for conducting industry research, project screening and preliminary evaluation of potential investment opportunities, as well as the gradual establishment of an appropriate professional team. Through the above investment platform, the Company intends to focus on potential development opportunities in areas including artificial intelligence, digital economy-related businesses, energy technology and related technological applications, energy conservation and environmental protection, and other sectors with potential synergy with the Group's existing energy business. The relevant approaches may include, without limitation, equity investment or industrial investment, and, where appropriate, the related asset management arrangements. The above represents the Company's proposed business development intentions and strategic exploration directions. As at the Latest Practicable Date, the Company has not identified any specific acquisition or investment targets and has not entered into any agreement or commitment in respect of any specific acquisition or investment target. The Company will continue to conduct screening and evaluation of all potential opportunities and adhere to prudent capital management principles, ensuring that any future investment decisions are made in accordance with the Company's investment policies and on the basis of safeguarding the interests of Shareholders as a whole. The Company will make further disclosure as and when

appropriate in compliance with the Listing Rules. The Group believes that the Disposals will provide the Group with the opportunity to unlock the value of its natural gas power plant holdings, supplement its current working capital and provide immediate funding for the Group's future business development, which will place the Company in a better position to respond to suitable opportunities as they arise and to enhance its long-term strategic flexibility and competitiveness.

As disclosed in the section headed "II. Equity Transfer Agreements" in this circular above, the Board has taken into account a number of factors in determining the considerations of the Disposals. The Directors (including the independent non-executive Directors who has expressed their views after considering the advice from the Independent Financial Adviser in the section headed "Letter from the Independent Financial Adviser" contained in this circular) consider that the considerations of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder were agreed at after arm's length negotiations between the parties thereto. The Directors (including the independent non-executive Directors who has expressed their views after considering the advice from the Independent Financial Adviser in the section headed "Letter from the Independent Financial Adviser" contained in this circular) consider that the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder are on normal commercial terms which are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

Business plan of the Company after the Disposals

Following Completion of the relevant Disposals, the Company intends to pursue the following business arrangements, while adhering to prudent operating principles:

- Consolidation of stable core businesses:

  The Company will continue to focus on the day-to-day operational management of the Bluesky Power Plant and the Anji Power Plant, and will seek to maintain stable operating performance and cash flows through ongoing optimisation of operational efficiency and enhanced cost control measures. The business of the above power plants remains an important foundation for the Company to sustain ongoing operations and stable income at its current stage of development.

- Prudent and active exploration of potential new growth opportunities:

  Leveraging its experience and resource advantages in the energy sector, the Company intends to utilise the proceeds from the Disposals to prudently and proactively explore potential investment or cooperation opportunities in emerging areas such as energy technology, the digital economy and related fields, with a view to gradually cultivating medium- to long-term growth drivers. Such initiatives may include equity investment, industrial investment and asset management businesses.

- Continuous optimisation of financial structure and enhancement of flexibility:

  The Board will also, having regard to the Company's overall financial position and capital management needs, consider the timely repayment of loans from the controlling shareholder or other indebtedness, with a view to further optimising the asset-liability structure and enhancing the financial flexibility of the Company, thereby reserving capacity for future business development.

The above post-Disposal business plans reflect only the Company's current business direction and the management's prudent intentions at this stage, and do not constitute any forecast or commitment as to future business scale or profitability. The Company will continue to monitor regulatory developments and market conditions and will make further disclosures on any material business development or investment, as and when appropriate, in compliance with the Listing Rules.

If the disposal of the remaining 49% equity interest in Deneng and the disposal of Jingxing are not completed, the Group's available funds (after meeting the operational needs of its existing businesses) for supporting new business development and strategic exploration would be constrained, thereby limiting the flexibility of the Group's future business development.

VI. Financial effects of the Disposals

Assuming the Deneng Disposal and the Jingxing Disposal had taken place on 31 December 2025, the Group's net assets would increase from approximately RMB907,261,000 to approximately RMB931,940,000, primarily reflecting an estimated unaudited gain of approximately RMB24,679,000 on the Disposals.

The Deneng Disposal

Upon completion, it is estimated that the Group will recognise an unaudited loss of approximately RMB2,061,000 from the Deneng Disposal, which is calculated based on the consideration of RMB113,340,000 less the expected carrying amount of the interests in an associate (Deneng) of approximately RMB115,401,000 (comprising of the interests in an associate as at 31 December 2025 and the expected movement of the associate for the six-month ended 30 June 2026 of approximately RMB12,506,000), before professional fees and other related expenses.

The Jingxing Disposal

Upon completion, it is estimated that the Group will recognise an unaudited gain of approximately RMB14,005,000 from the Jingxing Disposal, which is calculated based on the consideration of RMB146,860,000 less the expected net assets amount of Jingxing of approximately RMB132,855,000 (comprising of the net asset of RMB131,345,000 as at 31 December 2025 and the expected movement of the net asset of Jingxing for the six-month ended 30 June 2026 of approximately RMB1,510,000), before professional fees and other related expenses.

The above-mentioned estimated figures are subject to the final carrying amount of the interest in an associate (Deneng), the final net assets value of Jingxing at completion and final transaction expenses directly attributable to the Disposals. Upon completion and the completion of the Registration Procedures, the Company will no longer hold any equity interest in Deneng and Jingxing.

The Board is aware that Deneng Group and Jingxing recorded profits in previous financial years. However, the Board considers that an assessment of whether the terms of the Disposals are fair and reasonable should be based on a prudent, forward-looking evaluation of future cash flows, operating risks and strategic value having regard to the latest available information, rather than relying solely or decisively on historical profit figures. Since capacity tariff subsidies started to be reduced in 2022, the revenues of the Deneng Group and Jingxing have been declining. At the same time, electricity selling prices are now lower than gas prices, which has weakened the profit base.

At the current stage, realising the value of the assets, securing cash flows and reducing risk exposure through the Disposals is more consistent with prudent capital management principles than continuing to bear uncertainties associated with such risks. Having regard to the above, and together with the estimated financial effects of the Disposals as set out above, the Board is of the view that the terms of the Disposals are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

VII. Information on the parties

The Group

The Group is mainly engaged in the development, operation and management of natural gas-fired power plants.

The Purchaser

The Purchaser is a company established under the laws of the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000631). It is principally engaged in clean energy power generation business, integrated smart energy services, real estate and property services. It is owned as to approximately 64.86% by Wanxiang Group, which in turn is ultimately controlled by Mr. Lu.

The Vendors

Puxing Neng (HK) Limited

It is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

Bluesky Power Plant

Zhejiang Puxing Bluesky Natural Gas Power Co., Ltd.*(浙江普星藍天然氣發電有限公司) is a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Company, which is principally engaged in power generation.

Puxing Xing (HK) Limited

It is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company, which is principally engaged in investment holding.

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Group, the vendors, the Purchaser, Deneng, and Jingxing are ultimately controlled by Mr. Lu.

VIII. Implications under the Listing Rules

The shares of the Purchaser are listed on the Shenzhen Stock Exchange (stock code: 000631), which are owned as to approximately 64.86% by Wanxiang Group which in turn is ultimately controlled by Mr. Lu, the ultimate controller of the Company. Accordingly, the Purchaser is a connected person of the Company and the Disposals constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, a series of transactions are required to be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or are otherwise related. The Previous Disposal and the Disposals were entered into with the same party (i.e. the Purchaser), involving disposal of parts of one asset (i.e. Deneng), the Disposals are therefore required to be aggregated with the Previous Disposal. In addition, as both of the Equity Transfer Agreements are entered into by members of the Group with the Purchaser at the same time, the transactions contemplated under the Equity Transfer Agreements are therefore required to be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposals (on an aggregated basis) exceeds 75%, the Disposals (on an aggregated basis) constitute a very substantial disposal and connected transaction of the Company and is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the relevant connected transaction must abstain from voting on the relevant resolution at the AGM. As at the Latest Practicable Date, Puxing International, which is ultimately controlled by Mr. Lu, is the Controlling Shareholder interested in approximately 65.42% of the total number of Shares in issue of the Company and the Purchaser is owned as to approximately 64.86% by Wanxiang Group, which in turn is ultimately controlled by Mr. Lu. Accordingly, Puxing International and its associates will be required to abstain from voting on the resolution in relation to the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder.

Save as abovementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder and therefore, no other Shareholder is required to abstain from voting at the AGM on the relevant resolution.

To the best of the knowledge, information and belief of the Directors, none of the Directors has a material interest in the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder, and hence no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder.

IX. Independent Board Committee and Independent Financial Adviser

The Independent Board Committee comprising Mr. Wu Chongguo, Ms. Wu Ying and Mr. Yu Wayne W., being all the independent non-executive Directors, has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder.

In this connection, the Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder.

AGM AND PROXY ARRANGEMENT

A notice convening the AGM to be held at Second Floor Meeting Room, Wanxiang Group Corporation, No. 855 Jianshe 2nd Road, Xiaoshan District, Hangzhou City, China, on Tuesday, 30 June 2026 at 10:00 a.m. is set out on pages AGM-1 to AGM-6 of this circular.

A form of proxy for use by the Shareholders at the AGM is enclosed with this circular. Whether or not you are able to attend and vote at the AGM in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the AGM or any adjourned meeting should you so wish and, in such event, the form of proxy shall be deemed to be revoked. The record date of the attending and voting at the AGM is Tuesday, 30 June 2026.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders to be taken at the AGM shall be taken by poll. Therefore, the chairman of the AGM will demand a poll for all the resolutions to be put forward at the AGM pursuant to article 66 of the Articles of Association. The Company will appoint scrutineers to handle vote-taking procedures at the AGM. The results of the poll will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.puxing-energy.com) as soon as possible after the AGM in accordance with Rule 13.39(5) of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 25 June 2026 to Tuesday, 30 June 2026, both days inclusive, during which period no share transfers can be registered. In order to be eligible for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 24 June 2026.

For the purpose of determining the entitlement of the Shareholders to receive the proposed Final Dividend for the year ended 31 December 2025, the register of members of the Company will be closed on Tuesday, 7 July 2026 to Thursday, 9 July 2026, during which period no transfer of Shares will be registered. The record date for entitlement to the proposed Final Dividend is Thursday, 9 July 2026. In order to be qualified for the entitlement to receive the proposed Final Dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration, not later than 4:30 p.m. on Monday, 6 July 2026. The Final Dividend will be paid on or around Wednesday, 22 July 2026.

RECOMMENDATION

The Board is pleased to recommend all of the retiring Directors to stand for re-election by Shareholders as Directors. The Directors consider that the proposed resolutions set out in the notice of AGM, including the granting of Issue Mandate, Repurchase Mandate and Extension Mandate, declaration and payment of Final Dividend and the re-appointment of auditor are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM as set out in the notice of AGM.

Having considered the reasons set out in the section headed "Very Substantial Disposals and Connected Transactions in Relation to 49% Equity Interest in Deneng and 100% Equity Interest in Jingxing" and the advice of the Independent Financial Adviser, the Directors (including the independent non-executive Directors) are of the opinion that while the Disposals contemplated under the Equity Transfer Agreements are not in the ordinary and usual course of business of the Company, the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better to the Group, and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution regarding the same.

The Independent Board Committee has been established by the Company to consider the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been engaged to advise the Independent Board Committee and the Independent Shareholders in this respect. Your attention is drawn to (i) the letter setting out the advice from the Independent Board Committee to the Independent Shareholders, and (ii) the letter of advice from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder, which are set out in this circular.

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.

Yours faithfully,
By order of the Board
Puxing Energy Limited
GUAN Dayuan
Chairman

The following is the letter from the Independent Board Committee to the Independent Shareholders in respect of the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.

PUXING ENERGY LIMITED
普星能量有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

9 June 2026

To the Independent Shareholders of Puxing Energy Limited

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSALS AND CONNECTED TRANSACTIONS IN RELATION TO 49% EQUITY INTEREST IN DENENG AND 100% EQUITY INTEREST IN JINGXING

INTRODUCTION

We refer to the circular of the Company dated 9 June 2026 (the **"Circular**"), of which this letter forms part. Capitalised terms used in this letter have the same meaning as defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders of the Company to consider the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder, details of which are set out in the section headed "Very Substantial Disposals and Connected Transactions in Relation to 49% Equity Interest in Deneng and 100% Equity Interest in Jingxing" in the "Letter from the Board" contained in the Circular.

Your attention is drawn to the "Letter from the Board", the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder as set out in the "Letter from the Independent Financial Adviser" as well as other additional information set out in other parts of the Circular.

RECOMMENDATION

Having taken into account the advice of, and the principal factors and reasons considered by the Independent Financial Adviser in relation thereto as stated in its letter, we consider that while the Disposals contemplated under the Equity Transfer Agreements are not in the ordinary and usual course of business of the Company, the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better to the Group, and in the interest of the Company and its Shareholders as a whole. We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the AGM to approve the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder.

Yours faithfully,
The Independent Board Committee of
Puxing Energy Limited

Mr. Wu Chongguo	**Ms. Wu Ying**	**Mr. Yu Wayne W.**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*

The following is the full text of the letter of advice from Donvex Capital Limited setting out their advice to the Independent Board Committee, which has been prepared for the purpose of inclusion in this Circular.

Donvex Capital Limited
富域資本有限公司

Unit 2502, 25/F
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

9 June 2026

The Independent Board Committee of Puxing Energy Limited

Dear Sir/Madam,

VERY SUBSTANTIAL DISPOSALS AND CONNECTED TRANSACTIONS IN RELATION TO DISPOSAL OF (1) 49% EQUITY INTEREST IN DENENG AND (2) 100% EQUITY INTEREST IN JINGXING

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee in relation to the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder, details of which are set out in the letter from the board (the "**Letter from the Board**") in the circular dated 9 June 2026 issued by the Company (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise stated.

The Deneng Disposal

As disclosed in the Letter from the Board, on 30 March 2026 (after trading hours), Puxing Neng (HK) Limited (a direct wholly owned subsidiary of the Company) and Bluesky Power Plant (a direct wholly owned subsidiary of the Company) as vendors, the Purchaser and Deneng (as target company) entered into the Deneng Equity Transfer Agreement, pursuant to which Puxing Neng (HK) Limited has conditionally agreed to sell 19% of the equity interest in Deneng, Bluesky Power Plant has conditionally agreed to sell 30% of the equity interest in Deneng, and the Purchaser has conditionally agreed to acquire 49% of the equity interest in Deneng at the consideration of RMB113,340,000 (equivalent to approximately HK$128,074,200), subject to the terms and conditions of the Deneng Equity Transfer Agreement.

Deneng is directly owned as to 19% by Puxing Neng (HK) Limited, 30% by Bluesky Power Plant, and 51% by the Purchaser respectively. Upon completion and the completion of the Registration Procedures, the Company will no longer hold any equity interest in Deneng.

The Jingxing Disposal

As disclosed in the Letter from the Board, on 30 March 2026 (after trading hours), the Puxing Xing (HK) Limited (a direct wholly owned subsidiary of the Company) as vendor, the Purchaser and Jingxing (as target company) entered into the Jingxing Equity Transfer Agreement, pursuant to which Puxing Xing (HK) Limited has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire 100% of the equity interest in Jingxing at the consideration of RMB146,860,000 (equivalent to approximately HK$165,951,800), subject to the terms and conditions of the Jingxing Equity Transfer Agreement.

The Company owns the entire equity interest in Jingxing through Puxing Xing (HK) Limited. Upon completion and the completion of the Registration Procedures, Jingxing will no longer be a subsidiary of the Company, and the Company will no longer hold any equity interest in Jingxing.

The shares of the Purchaser are listed on the Shenzhen Stock Exchange (stock code: 000631), which are owned as to approximately 64.86% by Wanxiang Group which in turn is ultimately controlled by Mr. Lu, the ultimate controller of the Company. Accordingly, the Purchaser is a connected person of the Company and the Disposals constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, a series of transactions are required to be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or are otherwise related. As both of the Equity Transfer Agreements are entered into by members of the Group with the Purchaser at the same time, the transactions contemplated under the Equity Transfer Agreements are therefore required to be aggregated pursuant to Rules 14.22 and 14A.81 of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposals (on an aggregated basis) exceeds 75%, the Disposals (on an aggregated basis) constitute a very substantial disposal and connected transaction of the Company and is therefore subject to the reporting, announcement and independent shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the relevant connected transaction must abstain from voting on the relevant resolution at the AGM. As at the Latest Practicable Date, Puxing International, which is ultimately controlled by Mr. Lu, is the Controlling Shareholder interested in approximately 65.42% of the total number of Shares in issue of the Company and the Purchaser is owned as to approximately 64.86% by Wanxiang Group, which in turn is ultimately controlled by Mr. Lu. Accordingly, Puxing International and its associates will be required to abstain from voting on the resolution in relation to the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder.

The Independent Board Committee comprising Mr. Wu Chongguo, Ms. Wu Ying and Mr. Yu Wayne W., being all the independent non-executive Directors, has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the terms of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder. In our capacity as the Independent Financial Adviser, our role is to advise the Independent Board Committee and the Independent Shareholders in this regard.

INDEPENDENCE

As at the Latest Practicable Date, we were not connected with the Company or any of its respective substantial Shareholders, Directors or chief executives, or any of their respective associates and accordingly, are considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder.

In the past two years, we have not acted in any financial adviser role to the Company. Save for the appointment as the Independent Financial Adviser, there was no other relationship and/or engagement between the Company and us in the past two years.

With regards to our independence from the Company, it is noted that (i) apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received or will receive any fees or benefits from the Company, its subsidiaries, the Purchaser or their respective controlling Shareholders (if applicable) that could reasonably be regarded as relevant to our independence; and (ii) the aggregate professional fees paid or to be paid to us do not make up a significant portion of our revenue during the relevant period which would affect our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser in respect of the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true until the date of the AGM.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed that, having made all reasonable enquiries, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no material facts and representations the omission of which would make any statement in the Circular or the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view regarding the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Group, nor have we considered the taxation implication on the Group.

Our opinion is based on the financial, economic, market, and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion, and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise, or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell, or buy any shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Disposals, the Equity Transfer Agreements and the transactions contemplated thereunder, we have taken into account the following principal factor and reasons.

A. Information of the Group

The Group is principally engaged in the development, operation and management of natural gas-fired power plants.

The table below sets forth a summary of the consolidated financial information of the Group for the two years ended 31 December 2024 and 2025 (**"FY2024**" and **"FY2025**", respectively):

	FY2024	**FY2025**
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Revenue	534,054	368,223
Fuel consumption	(231,361)	(148,601)
Profit from operations	119,668	76,243
Profit for the year	59,919	38,336

	31 December 2024	**31 December 2025**
	RMB'000	*RMB'000*
	(Audited)	(Audited)
Property, plant and equipment	1,643,479	909,761
Cash and cash equivalents	114,458	301,639
Total assets	1,914,880	1,468,356
Interest-bearing borrowings	712,506	292,289
Total liabilities	1,038,600	561,095
Net assets	876,280	907,261

Revenue

Revenue of the Group mainly consists of revenue from electricity in terms of volume tariff revenue, capacity tariff revenue, revenue from sales of heat and energy storage.

Revenue of the Group amounted to approximately RMB368.2 million for the year ended 31 December 2025, which represents a decline of approximately RMB165.8 million or approximately 31.05%, from approximately RMB534.1 million for the year ended 31 December 2024. The decrease was mainly attributable to (i) changes in external economic environment, business development of the Group and grid power generation scheduling needs, which led to the decrease in electricity sales volume in spot electricity trading, reduced heat supply and heating prices; and (ii) the deconsolidation of Deneng during the year ended 31 December 2025 as the Group completed the disposal of 51% equity interest in Deneng on 7 March 2025.

Profit from operations and profit for the year

Profit from operations of the Group decreased from approximately RMB119.7 million for the year ended 31 December 2024 to approximately RMB76.2 million for the year ended 31 December 2025, which was mainly due to fluctuations in fuel costs and the completion of the disposal of 51% equity interest in Deneng. As a result, the Group's profit for the year decreased from approximately RMB59.9 million for the year ended 31 December 2024 to approximately RMB38.3 million for the year ended 31 December 2025.

Total assets, total liabilities and net assets

As a result of the deconsolidation of Deneng as a result of the completion of the disposal of 51% equity interest of Deneng during the year ended 31 December 2025, (i) total assets of the Group decreased to approximately RMB1,468.4 million as at 31 December 2025 from approximately RMB1,914.9 million as at 31 December 2024; and (ii) total liabilities of the Group decreased to approximately RMB561.1 million as at 31 December 2025 from approximately RMB1,038.6 million as at 31 December 2024.

Property, plant and equipment of the Group decreased from approximately RMB1,634.5 million as at 31 December 2024 to approximately RMB909.8 million as at 31 December 2025 due to the deconsolidation of Deneng and depreciation recognised during the year ended 31 December 2025.

The Group's cash and cash equivalent increased from approximately RMB114.5 million as at 31 December 2024 to approximately RMB301.6 million as at 31 December 2025 which was mainly due to the consideration of approximately RMB142.7 received for the disposal of 51% equity interest in Deneng.

Interest-bearing borrowings of the Group decreased from approximately RMB1,634.5 million as at 31 December 2024 to approximately RMB909.8 million as at 31 December 2025 which was mainly due to the early repayment of borrowings.

As the Group recorded a net profit of approximately RMB38.3 million for the year ended 31 December 2025, net assets increased from approximately RMB876.3 million as at 31 December 2024 to approximately RMB907.3 million as at 31 December 2025.

B. Information on the Target Companies

Deneng

As at the Latest Practicable Date, Deneng is directly owned as to 19% by Puxing Neng (HK) Limited, 30% by Bluesky Power Plant, and 51% by the Purchaser respectively. As such, the Company's investment in the Deneng Group is recorded as investment in an associate in its consolidated financial statements.

Deneng is principally engaged in natural gas power generation and on-grid sales, supporting mechanical and electrical equipment production and sales, sales of hot water produced by waste heat, power grid auxiliary service project development, operation, maintenance and technical services.

Deneng directly owns the entire equity interest in Quzhou, a company established under the laws of the PRC with a registered capital of RMB300,000,000. Quzhou is principally engaged in thermal power technology research and development; gas turbine thermal power project investment, operation, maintenance, technical services; heating services; power generation business and photovoltaic power generation project investment and development.

The Deneng Group currently operates two gas-fired power plants with an aggregate installed capacity of approximately 342.15 MW (including approximately 150 kW photovoltaic power generating units) and a maximum heating capacity of approximately 200 tons/hour. The power plants operated by the Deneng Group generate power in accordance with the instructions of the relevant government authorities in Zhejiang Province and sell the power generated to State Grid Zhejiang Electric Power Co., Ltd. by sending it to the power grid. Quzhou also supplies steam to the users locating in proximity of its heating pipelines.

Based on the unaudited consolidated financial statements for the years ended 31 December 2023, 31 December 2024 and 31 December 2025 of the Deneng Group as disclosed in Appendix IV-A to the Circular, the financial information of the Deneng Group was summarised as follows:

	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	260,167	257,621	240,973
Administrative expenses	(14,215)	(9,347)	(8,200)
Profit from operations	66,520	66,787	63,536
Net finance costs	(21,344)	(17,460)	(13,806)
Other income	2,466	1,603	2,895
Profit before taxation	47,462	50,930	52,625
Profit after taxation	36,488	37,232	40,042

The unaudited consolidated total assets and net assets of Deneng Group as at 31 December 2025 were approximately RMB774.8 million and RMB210.0 million respectively.

As illustrated above, the profit after taxation of the Deneng Group increased throughout 2023 to 2025 due to (i) an one-off technical consultancy fee of approximately RMB5.8 million in relation to the technical advisory of the operation of the Deneng power plant was conducted in 2023, accordingly RMB5.4 million and RMB0.4 million was recognised as administrative expenses of Deneng Group for the years ended 31 December 2023 and 2024 respectively, while no such expenses was incurred for the year ended 31 December 2025; and (ii) the decrease in net finance cost from approximately RMB21.3 million for the year ended 31 December 2023 to approximately RMB17.5 million for the year ended 31 December 2024, and further decrease to approximately RMB13.8 million for the year ended 31 December 2025 due to the decrease in interest-bearing borrowings.

Accordingly, adjusting the impact from the one-off technical consultancy fee, net finance costs and other income which are non-recurring in nature, the profit from operations of the Deneng Group would be approximately RMB71.9 million, RMB67.2 million and RMB63.5 million for the years ended 31 December 2023, 2024 and 2025, respectively, representing a decrease of 6.5% and 5.5% for the year ended 31 December 2024 and 2025 respectively. As such, the profitability of Deneng Group was experiencing a downward trend in line with the downward trend of its revenue.

Jingxing

As at the Latest Practicable Date, the Company owns the entire equity interest in Jingxing through Puxing Xing (HK) Limited. Jingxing is principally engaged in power generation business, grid-connected power supply, heat services and technical services.

Jingxing currently operates a power plant located in Changxing County, Zhejiang Province with an installed capacity of approximately 75.22 MW (including approximately 220 kW photovoltaic power generating units). It is a centrally dispatched natural gas power plant in Huzhou, Zhejiang Province. It generates power in accordance with the instructions of the Zhejiang Provincial Development and Reform Commission (Energy Administration), and the electricity generated is sold directly to the Huzhou Power Supply Bureau, which transmits the power to the Huzhou municipal grid.

Based on the unaudited consolidated financial statements for the years ended 31 December 2023, 31 December 2024 and 31 December 2025 of Jingxing as disclosed in Appendix IV-B to the Circular, the financial information of Jingxing was summarised as follows:

	FY2023	**FY2024**	**FY2025**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	52,589	37,164	35,587
Administrative expenses	(4,463)	(3,355)	(3,215)
Profit from operations	6,842	6,013	5,101
Net finance costs	(918)	(450)	20
Other income	196	21	51
Profit before taxation	6,120	5,584	5,172
Profit after taxation	4,751	4,302	4,179

The unaudited consolidated total assets and net assets of Jingxing as at 31 December 2025 were approximately RMB152.8 million and RMB131.3 million respectively.

As illustrated above, the profit after taxation of Jingxing decreased from approximately RMB4.8 million for the year ended 31 December 2023 to approximately RMB4.3 million for the year ended 31 December 2024, and further decreased to approximately RMB4.2 million for the year ended 31 December 2025.

Adjusting the impact from net finance costs and other income which are non-recurring in nature, the profit from operations of Jingxing would be approximately RMB6.8 million, RMB6.0 million and RMB5.1 million for the years ended 31 December 2023, 2024 and 2025, respectively, representing a decrease of 12.12% and 15.2% for the year ended 31 December 2024 and 2025 respectively. As such, the profitability of Jingxing was experiencing a downward trend in line with the downward trend of its revenue.

C. Reasons for and benefits of the disposals

The Group is mainly engaged in the development, operation and management of natural gas-fired power plants. As at the Latest Practicable Date, the Group has three wholly-owned gas-fired power plants in Zhejiang Province.

Changes in policies

As disclosed in the Letter from the Board, the Zhejiang Province is promoting the reform of the electricity spot market and the capacity price reduction policy, which has brought challenges to the Group's business model and profitability.

(a) Mandatory construction plan for new-type energy storage projects

In 2022, the Zhejiang Provincial Development and Reform Commission and the Zhejiang Provincial Energy Administration issued the Implementation Plan for the "14th Five-Year Plan" New-Type Power System Pilot Construction in Zhejiang Province and the Notice on the 2022 New-Type Power System Pilot Project Plan in Zhejiang Province, pursuant to which it was stipulated that, among others, (i) the development of an integrated system centered on source-grid-load-storage integration, multi-energy complementarity and a flexible and efficient power supply structure; (ii) the required enhancement of the power system's peak-shaving, frequency regulation and stability support capabilities; and (iii) new-type energy storage was identified as a key infrastructure component for improving system flexibility. Under this policy framework, Zhejiang Province promoted the construction of new-type energy storage projects on the power generation side, grid side and user side, and such storage facilities have gradually become one of the necessary conditions for power plants to contribute in power system operation.

In addition, pursuant to the Zhejiang Province "14th Five-Year Plan" New-Type Energy Storage Development Plan and the notice on the first batch of new-type energy storage demonstration projects during the "14th Five-Year Plan" period issued in 2022, the energy storage projects of the Deneng power plant and the Jingxing power plant had been included in the reserve project list. All power plants included in the reserve project list would, in due course, be required to construct supporting energy storage facilities in order to continue aligning with the development direction of the Zhejiang Province power system.

In March 2025, the Zhejiang Provincial Energy Administration issued the Notice on the 2025 New-Type Energy Storage Project Construction Plan, pursuant to which the new-type energy storage project of the Deneng power plant was formally included in the annual construction plan, although the Jingxing power plant was not included in the annual construction plan yet. The notice expressly stipulated that projects being included in the construction plan shall commence construction in 2025, where projects that fail to progress as scheduled would be removed from the construction plan and would not be permitted to connect to the grid upon determination by the Provincial Energy Administration.

As such, the Deneng energy storage project became a mandatory investment project subject to explicit commencement timing and grid-connection constraints. According to the approval of the Provincial Energy Administration, the estimated total investment for the Deneng power plant energy storage project being approved amounts to approximately RMB90 million.

The Company considers that the prices of core energy storage system equipment (in particular, batteries) are considerably affected by market supply and demand dynamics, and the relevant investment amount is subject to the risk of further increase. In addition, the energy storage projects included in the 2025 construction plan are not supported by any fiscal subsidies.

Under such regulatory requirements, the Company may be required to (i) incur additional and significant capital investment; (ii) bear uncertainties relating to the construction and operation returns of energy storage projects; and (iii) face financial risks associated with project implementation in the absence of clear subsidy support or stable return mechanisms.

(b) Agency electricity purchase prices for industrial and commercial users

The State Grid Zhejiang Electric Power Company Limited published the Announcement on Agency Electricity Purchase Prices for Industrial and Commercial Users in October 2025. The announcement was issued pursuant to the relevant requirements of the National Development and Reform Commission on the agency electricity purchase mechanism and applies to industrial and commercial users whose electricity is purchased on their behalf by grid companies, including grid-side energy storage projects.

According to the electricity price schedule for industrial and commercial users under the agency electricity purchase mechanism set out in the announcement, grid-side energy storage projects are required to pay charging electricity prices based on their grid-connection voltage level, under different categories of electricity tariffs. The charging electricity price applicable to the Group's grid-side energy storage projects falls under the single-rate general industrial and commercial electricity tariff. Based on the price level announced in October 2025, the average electricity purchase price was approximately RMB0.30 per kWh.

Based on actual operating performance, the agency electricity purchase pricing mechanism has had, and continues to have, a cost impact on the Group's energy storage project which has commenced operation. In particular, the average electricity purchase price increased from approximately RMB0.15 per kWh at the beginning of 2025 to approximately RMB0.30 per kWh in October 2025 for the energy storage business of the Group's Bluesky Power Plant.

As the electricity selling price remained broadly stable at approximately RMB0.42 per kWh, the spread between charging and discharging prices for the energy storage business narrowed significantly, thereby reducing the profit margin of the energy storage operations of the Group. As such, any increase in the electricity purchase price represents an increase in costs to the Company, which is out of the Company's control. The overall upward trend in electricity purchase price constituted an important reference factor for the Group's assessment of the expected investment returns and risk profile of new energy storage projects.

Based on the above pricing mechanism and the cost volatility it reflects, if the Deneng power plant and the Jingxing power plant were to complete investment in and commence operation of their respective energy storage projects, the profitability of such energy storage businesses would be dependent on the prevailing agency electricity purchase price level and may be subject to the risk that returns would be considerably lower than those originally anticipated at the time of project investment decision-making as a result of increases in electricity purchase costs.

(c) Reform of the electricity spot market and the capacity price reduction policy

The Zhejiang Provincial Development and Reform Commission issued the Notice of the Zhejiang Provincial Development and Reform Commission on Optimising the On-grid Tariff for Natural Gas Power Generation in the Province on 28 September 2021. Pursuant to the notice, with effect from 1 January 2022, the on-grid tariff mechanism applicable to natural gas power generation enterprises in Zhejiang Province were optimised and adjusted in coordination with the reform of the electricity spot market, with a gas-power price linkage mechanism being introduced concurrently. As a result, the capacity tariffs applicable to the Group's gas-fired power plants were subject to adjustment.

The electricity tariff structure applicable to the Group's gas-fired power plants comprises two components, namely the capacity tariff and the energy tariff. The capacity tariff is primarily intended to compensate fixed costs of generation units, while the energy tariff is determined through market-oriented mechanisms and is linked to comprehensive natural gas price levels. Following the implementation of the above notice, except for the Jingxing power plant, which is a locally dispatched power plant and whose electricity selling price is determined under local arrangements, the electricity selling prices of the Group's other power plants are required to be determined on a monthly basis with reference to comprehensive natural gas prices. As such, the Group's power generation revenue has become more sensitive to changes in market prices and fuel costs.

With respect to capacity tariffs, pursuant to the unified adjustment arrangements of the Zhejiang Provincial Development and Reform Commission, the capacity tariffs applicable to the Group's five power plants effective from 2022 have been reduced by approximately 16% as compared to 2021. Following such downward adjustment in 2022, no subsequent arrangements have been implemented to restore or increase the capacity tariff levels, and the Group has continued to apply the adjusted capacity tariffs since then.

The reduction in capacity tariffs has directly reduced the relatively stable fixed capacity income available to the Group's gas-fired power plants. Under the electricity spot market and gas-power price linkage mechanism, the energy tariff component has become more dependent on power market supply-and-demand conditions and prevailing natural gas price trends. Accordingly, the capacity tariff as a stable source of income has been reduced, which has resulted in the Group's operating performance becoming more closely aligned with fluctuations in market prices.

The Company's strategic direction

As disclosed in the Letter from the Board, the Company considered it does not intend to allocate its internal resources or seek external financing to finance the additional capital investment for additional energy storage in order to meet the requirement after the changes in policies.

In particular, as the Group is only interested in 49% of the equity interest of Deneng and the financial results of Deneng is not consolidated into the financial statements of the Company, any additional investment in Deneng would represent an increase in the investment in the associates, which may not align with the strategic interest of the Group.

Despite the Company having a cash and cash equivalent of approximately RMB301.6 million as at 31 December 2025, diverting further capital into the storage projects above may exert significant pressure on the Company's cash position. In addition, the Company may be required to seek external financing to fund the additional capital requirement, which will increase the finance cost of the Group that is not in the interest of the Company and the Shareholders as a whole.

As further disclosed in the Letter from the Board, it is the intention of the Group to utlilise the proceeds from the Disposals for future business development purposes, including, where appropriate and subject to market opportunities and conditions, possible acquisitions of or investments in companies engaged in artificial intelligence, the digital economy, energy technology, and to conduct equity investment, industrial investment, and asset management businesses to support the Group in achieving the evolution from traditional energy group to a comprehensive industrial group driven by both "technology and digital".

As such, we consider the Disposals align with the Company's strategic direction and would allow the Group to preserve its cash position and realise its investment in Deneng and Jingxing, which is in the interest of the Company and the Shareholders as a whole.

Financial performance of Deneng and Jingxing

Despite Deneng and Jingxing had continued to be profit-making during the years ended 31 December 2023, 2024 and 2025, the revenue of Deneng and Jingxing had decreased for the year ended 31 December 2025 as disclosed above, which is mainly due to (i) capacity tariff reduction; and (ii) fluctuations in the natural gas prices subject to the changing external economic environment. In particular, after adjusting income, expenses and net finance costs that are non-recurring in nature as detailed in the section headed "Information on the Target Companies" above, the profitability of Deneng and Jingxing had been experiencing a downward trend since the year ended 31 December 2023, which is generally in line with the downward trend of their revenue in the corresponding year.

As such, the Disposals may represent an opportunity for the Group to realise its investment in Deneng and Jingxing for immediate funds for (i) strengthen its financial position; and (ii) divert resources to other investments with higher growth potential to improve its profitability.

Power generation business of the Remaining Group

The Remaining Group comprises three wholly-owned gas-fired power plants of the Group namely the Anji power plant, the Bluesky power plant and the Quzhou power plant, all of which are located in Zhejiang Province and generate power for the State Grid Zhejiang Electric Power Co., Ltd. These power plants are currently connected to the grid and are subject to the same policy reform and price changes in the electricity market in Zhejiang Province as Deneng and Jingxing, including the reform of the electricity spot market, the capacity price reduction policy and the requirement for new-type energy storage construction.

Although the power plants of the Remaining Group are also located in Zhejiang Province and are subject to the same policy environment as Deneng and Jingxing, the Remaining Group and the Disposal Group have different situations in respect of energy storage construction requirements. In particular, (i) the energy storage project of the Deneng power plant has been formally included in the 2025 annual construction plan, which has become a mandatory investment project subject to explicit commencement timing and grid-connection constraints; and (ii) although the energy storage project of the Jingxing power plant has not been included in the 2025 annual construction plan yet, it has been included in the reserve project list and may be required to construct supporting energy storage facilities in due course.

In contrast, the power plants of the Remaining Group have not been included in the 2025 annual construction plan or the reserve project list for new-type energy storage projects, and are not subject to mandatory energy storage construction requirements at this stage. In addition, the power plants of the Remaining Group have different business characteristics and competitive advantages as compared to the Deneng power plant and Jingxing power plant, in particular (i) the Anji power plant and the Quzhou power plant have been included in the centralised heating plan of their respective local governments; and (ii) the Bluesky power plant has already completed the construction of its energy storage project and commenced operation in 2025.

In view of the above, we consider (i) the selection of the two power plants for the Disposals are fair and reasonable to avoid significant capital investment for energy storage projects, realise its investment in Deneng and Jingxing for immediate funds, and focus its resources on the remaining power plants with relatively stable revenue sources and the future business development of the Group; and (ii) the Remaining Group would be able to maintain relatively stable revenue sources and business prospects under the current policy environment.

Regulatory barriers

The acquisition of any power plants involving change of ultimate controlling shareholder of the power plant is subject to the obtaining of stringent and time-consuming regulatory approvals, including but not limited to regulatory approvals from National Energy Administration, National Development and Reform Commission and other local regulatory authorities. In the event such approvals are not granted, the purchaser may have to suffer significant loss of time and financial resources.

On the other hand, as the construction of new power plants may qualify for subsidies or tax incentives, it may be more cost-effective and risk-aversion for businesses to establish their own power plants instead of acquisition of an operating power plant. Accordingly, it is not common for private entities to acquire operating power plants. Based on the "China M&A 2025 Review and Outlook" published by PwC in February 2026, despite merger and acquisitions are relatively active in the energy and power sector, such transactions mainly represented business consolidation conducted by state-owned enterprises.

We have, on a best-effort basis, attempted to identify comparable transactions involving acquisition of an operating power plant in the PRC from entities in the private sector other than group restructuring or state-owned enterprises since 2023 and up to the Latest Practicable Date. Based on the publicly available information, we identified only one transaction involving acquisition of an operating power plant in the private sector in the PRC. However, based on the public availably information, the consideration of such acquisition is zero as such entity was under financial distress. As such, there is no meaningful comparable transaction involving acquisition of an operating power plant in the PRC from entities in the private sector in the PRC. Accordingly, we consider it is not common for acquisition of operating power plants held by a private entity in the PRC.

Based on our further discussion with the management of the Company, in view of the above factors, it is not practicable for the Company to approach independent third parties to obtain quotations for the Disposals as (i) it is not the market norm for acquisitions of privately held operating power plant in the PRC; and (ii) it is not practicable for potential purchasers to provide a quotation due to the uncertainty of the regulatory barriers. As such, no quotations from independent third parties were obtained by the Company in respect of the Disposals.

Given the Disposals do not involve change in the ultimate shareholder of Deneng and Jingxing, the Purchaser may not be required to be subject to the above stringent regulatory barriers. As such, only the Purchaser are willing to acquire equity interest of Deneng and Jingxing from the Group.

Conclusion

Taking into account of the above factors, we are of the view that the Disposals are in the interest of the Company and the Shareholders as a whole.

D. Principal terms of the disposals

As disclosed in the Letter from the Board, subject to the completion, during the Transition Period, the Purchaser shall bear all the profits and losses of the 49% equity interest of Deneng, and the vendors shall have the obligation of good faith management of the 49% equity interest of Deneng (the **"Transition Arrangement**"). In case of any event or potential event that has significant adverse impact on the 49% equity interest of Deneng during the Transition Period, the Purchaser shall be notified in a timely manner and such matter shall be handled properly.

Subject to the satisfaction of the conditions for Completion, all profits and losses attributable to the relevant interests under the Disposals arising during the Transition Period from 31 December 2025 up to the Completion Date shall be solely borne or enjoyed by the Purchaser. No separate settlement arrangement will be made in respect of any profits or losses incurred during the Transition Period, and such profits or losses shall not affect, nor give rise to any adjustment to the consideration.

In the event during the Transition Period any event occurs or is reasonably expected to occur which may, under reasonable expectations, have a material adverse impact on the business, assets, financial condition of Deneng or the value of the 49% equity interest in Deneng (such as material litigation, asset seizure, loss of key management personnel or material breach of contract), the vendors shall, after becoming aware of such event and where reasonably practicable, promptly and fully inform the Purchaser of the relevant circumstances. Upon receipt of such information, the vendors and the Purchaser may discuss with each other and, on a commercially reasonable basis, adopt appropriate measures to address such event and to mitigate its adverse impact.

Reasons for the Transition Arrangement

As further disclosed in the Letter from the Board, the principal purpose of the Transition Arrangement is to secure the transaction consideration and clearly delineate the allocation of risks, so as to ensure certainty and operability of the transaction at the execution level.

Such arrangement help (i) avoid the need to adjust the transaction consideration by reference to the operating profits or losses of the disposed assets during the Transition Period; (ii) facilitate a more streamlined completion process by reducing the complexity of additional audit and settlement procedures; and (iii) provide that the profits and losses of the relevant assets during the Transition Period are borne by the holder of the future interests.

The consideration for the Disposals is fixed lump sum consideration and is not subject to any adjustment by reason of differences in the timing of Completion. In determining the final consideration, the parties to the Equity Transfer Agreements have taken into account, as an integral part of the overall commercial terms, the arrangements for the attribution of profits and losses during the Transition Period. The Transition Arrangement does not constitute any separate or additional benefit conferred on the Purchaser, but form part of the overall commercial outcome resulting from arm's length negotiations and balancing of interests between the parties. The Board is of the view that the amount of Consideration adequately reflects the economic effect of such arrangements.

In addition, the Transition Arrangement may ensure that during the Transition Period, the business operations and asset condition of Deneng remain stable, and to prevent the Group as the vendors from exercising shareholder rights in a manner that may adversely affect the value of the 49% equity interest in Deneng, thereby ensuring that upon Completion, the condition of the 49% equity interest remains substantially consistent in all material respects with that at the time of execution of the Deneng Equity Transfer Agreement.

Our view on the transition period arrangement

In assessing the fairness and reasonableness of the Transition Arrangement, the Board has taken into account that (i) the Transition Arrangement provide for a balanced allocation of rights, benefits and risks, with the Purchaser assuming the relevant profits and losses from the designated date; (ii) the Transition Arrangement contribute to securing the transaction price; (iii) the relevant terms were agreed between the vendor(s) and the Purchaser following arm's length negotiations on normal commercial terms; and (iv) the Transition Arrangement are consistent with prevailing market practice in transactions involving the disposal of similar assets.

Based on the above and in particular (i) despite the Company may not enjoy any profit during the pre-completion period of the Disposals, the Company would not be required to bear any losses that may arises or any cashflow during the pre-completion period; and (ii) the Transition Arrangement are consistent with prevailing market practice in transactions involving the disposal of similar assets, we concur with the Board that the Transition Arrangement and the relevant commercial terms thereof are justifiable.

E. Consideration for the disposals

The consideration for the Deneng Disposal and the Jingxing Disposal was RMB113.3 million and RMB146.9 million, respectively. As disclosed in the Letter from the Board, the consideration under each of the Equity Transfer Agreements was determined after arm's length negotiations between the Company and the Purchaser on normal commercial terms, with reference to, among others, the audited consolidated net asset value of Deneng and Jingxing as at 31 December 2025 prepared in accordance with the PRC GAAP.

As further disclosed in the Letter from the Board, for the Board's reference purposes, the Board has also considered the appraised value of 100% equity interests of Deneng and Jingxing, based on the valuation report of the equity interests of Deneng and Jingxing prepared by an independent valuer (the **"Deneng Valuation Report**" and the **"Jingxing Valuation Report**").

Based on the Valuation Reports, the value of Deneng and Jingxing appraised by United Assets & Real Estate Appraisal Co., Ltd., an independent professional valuer (the **"Independent Valuer**"), is RMB286,407,900 and RMB148,589,800 respectively (the **"Appraised Value**") as at 31 December 2025.

To assess the fairness and reasonableness of the valuation, we have reviewed the Valuation Reports and discussed with the Independent Valuer in relation to (i) the methodologies, basis and assumptions used in performing the valuation on Deneng and Jingxing; (ii) their scope of work for conducting the valuation on Deneng and Jingxing; and (iii) their relevant professional qualifications as an independent professional valuer, details of which are set out as follows.

(A) Deneng Valuation Report

We have reviewed the Deneng Valuation Report prepared by the Independent Valuer, and noted that the appraised value of 100% equity interest in Deneng was RMB286,407,900 as at 31 December 2025.

In assessing the fairness and reasonableness of the Deneng Valuation Report, we have taken into the following factors:

Independence, qualification and scope of work of the Independent Valuer

We have reviewed and enquired into the qualifications and experience of the Independent Valuer in relation to the preparation of the Deneng Valuation Report, and noted that the Independent Valuer is a firm specialised in the provision of business, property and financial instrument valuation services for its clients engaging in different industries for various purposes. The Independent Valuer is a provider of appraisals for various assets and businesses, and has extensive experience in providing valuation and advisory services to companies listed in Hong Kong. Based on the information provided by the Independent Valuer, the responsible person in charge of the Valuation Report, namely Dr. Li Xiang, is a member of the Royal Institution of Chartered Surveyors, a Registered Valuer of the RICS, and a qualified Real Estate Appraiser in the PRC with over 20 years' experience in performing valuation services for listed companies in Hong Kong. We have also obtained relevant qualifications and credentials of the team members involved in this valuation of Deneng.

Based on our discussion with and confirmation made by the Independent Valuer, we understand that (i) the Independent Valuer had no concern on the accuracy and completeness of information the Independent Valuer relied upon throughout the valuation process; and (ii) the Independent Valuer had no concern on the reasonableness of any representation made by the Management or any other party to the Independent Valuer.

We have also reviewed the Independent Valuer's terms of engagement with the Company in relation to the Valuation Report and in particular, the scope of work, and noted that it is appropriate to the opinion required to be given and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by the Independent Valuer in the Valuation Report.

We enquired on the Independent Valuer whether they have any current or prior relationships with the Company, the Purchaser, and core connected persons of either the Company or the Purchaser and noted that save for the current engagement, no other relationship exists.

We discussed with the Independent Valuer on (i) the valuation approach adopted; (ii) the criteria in selecting the comparable companies; and (iii) the sources of comparable companies.

Valuation approach

We have obtained and reviewed the Valuation Report and further enquired into the Independent Valuer on the methodologies adopted and the basis and assumptions adopted in the Valuation Report, and we did not identify any major factor which caused us to doubt the fairness and reasonableness of the methodology, principal bases, assumptions, and parameters adopted for the Valuation Report.

We understood that the Independent Valuer has considered all commonly valuation approaches adopted in the market, including the income approach, the market approach and the asset-based approach, to determine the valuation of the 100% equity interests in Deneng. The Independent Valuer had adopted both market approach and asset-based approach for Valuation.

According to the Independent Valuer, the market approach and the asset-based approach were considered for the Valuation, given (i) there is sufficient number of listed companies with a nature and business similar to those of Deneng which could serve as a sound industry benchmark for the market approach; and (ii) the asset-based approach is feasible as the completeness of the financial data, the identifiability of all assets and liabilities, and the ability to determine the value of assets based on the avenues for their re-acquisition.

The Independent Valuer has adopted the asset-based approach in their valuation of Deneng as (i) the publicly available operational and financial information of comparable listed companies used in the market approach generally represents the consolidated financial statements of the listed companies instead of financial information of the specific entity such as Deneng that owns and operate the power plant, which is therefore relatively less sufficient and comprehensive than the information used in the asset-based approach; and (ii) fluctuations in the share prices of listed companies may exert a certain influence on the calculation of value multiples.

After considering the reasons above, we have not identified any material facts that would lead us to doubt the fairness and reasonableness of the Independent Valuer's adoption of the asset-based approach or the principal basis and assumptions used in the valuation of the Deneng. We further noted that the Independent Valuer had considered the market approach as a reference for the valuation of Deneng in the Deneng Valuation Report.

We have reviewed the Valuation Report and discussed with the Independent Valuer in respect of the key assumptions adopted for performing the Valuation. We understand from the Independent Valuer that the assumptions are commonly adopted in other valuations of assets and there is no unusual assumption which has been adopted during the Valuation. We also consider the assumptions adopted in the Valuation Report are general in nature and are not aware of any material facts which lead us to doubt the assumptions adopted by the Independent Valuer.

Application of the asset-based approach

The asset-based approach is a commonly utilised method in valuation, which considers the fundamental cost to reproduce the assets appraised in accordance with the current market prices of similar assets.

We have reviewed the financial statements of Deneng and noted that the major assets and liabilities include long-term equity investments, buildings and structures, machinery and equipment and intangible assets. According to the Deneng Valuation Report, the Independent Valuer considered the followings in the valuation of the major assets and liabilities of Deneng.

(a) Long-term equity investments

The long-term equity investment of Deneng represents the equity interests in its subsidiary, Shunfa (Quzhou) Thermal Power Co., Ltd., which was recorded at the aggregate cost of approximately RMB360.1 million as at 31 December 2025 based on PRC GAAP. The Independent Vauer have reviewed the financial statements of Shunfa (Quzhou) Thermal Power Co., Ltd and adopted the net asset value attributable to Deneng, which amounted to approximately RMB361.6 million as at 31 December 2025 based on PRC GAAP, as the appraised value for such long-term equity investments. As such, the appraised value of long-term equity investment increased by approximately RMB1.5 million.

(b) Buildings and structures

The net book value of the buildings and structures of Deneng was approximately RMB11.7 million as at 31 December 2025 based on PRC GAAP, which was recorded at cost less accumulated depreciation under the relevant accounting policy adopted by Deneng.

As discussed with the Independent Valuer, the buildings of Deneng are not income-generating properties, and there are very few comparable transaction cases in the local real estate market for buildings located on industrial land. As such, the Independent Valuer has adopted the cost method of the buildings as the appraised value.

In assessing the replacement cost of the buildings and structures, the Independent Valuer has considered the cost of construction and installation of such building and structures, and adjusted by factors including borrowings cost and expected remaining useful life. As further advised by the Independent Valuer, given the replacement cost of such buildings increased as a result of the increase in latest labour, material and machinery cost as compared to the historical year of construction and installation, the appraised value of the buildings increased by approximately RMB13.2 million. We have reviewed the calculation adopted by the Independent Valuer and we consider the valuation methodology is properly applied.

(c) Machinery and equipment

The net book value of the machinery and equipment of Deneng was approximately RMB361.7 million as at 31 December 2025 based on PRC GAAP, which was recorded at cost less accumulated depreciation under the relevant accounting policy adopted by Deneng.

As discussed with the Independent Valuer, they adopted the replacement cost of the machinery and equipment as the appraised value for the machinery and equipment given the machinery and equipment have been in use for a relatively long period. For vehicles which only amounted to approximately RMB0.8 million, the Independent Valuer had adopted the market approach as there are ample comparable transactions in the market.

In assessing the replacement cost of the machinery and equipment, the Independent Valuer has considered the cost of the acquisition of such machinery and equipment, and adjusted by factors including the condition and expected remaining useful life. As further advised by the Independent Valuer, given the useful life adopted by Deneng under its relevant accounting policy is shorter than that of the actual expected useful life of the machinery and equipment, the appraised value of the machinery and equipment increased by approximately RMB31.6 million. We have reviewed the calculation adopted by the Independent Valuer and we consider the valuation methodology is properly applied.

(d) Intangible assets

The intangible assets of Deneng mainly represented land use rights for a parcel of industrial land in the PRC, with a net book value of approximately RMB3.0 million as at 31 December 2025 based on PRC GAAP.

As discussed with the Independent Valuer, they adopted the market approach for the land use rights as there are sufficient comparable transactions in the region.

We have reviewed the comparable transactions selected by the Independent Valuer and noted that the Independent Valuer had considered factors such as the land conditions, transaction date, terms and other regional factors in the selection of the comparable transactions. Based on the market approach adopted by the Independent Valuer, the appraised value of the land use rights of Deneng was approximately RMB43.8 million, representing an increase of approximately RMB40.8 million as compared to the net book value as at 31 December 2025 based on PRC GAAP, which is mainly due to the following factors:

(i) increase in land prices: The comparable transactions selected by the Independent Valuer were recent transactions of undeveloped industrial lands in the vicinity of the Deneng power plant, which reflected the current market prices of industrial land in the region. The Independent Valuer noted that land prices in the region have increased significantly since the original acquisition of the land use rights by Deneng, due to factors such as economic development, infrastructure improvement and increased demand for industrial land. The increase in land prices is a general market trend that is not specific to the Deneng power plant;

(ii) market approach methodology: The market approach values the land use rights based on the prices of comparable transactions in the open market, adjusted for factors such as land conditions, location, transaction date and terms. The Independent Valuer selected three comparable transactions of undeveloped industrial lands in the vicinity of the Deneng power plant to estimate the market value of the land use rights of Deneng; and

(iii) difference between net book value and market value: The net book value of the land use rights of approximately RMB3.0 million represents the historical cost of the land use rights less accumulated amortisation, which does not reflect the current market value of the land use rights. The market value of the land use rights as determined by the market approach is based on the current market prices of comparable transactions, which may be significantly higher than the historical cost due to the appreciation of land values over time. As such, the significant increase in the appraised value of the land use rights is therefore primarily attributable to the difference between the historical cost and the current market value of the land use rights.

Based on the above factors, as stated in the Deneng Valuation Report, the valuation of 100% equity interest of Deneng as at 31 December 2025 based on the asset-based approach was approximately RMB286,407,900, which was higher than the book value of the Deneng based on PRC GAAP by approximately RMB86,633,800 or 43.58%.

Application of the market approach

Despite the Independent Valuer had adopted the asset-based approach as the valuation methodology for the valuation of Deneng, the Independent Valuer had also considered the market approach as a reference for the Valuation of Deneng, details of which are set out in the Deneng Valuation Report.

As discussed with the Independent Valuer had adopted the comparable companies method under its market approach, which the Independent Valuer selected 3 comparable companies based on Deneng's natural gas power generation business, details of which are set out in the Deneng Valuation Report.

We have reviewed the Deneng Valuation Report and noted that the comparable companies selected by the Independent Valuer are listed companies listed in the PRC (i) engaged in natural gas power generation business similar to Deneng; (ii) listed for no less than three years which would provide a sufficient track record of public disclosures and stable operations; (iii) with asset-liability ratio of less than 70%, which is similar to the asset-liability ratio of Deneng of approximately 64%; (iv) with return on total assets of over 5%, which is similar to the return on total assets of Deneng of approximately 8.8%; and (v) with operating profit margin of over 10%, which is similar to the operating profit margin of Deneng of approximately 21.12%. As such, we concur with the Independent Valuer that the selection criteria would provide fair and reasonable basis for the selection of comparable companies.

We further noted that the comparable companies selected by the Independent Valuer are (i) engaged in natural gas power generation business similar to Deneng; (ii) the asset-liability ratios of the comparable companies ranged from approximately 53.32% to 65.01%, which are similar to Deneng's asset-liability ratio of approximately 64.00%; (iii) the return on total assets of the comparable companies range from approximately 6.17% to 6.5%, which are similar to Deneng's return on total assets of approximately 8.8%; (iv) the operating profit margins of the comparable companies range from approximately 11.69% to 18.71%, which are similar to Deneng's operating profit margin of approximately 21.12%.

Although there are differences in the financial ratios between the comparable companies and Deneng, we noted that the comparables companies are narrowed down from 37 companies to 3 companies based on the stringent screening criteria. As such, we consider that such differences are within a reasonable range and such comparable companies would provide a general reference to the market value of Deneng.

We have discussed with the Independent Valuer on the selection of the price-to-book multiplier (**"P/B Ratio**") for the market approach in the valuation. We understand that (i) the P/B Ratio is a commonly adopted valuation multiple for companies with significant tangible assets, such as power plants, where the book value of assets is a key determinant of the company's value; (ii) the P/B Ratio reflects the market value of the assets of a company, which is suitable for asset-intensive business where the value of the assets represented a significant component of the company's valuation; and (iii) the P/B Ratio is less sensitive to short-term earnings fluctuations and accounting policy differences as compared to price-to-earnings for a more reliable basis for comparison, which is suitable for power generation businesses as their earnings may be affected by fluctuations in fuel costs, electricity prices and capacity tariffs; and (iv) the P/B Ratio is widely adopted in valuation practice for companies in the power generation industry, and is generally accepted by market participants and regulatory authorities as a relevant valuation metric. Based on the above factors, we concur with the Independent Valuer that the selection of the P/B Ratio is appropriate for the market approach valuation of Deneng.

Based on the Deneng Valuation Report with the valuation methodology as summarised above, the valuation of 100% equity interest of Deneng as at 31 December 2025 based on the market approach was approximately RMB280,000,000, which is similar to the valuation of 100% equity interest of Deneng as at 31 December 2025 based on the asset-based approach of approximately RMB286,407,900 as detailed above. The valuation results based on the asset-based approach is higher than that of the market approach for Deneng by approximately RMB6.4 million or 2.3%, which indicates both valuation approaches share similar results.

Comparison to the consideration of the Previous Disposal

Reference is made to the circular of the Company dated 24 January 2025 (the **"Previous Disposal Circular**") in relation to the disposal of 51% equity interest of the Deneng Group by the Group (the **"Previous Disposal**").

The consideration for the disposal of 51% equity interest of Deneng Group was RMB142,720,000 under the Previous Disposal, which valued the 100% equity interest of Deneng at approximately RMB279.8 million, which represents the unaudited consolidated net asset value of the Deneng Group as at 30 September 2024 prepared in accordance with the PRC GAAP.

As (i) the audited consolidated net asset value of the Deneng Group prepared in accordance with the PRC GAAP decreased by approximately RMB48.1 million from approximately RMB279.8 million as at 30 September 2024 to approximately RMB231.7 million as at 31 December 2025; and (ii) the consideration for both of the Deneng Disposal and Previous Disposal was determined with reference to the audited consolidated net asset value of the Deneng Group, the pro-rata consideration of the Deneng Disposal was lower than the consideration of the Previous Disposal.

We have reviewed the valuation report as disclosed in the Previous Disposal Circular and the Deneng Valuation Report. We noted that the decrease in audited consolidated net asset value of the Deneng Group prepared in accordance with the PRC GAAP was mainly due to (i) the decrease in current assets such as inventory and accounts receivable of approximately RMB29.2 million; and (ii) the increase in total liabilities of approximately RMB24.1 million.

Conclusion

During the course of discussion with the Independent Valuer and our review on the Deneng Valuation Report and having considered that (i) the independence, qualification and experience of the Independent Valuer; (ii) the selection and application of the valuation methodology are reasonably prepared, we are of the view that (a) the methodology and assumptions which had been adopted in the Deneng Valuation Report were arrived at after due and careful consideration; and (b) the valuation was carried out on a fair and reasonable basis by the Independent Valuer.

(B) Jingxing Valuation Report

We have reviewed the Jingxing Valuation Report prepared by the Independent Valuer, and noted that the appraised value of 100% equity interest in Jingxing was RMB148,589,800 as at 31 December 2025.

In assessing the fairness and reasonableness of the Jingxing Valuation Report, we have taken into the following factors:

Independence, qualification and scope of work of the Independent Valuer

We have reviewed and enquired into the qualifications and experience of the Independent Valuer in relation to the preparation of the Jingxing Valuation Report, and noted that the Independent Valuer is a firm specialised in the provision of business, property and financial instrument valuation services for its clients engaging in different industries for various purposes. The Independent Valuer is a provider of appraisals for various assets and businesses, and has extensive experience in providing valuation and advisory services to companies listed in Hong Kong. Based on the information provided by the Independent Valuer, the responsible person in charge of the Jingxing Valuation Report, namely Dr. Li Xiang, is a member of the Royal Institution of Chartered Surveyors, a Registered Valuer of the RICS, and a qualified Real Estate Appraiser in the PRC with over 20 years' experience in performing valuation services for listed companies in Hong Kong. We have also obtained relevant qualifications and credentials of the team members involved in this valuation of Jingxing.

Based on our discussion with and confirmation made by the Independent Valuer, we understand that (i) the Independent Valuer had no concern on the accuracy and completeness of information the Independent Valuer relied upon throughout the valuation process; and (ii) the Independent Valuer had no concern on the reasonableness of any representation made by the Management or any other party to the Independent Valuer.

We have also reviewed the Independent Valuer's terms of engagement with the Company in relation to the Jingxing Valuation Report and in particular, the scope of work, and noted that it is appropriate to the opinion required to be given and there is no limitation on the scope of work which might adversely impact on the degree of assurance given by the Independent Valuer in the Jingxing Valuation Report.

We enquired on the Independent Valuer whether they have any current or prior relationships with the Company, the Purchaser, and core connected persons of either the Company or the Purchaser and noted that save for the current engagement, no other relationship exists.

We discussed with the Independent Valuer on (i) the valuation approach adopted; (ii) the criteria in selecting the comparable companies; and (iii) the sources of comparable companies.

Valuation approach

We have obtained and reviewed the Jingxing Valuation Report and further enquired into the Independent Valuer on the methodologies adopted and the basis and assumptions adopted in the Jingxing Valuation Report, and we did not identify any major factor which caused us to doubt the fairness and reasonableness of the methodology, principal bases, assumptions, and parameters adopted for the Jingxing Valuation Report.

We understood that the Independent Valuer has considered all commonly valuation approaches adopted in the market, including the income approach, the market approach and the asset-based approach, to determine the valuation of the 100% equity interests in Jingxing. The Independent Valuer had adopted both market approach and asset-based approach for Valuation.

According to the Independent Valuer, the market approach and the asset-based approach were considered for the Valuation, given (i) there is sufficient number of listed companies with a nature and business similar to those of Jingxing which could serve as a sound industry benchmark for the market approach; and (ii) the asset-based approach is feasible as the completeness of the financial data, the identifiability of all assets and liabilities, and the ability to determine the value of assets based on the avenues for their re-acquisition.

The Independent Valuer has adopted the asset-based approach in their valuation of Jingxing as (i) the publicly available operational and financial information of comparable listed companies used in the market approach generally represents the consolidated financial statements of the listed companies instead of financial information of the specific entity such as Jingxing that owns and operate the power plant, which is therefore relatively less sufficient and comprehensive that the information used in the asset-based approach; and (ii) fluctuations in the share prices of listed companies may exert a certain influence on the calculation of value multiples.

After considering the reasons above, we have not identified any material facts that would lead us to doubt the fairness and reasonableness of the Independent Valuer's adoption of the asset-based approach or the principal basis and assumptions used in the valuation of the Jingxing. We further noted that the Independent Valuer had considered the market approach as a reference for the valuation of Jingxing in the Jingxing Valuation Report.

We have reviewed the Jingxing Valuation Report and discussed with the Independent Valuer in respect of the key assumptions adopted for performing the Valuation. We understand from the Independent Valuer that the assumptions are commonly adopted in other valuations of similar assets and there is no unusual assumption which has been adopted during the Valuation. We also consider the assumptions adopted in the Jingxing Valuation Report are general in nature and are not aware of any material facts which lead us to doubt the assumptions adopted by the Independent Valuer.

Application of the asset-based approach

The asset-based approach is a commonly utilised method in valuation, which considers the fundamental cost to reproduce the assets appraised in accordance with the current market prices of similar assets.

We have reviewed the financial statements of Jingxing and noted that the major assets and liabilities include buildings and structures, machinery and equipment and intangible assets. According to the Jingxing Valuation Report, the Independent Valuer considered the followings in the valuation of the major assets and liabilities of Jingxing.

(a) Buildings and structures

The net book value of the buildings and structures of Jingxing was approximately RMB12.8 million as at 31 December 2025 based on PRC GAAP, which was recorded at cost less accumulated depreciation under the relevant accounting policy adopted by Jingxing.

As discussed with the Independent Valuer, the buildings and structures of Jingxing are not income-generating properties, and there are very few comparable transaction cases in the local real estate market for buildings located on industrial land. As such, the Independent Valuer has adopted the cost method of the buildings as the appraised value.

In assessing the replacement cost of the buildings and structures, the Independent Valuer has considered the cost of construction and installation of such building and structures, and adjusted by factors including borrowings cost and expected remaining useful life. As further advised by the Independent Valuer, given the replacement cost of such buildings and structures increased as a result of the increase in latest labour, material and machinery cost as compared to the historical year of construction and installation, the appraised value of the buildings increased by approximately RMB9.7 million. We have reviewed the calculation adopted by the Independent Valuer and we consider the valuation methodology is properly applied.

(b) Machinery and equipment

The net book value of the machinery and equipment of Jingxing was approximately RMB109.3 million as at 31 December 2025 based on PRC GAAP, which was recorded at cost less accumulated depreciation under the relevant accounting policy adopted by Jingxing.

As discussed with the Independent Valuer, they adopted the replacement cost of the machinery and equipment as the appraised value for the machinery and equipment given the machinery and equipment have been in use for a relatively long period.

In assessing the replacement cost of the machinery and equipment, the Independent Valuer has considered the cost of the acquisition of such machinery and equipment, and adjusted by factors including finance cost, the condition and expected remaining useful life. As further advised by the Independent Valuer, given the machinery and equipment of Jingxing contained substantial amount of capitalised borrowing costs, where the lending interest rates had declined substantially, the appraised value of the machinery and equipment slightly decreased by approximately RMB0.1 million. We have reviewed the calculation adopted by the Independent Valuer and we consider the valuation methodology is properly applied.

(c) Intangible assets

The intangible assets of Jingxing mainly represented land use rights for a parcel of industrial land in the PRC, with a net book value of approximately RMB25.8 million as at 31 December 2025 based on PRC GAAP.

As discussed with the Independent Valuer, they adopted the market approach for the land use rights as there are sufficient comparable transactions in the region.

We have enquired and reviewed the comparable transactions selected by the Independent Valuer and noted that the Independent Valuer had considered factors such as the land conditions, transaction date, terms and other regional factors in the selection of the comparable transactions. Based on the market approach adopted by the Independent Valuer, the appraised value of the land use rights of Jingxing was approximately RMB27.6 million, representing an increase of approximately RMB1.7 million as compared to the net book value as at 31 December 2025 based on PRC GAAP.

Based on the above factors, as stated in the Jingxing Valuation Report, the valuation of 100% equity interest of Jingxing as at 31 December 2025 based on the asset-based approach was approximately RMB148,589,800, which was higher than the book value of Jingxing by approximately RMB1,732,300 or 1.18%.

Application of the market approach

Despite the Independent Valuer had adopted the asset-based approach as the valuation methodology for the valuation of Jingxing, the Independent Valuer had also considered the market approach as a reference for the Valuation of Jingxing, details of which are set out in the Jingxing Valuation Report.

As discussed with the Independent Valuer had adopted the comparable companies method under its market approach, which the Independent Valuer selected 3 comparable companies based on Jingxing's natural gas power generation business, details of which are set out in the Jingxing Valuation Report.

We have reviewed the Jingxing Valuation Report and noted that the comparable companies selected by the Independent Valuer are listed companies (i) engaged in natural gas power generation business similar to Jingxing; (ii) listed for no less than three years which would provide a sufficient track record of public disclosures and stable operations; (iii) with asset-liability ratio less than 70%, which is the most comparable amount as compared to the asset-liability ratio of Jingxing of approximately 9% as all other comparable companies are high than 70%; (iv) with return on total assets of less than 7%, which is the most comparable amount as compared to the return on total assets of Jingxing of approximately 3.03%; and (v) with operating profit margin in the range of 10% to 20%, which is similar to the operating profit margin of Jingxing of 15.38%.

As such, we concur with the Independent Valuer that the selection criteria would provide fair and reasonable basis for the selection of comparable companies.

We further noted that the comparable companies selected by the Independent Valuer are (i) engaged in natural gas power generation business similar to Jingxing; (ii) the asset-liability ratios of the comparable companies ranged from approximately 53.32% to 65.01%, which is the most comparable amount as compared to the relatively low asset-liability ratio of Jingxing of approximately 9% as all other comparable companies are high than 70%; (iii) the return on total asset of the comparables companies ranged from approximately 6.17% to 6.5%, which is the most comparable amount as compared to the relatively low return on total assets of Jingxing of approximately 3.03%; and (iv) the operating profit margin of the comparables companies range from approximately 11.69% to 18.71%, which are similar to Jingxing's operating profit margin of approximately 15.38%.

Although there are some differences in the financial ratios between the comparable companies and Jingxing, we noted that the comparables companies are narrowed down from 37 companies to 3 companies based on the stringent screening criteria. As such, we consider that such differences are within a reasonable range and such comparable companies would provide a general reference to the market value of Jingxing.

We have discussed with the Independent Valuer on the selection of the P/B Ratio for the market approach in the valuation. We understand that (i) the P/B Ratio is a commonly adopted valuation multiple for companies with significant tangible assets, such as power plants, where the book value of assets is a key determinant of the company's value; (ii) the P/B Ratio reflects the market value of the assets of a company, which is suitable for asset-intensive business where the value of the assets represented a significant component of the company's valuation; and (iii) the P/B Ratio is less sensitive to short-term earnings fluctuations and accounting policy differences as compared to price-to-earnings for a more reliable basis for comparison, which is suitable for power generation businesses as their earnings may be affected by fluctuations in fuel costs, electricity prices and capacity tariffs; and (iv) the P/B Ratio is widely adopted in valuation practice for companies in the power generation industry, and is generally accepted by market participants and regulatory authorities as a relevant valuation metric. Based on the above factors, we concur with the Independent Valuer that the selection of the P/B Ratio is appropriate for the market approach valuation of Jingxing.

Based on the Jingxing Valuation Report, the valuation of 100% equity interest of Jingxing as at 31 December 2025 using price-to-book ratio of the comparable companies based on the market approach was approximately RMB162,000,000, which is higher that the valuation of 100% equity interest of Jingxing as at 31 December 2025 based on the asset-based approach of approximately RMB148,589,800 as detailed above.

We noted that the valuation results based on the market approach is higher than that of the asset-based approach for Jingxing by approximately RMB13.4 million or 9.0%. We consider such differences are primary due to (i) the asset-liability ratios of the comparable companies ranged from approximately 53.32% to 65.01% are significantly higher than the relatively low asset-liability ratio of Jingxing of approximately 9%; and (ii) the return on total asset of the comparables companies ranged from approximately 6.17% to 6.5%, which is around two times of the relatively low return on total assets of Jingxing of approximately 3.03%. Despite the above differences in asset-liability ratio and return on total assets, the comparable companies selected by the Independent Valuer are based on stringent screening criteria which represented companies that are most comparable to Jingxing. Accordingly, the valuation result of Jingxing based on market approach would provide much higher results that may not accurately reflect the market value of Jingxing.

Nevertheless, we have enquired the Independent Valuer, and we concur, that given (i) the publicly available operational and financial information of comparable listed companies used in the market approach generally represents the consolidated financial statements of the listed companies instead of financial information of the specific entity such as Jingxing that owns and operate the power plant, which is therefore relatively less sufficient and comprehensive that the information used in the asset-based approach; and (ii) fluctuations in the share prices of listed companies may exert a certain influence on the calculation of value multiples, the asset-based approach would provide a more direct and accurate value of the particular businesses or entities as compared to the market approach,

Conclusion

During the course of discussion with the Independent Valuer and our review on the Jingxing Valuation Report and having considered that (i) the independence, qualification and experience of the Independent Valuer; (ii) the selection and application of the valuation methodology are reasonably prepared, we are of the view that (i) the methodology and assumptions which had been adopted in the Jingxing Valuation Report were arrived at after due and careful consideration; and (ii) the valuation was carried out on a fair and reasonable basis by Independent Valuer.

Our view on the consideration of the Equity Transfer Agreements

The Deneng Disposal

The consideration for the Deneng Disposal is RMB113,340,000, which represented a discount of approximately 19.24% to the appraised value of the equity interest of Deneng as at 31 December 2025 under the Deneng Valuation Report on a pro-rata basis.

As disclosed in the Letter from the Board, the Board noted that the difference between the appraised value of Deneng based on the Deneng Valuation Report and the audited consolidated net assets value of the Deneng Group prepared in accordance with the PRC GAAP was mainly due to the appreciation of land use right of the Deneng Group.

We noted that the valuation of 100% equity interest of Deneng as at 31 December 2025 based on the asset-based approach was approximately RMB286,407,900, which was (i) higher than the book value of the Deneng by approximately RMB86,633,800, or 43.58%; and (ii) higher than the audited consolidated net assets value of Deneng as at 31 December 2025 prepared in accordance with the PRC GAAP, which amounted to approximately RMB231,278,145, by approximately RMB54,868,000 or 23.8%. The difference in the appraised value and the book value of Deneng was principally attributable to the aggregate difference of approximately RMB72.0 million of the land use rights and machinery and equipment of Deneng Group.

As further disclosed in the Letter from the Board, the Board is of the view that the appraised value of such land use rights was arrived by comparing undeveloped lands for sale in the primary land market which did not reflect factors including (i) the restriction on the transfer of the land use rights of the Deneng Group; and (ii) the comparatively low liquidity of such land use right in the market, considering that power plants are constructed on such land, so the appreciation of the appraised value of the land use right could not be practically realised.

As such, despite the Deneng Valuation was carried out on a fair and reasonable basis by the Independent Valuer, as it may not be commercially practicable for the Company to determine the consideration based on the appraise value due to the above factors, the Board is of the view that the appraised value of the Deneng Valuation Report is not of much reference value to the Group in determining the consideration. As such, the consideration of the Deneng Disposal was determined based on the audited consolidated net asset value of the Deneng Group as at 31 December 2025 prepared in accordance with the PRC GAAP, which amounted to approximately RMB231,278,145, which is higher than the unaudited consolidated net asset value of the Deneng Group as at 31 December 2025 prepared in accordance with the IFRS Accounting Standards of approximately RMB209,990,000 or by 10.1%.

We have further reviewed the management account of the Deneng Group prepared in accordance with the PRC GAAP and IFRS Accounting Standards and noted that the difference of the consolidated asset value of Deneng Group was approximately RMB21.3 million between the two accounting standards. We further noted that the difference is mainly due to the adoption of a longer useful life of the Deneng Group's property, plant and equipment under the PRC GAAP as compared to that adopted under the IFRS Accounting Standards, accordingly the depreciation in respect of such property, plant and equipment was lower under the PRC GAAP as compared to that under the IFRS Accounting Standards. As such, the consolidated net asset value of the Deneng Group as at 31 December 2025 prepared in accordance with the PRC GAAP is higher as compared to that under the IFRS Accounting Standards.

Based on our discussion with the management of the Company, we understand that

(i) according to relevant PRC laws and regulations, land use right generally needs to be transferred together with the building and attachments on the land. The existence of a power plant on the land would therefore significantly restricts the liquidity and marketability of such land user rights;

(ii) the appraised value was derived by comparing with undeveloped lands in the primary market, which do not accurately reflect the land of the Deneng Group that already has an operating power plant on it; and

(iii) the liquidity of the land use right of Deneng Group may be limited due to the fact that potential purchaser would be required to demolish and restructure the land, or apply for land use changes for the land of Deneng Group.

We further understand that, due to the relatively unique nature of the land of the Deneng Group with an operating power plant, it may not be practicable for the Independent Valuer to obtain quotations of the market price of other developed lands which are comparable to the land of the Deneng Group. As such, we concur with the management of the Company that, given the significant cost that may be required for demolition and restructure of the land of Deneng Group, the market value of the land use rights should be significantly lower than that of the undeveloped lands.

In addition, we also understand that in the valuation of the land use rights based on the market approach, the Independent Valuer does not apply a specific discount for the transfer restriction, as the market value of the land use rights is generally determined based on the assumption of a willing buyer and a willing seller in an arm's length transaction.

In addition, despite the Independent Valuer has performed market approach as a reference in the Deneng Valuation Report, we noted that the comparable companies selected by the Independent Valuer represented companies listed in the PRC. Despite the best effort of the Independent Valuer in the selection of the screening criteria as discussed above, the multiples of the comparable companies listed in the PRC as adopted in the market approach in the Deneng Valuation Report may not accurately provide a meaningful reference for the assessment of the consideration of the Disposals conducted by the Company, which is listed in the Main Board of the Stock Exchange. Accordingly, we have conducted a comparable analysis with companies listed on the Main Board of the Stock Exchange for further assessment of the consideration in the section headed "Further assessment" below.

Taking into account of the above, we concur it is reasonable for the Board to consider the appraised value of the land use right of Deneng Value should not be taken into account as a basis for determining the consideration of the Deneng Disposal. Accordingly, we consider the comparison between the consideration of the Deneng Disposal and the appraised value of the equity interest of Deneng Group under asset-based approach pursuant to the Deneng Valuation Report may not provide a meaningful assessment on the consideration.

As (i) no quotation was obtained by the Company from independent third parties in respect of the Disposals as discussed un the section headed "Reasons for and benefits of the Disposals" above; and (ii) the Deneng Valuation Report and the Jingxing Valuation Report were only considered by the Board as reference purpose, we have conducted further independent analysis to assess the consideration for the Deneng Disposal, details of which are set out in the section headed "Further assessment" below.

The Jingxing Disposal

Based on the Jingxing Valuation Report, the valuation of 100% equity interest of Jingxing as at 31 December 2025 based on the asset-based approach was approximately RMB148,589,800, which was higher than the book value of Jingxing by approximately RMB1,732,300 or 1.18%.

As the difference in the appraised value and the net asset value of Jingxing only represented 1.8% which is not material, we are of the view that it is acceptable for the Board to consider that the consideration of the Deneng Disposal was to be determined based on the audited net asset value of Jingxing as at 31 December 2025 prepared in accordance with the PRC GAAP.

Further assessment

In order to further assess the fairness and reasonableness of the consideration of the Deneng Disposal and Jingxing Disposal, we have performed a comparable analysis by making reference to other companies with comparable business of Deneng and Jingxing. We compared the price-to-earnings ratio (**"PE Ratio**") and the price-to-book ratio (**"PB Ratio**") of Deneng and Jingxing to other comparable companies. PE Ratio and PB Ratio are the commonly used valuation benchmarks in assessing the valuation of a company since the data for calculating these ratios can be obtained directly from publicly available information and reflect the value of the company determined by the open market.

For the purpose of our comparable analysis, we have identified comparable companies based on the following criteria: (i) the shares of which are listed on the Main Board of the Stock Exchange; (ii) engage in businesses similar to Deneng and Jingxing; and (iii) profit-making in their respective latest financial year. Based on our research conducted on companies listed on the Stock Exchange and their respective annual reports in accordance to such criteria, we have identified an exhaustive list of 13 comparable companies (the **"Comparable Companies**").

The Comparable Companies were selected exhaustively to satisfy the above selection criteria. Although there are differences in terms of principal business, operations, financial position and geographical location between Deneng, Jingxing and the Comparable Companies, in light of that (i) the Independent Valuer had already selected companies listed in the PRC in their application of market approach under the Deneng Valuation Report and Jingxing Valuation Report, which we consider the application was properly applied by the Independent Valuer as discussed above; (ii) there is no meaningful comparable transaction involving acquisition of an operating power plant in the PRC from entities in the private sector in the PRC as discussed in the section headed "Reasons for and benefit of the Disposals" above; (iii) the Company are listed on the Main Board of the Stock Exchange; and (iv) the Comparable Companies are engaged in similar principal activities and listed on the Stock Exchange, we consider that the Comparable Companies may provide general market reference for assessing the consideration of the Deneng Disposal and the Jingxing Disposal.

The following table sets out our analysis of the Comparable Companies:

No.	Company name	Stock code	Principal business	P/E Ratio *(Note 1)* *(times)*	P/B Ratio *(Note 2)* *(times)*
1	CLP Holdings Limited	0002.HK	Power generation, transmission, distribution, retail and smart energy services	17.6	1.7
2	Power Assets Holdings Ltd.	0006.HK	Energy and utility-related businesses	20.9	1.5
3	Beijing Jingneng Clean Energy Co., Ltd.	0579.HK	Gas-fired power and heat energy generation, wind power, photovoltaic power, hydropower and other clean energy businesses	5.8	0.5
4	China Resources Power Holdings Co. Ltd.	0836.HK	Development and operation of power plants	6.8	0.8
5	Huaneng Power International, Inc.	0902.HK	Development, construction and operation of power plants	7.2	0.6
6	China Longyuan Power Group Corp. Ltd.	0916.HK	New energy power generation	11.0	1.3
7	Datang International Power Generation Co., Ltd.	0991.HK	Engaged in thermal power, renewable energy and other power projects	6.5	0.6
8	Huadian Power International Corp. Ltd.	1071.HK	Development and operation of power plants	8.0	0.6
9	Tianjin Tianbao Energy Co., Ltd.	1671.HK	Power generation & related energy services	7.9	0.2
10	Sichuan Energy Investment Development Co., Ltd.	1713.HK	Power supply & distribution	8.5	0.7
11	CGN New Energy Holdings Co., Ltd.	1811.HK	Operation of power plants	5.7	0.9
12	CGN Power Co., Ltd.	1816.HK	Nuclear power and other clean energy power generation	11.5	1.1
13	China Power International Development Ltd.	2380.HK	Thermal power, hydropower, wind power, photovoltaic power, natural gas power, environmental power and energy storage	6.8	0.7
			Maximum	20.9	1.7
			Minimum	5.7	0.2
			Average	9.8	0.8
	The Deneng Disposal			5.7	1.0
	The Jingxing Disposal			39.7	1.0

Source: the website of the Stock Exchange and the latest annual reports of each Comparable Companies

Notes:

1. Based on the closing price of the share of the respective Comparable Company as quoted on the Stock Exchange as at the date of the Equity Transfer Agreements and compared against the net profit for the year from the respective Comparable Companies' latest published annual reports or annual results.

2. Based on the closing price of the share of the respective Comparable Company as quoted on the Stock Exchange as at the date of the Equity Transfer Agreements and compared against the net asset value from the respective Comparable Companies' latest published annual reports or annual results.

As illustrated in the table above, the P/E Ratio of the Comparable Companies ranged from approximately 5.7 times to 20.9 times with an average of 9.8 times. In respect of the P/B Ratio of the Comparable Companies, they ranged from 0.2 times to 1.7 times with an average of 0.8 times.

As such, (i) the P/E Ratio of the Deneng Disposal of 5.7 times falls within the range of the Comparable Companies; (ii) the P/E Ratio of the Jingxing Disposal of 39.7 times is higher than all of the Comparable Companies; and (iii) the P/B Ratio of the Disposals of 1.0 time falls within the range of the Comparable Companies and is higher than the average of the P/B Ratios of the Comparable Companies.

Conclusion

Taking into account

(i) the P/E Ratio of the Deneng Disposal of 5.7 times falls within the range of the Comparable Companies;

(ii) the P/E Ratio of the Jingxing Disposal of 39.7 times is higher than all of the Comparable Companies;

(iii) the P/B Ratio of the Disposals of 1.0 time falls within the range of the Comparable Companies and is higher than the average of the P/B Ratios of the Comparable Companies;

(iv) the consideration of the Disposals are determined based on the audited net asset values of Deneng Group and Jingxing prepared in accordance with the PRC GAAP; and

(v) the terms of the Equity Transfer Agreements, including the Consideration, are determined by the parties involved after arms-length negotiation,

we concur with the Directors' view that the Consideration under the Equity Transfer Agreements is on normal commercial terms and fair and reasonable.

F. Financial effect of the disposals

With reference to the unaudited pro forma financial information of the Remaining Group as set out in Appendix V of the Circular, assuming the Disposals had taken place on 31 December 2025, the Group will record an unaudited gain of approximately RMB24.6 million, where the net assets of the Group will increase from approximately RMB907.3 million to approximately RMB931.9 million.

The Deneng Disposal

With reference to the unaudited pro forma financial information of the Remaining Group as set out in Appendix V of the Circular and as disclosed in the Letter from the Board, upon completion, it is estimated that the Group will recognise an unaudited loss of approximately RMB2.1 million from the Deneng Disposal, which is calculated based on the consideration of RMB113.3 million less the expected carrying amount of the interests in an associate (Deneng) of approximately RMB115.4 million (comprising of the interests in an associate as at 31 December 2025 and the expected movement of the associate for the six-month ended 30 June 2026 of approximately RMB12.5 million), before professional fees and other related expenses.

It is estimated that the total assets of the Group will increase by approximately RMB10.4 million.

The above-mentioned estimated figures are subject to the final net assets value of the Deneng Group at completion and final transaction expenses directly attributable to the Deneng Disposal. Upon completion and the completion of the Registration Procedures, the Company will no longer hold any equity interest in Deneng.

The Jingxing Disposal

With reference to the unaudited pro forma financial information of the Remaining Group as set out in Appendix V of the Circular and as disclosed in the Letter from the Board, upon completion, it is estimated that the Group will recognise an unaudited gain of approximately RMB14.0 million from the Jingxing Disposal, which is calculated based on the consideration of RMB146.9 million less the expected net assets amount of Jingxing of approximately RMB132.9 million (comprising of the net asset of RMB131.3 million as at 31 December 2025 and the expected movement of the net asset of Jingxing for the six-month ended 30 June 2026 of approximately RMB1.5 million), before professional fees and other related expenses.

It is estimated that the total assets of the Group will increase by approximately RMB11.7 million, and the liabilities will decrease by approximately RMB1.9 million.

The above-mentioned estimated figures are subject to the final net assets value of Jingxing at completion and final transaction expenses directly attributable to the Jingxing Disposal. Upon completion and the completion of the Registration Procedures, Jingxing will no longer be a subsidiary of the Company, and the Company will no longer hold any equity interest in Jingxing.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we are of the view that the terms of the Equity Transfer Agreements and the Disposals are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole even though they are not conducted in the ordinary and usual course of business of the Group.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favor of the ordinary resolution(s) to be proposed at the AGM to approve the Disposals.

Yours faithfully,
For and on behalf of
Donvex Capital Limited
Doris Sy
Director

Ms. Doris Sy is a person licensed to carry out type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and is a responsible officer of Donvex Capital Limited who has around 22 years of experience in corporate finance advisory.

This Appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to the Shareholders for their consideration in connection with the Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK$100,000,000 divided into 1,000,000,000 Shares, among which an aggregate of 458,600,000 Shares were issued and fully paid-up.

Subject to the passing of the relevant ordinary resolution at the AGM approving the Repurchase Mandate and on the basis that no further Shares will be allotted and issued or repurchased by the Company prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase up to a maximum of 45,860,000 Shares until the earliest of: (i) the conclusion of the next annual general meeting of the Company following the AGM; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any other applicable laws of the Cayman Islands to be held; or (iii) the revocation and variation of the authority given under such resolution by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company following the AGM.

REASONS FOR REPURCHASES

The Directors believe that the proposed grant of the Repurchase Mandate is in the interests of the Company and its Shareholders as a whole. The Repurchase Mandate will give the Company the flexibility to repurchase Shares as and when appropriate. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and its Shareholders as a whole. On the other hand, Shares repurchased by the Company and held as treasury shares may provide more flexibility to the Board to resell the treasury shares on the market prices to raise additional funds for the Company, or transfer or use for share grants under share schemes that comply with Chapter 17 of the Listing Rules and for other purposes permitted under the Listing Rules, the Articles of Association and the applicable laws of the Cayman Islands.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase Shares in circumstances where they consider that the repurchase would be in the best interest of the Company and its Shareholders as a whole.

FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such repurchase in accordance with the Memorandum and Articles of Association, the Listing Rules, the laws of the Cayman Islands and other applicable laws. Repurchases pursuant to the Repurchase Mandate will be made out of funds of the Company legally permitted to be utilised in this connection, including the funds of the Company otherwise available for dividend or distribution or the proceeds of a fresh issue of Shares made for such purpose.

IMPACT ON WORKING CAPITAL OR GEARING POSITION

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited financial statements contained in the annual report of the Company for the year ended 31 December 2025) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

The Company may cancel such repurchased Shares or hold them as treasury shares, subject to market conditions and the Group's capital management needs at the relevant time of the repurchases.

For any treasury shares deposited with CCASS pending resale on the Stock Exchange, the Company shall (i) procure its broker not to give any instructions to HKSCC to vote at general meetings of the Company for the treasury shares deposited with CCASS; and (ii) in the case of dividends or distributions, withdraw the treasury shares from CCASS, and either re-register them in its own name as treasury shares or cancel them, in each case before the record date for the dividends or distributions, or take any other measures to ensure that it will not exercise any shareholders' rights or receive any entitlements which would otherwise be suspended under the applicable laws if those shares were registered in its own name as treasury shares.

DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, to the best knowledge of the Directors having made all reasonable enquiries, none of the Directors nor, any of their close associates have a present intention to sell Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

No core connected persons of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorised to make repurchases of Shares.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases of Shares pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Memorandum and Articles of Association and the applicable laws of the Cayman Islands.

The Directors confirmed that neither this explanatory statement nor the proposed Repurchase Mandate has any unusual features.

EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (with the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' shareholding, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. A waiver of this provision would not normally be given except in extraordinary circumstances.

As at the Latest Practicable Date, according to the registers required to be kept by the Company under section 336 of the SFO, and to the best knowledge and belief of the Directors, the following Shareholders were directly or indirectly, interested in 5% or more of the Company's issued share capital:

Name	**Number of Shares held as at the Latest Practical Date**	**Percentage of shareholding as at the Latest Practical Date**	**Percentage of shareholding if the Repurchase Mandate is exercised in full**
Puxing International Limited ("**Puxing International**")	300,000,000	65.42%	72.68%
Anergy International Limited ("**Anergy International**") *(note 1)*	300,000,000	65.42%	72.68%
Wanxiang Group *(note 1)*	300,000,000	65.42%	72.68%
Mr. Lu *(note 1)*	300,000,000	65.42%	72.68%
Ms. Li Li *(note 2)*	300,000,000	65.42%	72.68%
BC Global Opportunities XIII LP	35,122,000	7.66%	8.51%
Mr. TAN KUANGMING *(note 3)*	35,122,000	7.66%	8.51%

Notes:

(1) These Shares are held by Puxing International, which is owned as to 100% by Anergy International, which is owned as to 100% by Wanxiang Group which in turn is ultimately controlled by Mr. Lu. Therefore, Anergy International, Wanxiang Group and Mr. Lu are deemed to be interested in the Shares held by Puxing International.

(2) Ms. Li Li is the spouse of Mr. Lu and is therefore deemed to be interested in the said Shares in which Mr. Lu is deemed to be interested.

(3) These Shares are held by BC Global Opportunities XIII LP, and BC General Partner, LP is the general partner of BC Global Opportunities XIII LP, while BC Capital Management Limited is the general partner of BC General Partner, LP. Mr. TAN KUANGMING is the sole shareholder of BC Capital Management Limited.

In the event that the Repurchase Mandate is exercised in full and assuming that there is no change in the number of Shares held by Puxing International and there is no other change to the issued share capital of the Company, the shareholding of Puxing International in the Company will be increased to approximately 72.68% of the reduced issued share capital (excluding treasury shares, if any) of the Company immediately after the exercise in full of the Repurchase Mandate. The Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchases made under the Repurchase Mandate. In addition, in exercising the Repurchase Mandate (whether in full or otherwise), the Directors will ensure that the Company shall comply with the requirements of the Listing Rules, including the minimum percentage of Shares being held in public hands.

SHARE REPURCHASES MADE BY THE COMPANY

No repurchases of Shares (whether on the Stock Exchange or otherwise) have been made by the Company during the last six months immediately preceding the Latest Practicable Date.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the previous twelve months before the Latest Practicable Date were as follows:

Month	Highest	Lowest
	HK$	*HK$*
2025		
May	0.64	0.50
June	0.68	0.56
July	2.28	0.58
August	2.05	1.66
September	1.75	1.29
October	1.86	1.35
November	1.50	1.00
December	1.58	1.10
2026		
January	1.36	1.10
February	1.33	1.11
March	1.30	0.80
April	1.33	0.96
May	1.10	0.83
June (up to Latest Practicable Date)	1.02	0.88

Pursuant to the Listing Rules, stated below are the biographical details of the Directors who will retire and be eligible offer themselves for re-election at the AGM:

Independent non-executive Directors

Mr. WU Chongguo

Mr. WU Chongguo ("**Mr. Wu**"), aged 49, was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee in June 2024. He graduated from Tongji University in 1998 with a Bachelor of Engineering in Mechanics. He also graduated from Peking University in 2009 with a Master's degree in Accounting. Mr. Wu has been recognised as a certified public accountant by The Association of Certified Accountants in Zhejiang Province*(浙江省註冊會計師協會)with Zhejiang Zhonghui Accounting Firm*(浙江中匯會計師事務所)since July 2002. He is also currently a registered tax agent by The Association of Certified Tax Accountants in Zhejiang Province*(浙江省註冊稅務師協會)with Zhejiang Huilian Taxation Co. Ltd.*(浙江匯聯稅務師事務所有限公司), a registered real estate appraiser certified by Zhejiang Real Estate Appraisal and Brokerage Association*(浙江房產估價與經紀人協會), an asset appraiser certified by Zhejiang Asset Appraisal Association*(浙江省資產評估協會), as well as a registered land appraiser certified by Zhejiang Association of Land Appraisers and Land Registration Agents*(浙江省土地估價師與土地登記代理人協會). He is currently a member of the China Association for Promoting Democracy.

From July 1998 to March 2002, Mr. Wu served as a manager of the real estate appraisal department of Zhejiang Pan-China Assets Appraisal Co., Ltd.*(浙江天健資產評估有限公司). From April 2002 to December 2007, Mr. Wu served as a deputy general manager of Zhejiang Zhonghui Assets Appraisal Co., Ltd.*(浙江中匯資產評估有限公司). Since January 2008, he has served as a chairman of Zhejiang Zhonglian Assets Appraisal Co., Ltd.*(浙江中聯資產評估有限公司). From June 2016 to January 2023, he served as an independent director of Wanxiang Qianchao Co., Ltd.*(萬向錢潮股份公司)(a company listed on the Shenzhen Stock Exchange, stock code: 000559). Since October 2025, he served as an independent director of 5I5J Holding Group Co., Ltd.(我愛我家控股集團股份有限公司)(a company listed on the Shenzhen Stock Exchange, stock code: 000560).

Save as disclosed above, Mr. WU is not related to any Directors, senior management, substantial or controlling Shareholders of the Company, and has not held any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, and is not holding any position with the Company or any other members of the Group.

As at the Latest Practicable Date, Mr. WU does not have any interest in Shares and/or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Mr. Wu has met the independence guidelines set out in Rule 3.13 of the Listing Rules and has given to the Company an independence confirmation concerning his independence. In assessing the independence of Mr. Wu, the Board and the Nomination Committee considered his character and integrity. The Board, therefore, considered him to be independent and believes that he should be re-elected.

Mr. Wu has entered into an appointment letter with the Company. According to the appointment letter, Mr. Wu's term of service is three years with effective from 3 June 2024, and shall continue unless and until terminated by either party by giving to the other not less than one month's prior notice in writing. The directorship of Mr. Wu is subject to retirement by rotation and re-election pursuant to the Articles of Association. Mr. Wu, if re-elected, will be appointed as an independent non-executive Director with effective from the conclusion of the AGM for a term of not more than three (3) years expiring at the conclusion of the Company's annual general meeting to be held in 2029, subject to the earlier termination in accordance with the Articles of Association and/or applicable laws and regulations. According to the appointment letter, Mr. Wu is entitled to an annual remuneration of HK$200,000 in his capacity as an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee. Mr. Wu's emolument is subject to review by the Remuneration Committee and the Board from time to time, and he is entitled to such remuneration and other benefits and allowances in his capacity as independent non-executive Director as may be approved by the Board in accordance with the Articles of Association by reference to his experience, duties and responsibilities, the prevailing market conditions of the industry and the Group's remuneration policy, operating performance and profitability.

Save as disclosed above, in relation to the re-election of Mr. WU as an executive Director, there is no information which is discloseable nor is/was he involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

Ms. WU Ying

Ms. WU Ying ("**Ms. Wu**"), aged 39, was appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee in June 2024. She graduated from Zhejiang University in 2009 with a bachelor degree, majoring in Agricultural and Forestry Economic Management. She also graduated from the University of Sydney in 2011 with a Master's degree in Business and Finance. She is currently a certified financial risk manager by Global Association of Risk Professionals.

From February 2012 to September 2016, Ms. Wu worked at The Nielsen Company (a company listed on the New York Stock Exchange, stock code: NLSN) in the field of finance management training in Shanghai, Hong Kong and New York, in the field of internal control audit in the North America, and in the field of financial planning and analysis in Shanghai. From October 2016 to May 2018, Ms. Wu worked at Taiping Science and Technology Insurance Co., Ltd. (Hangzhou) in business management. Since April 2019, she has worked at April International in financial planning and analysis.

Save as disclosed above, Ms. Wu is not related to any Directors, senior management, substantial or controlling Shareholders of the Company, and has not held any directorship in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years, and is not holding any position with the Company or any other members of the Group.

As at the Latest Practicable Date, Ms. Wu does not have any interest in Shares and/or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Ms. Wu has met the independence guidelines set out in Rule 3.13 of the Listing Rules and has given to the Company an independence confirmation concerning her independence. In assessing the independence of Ms. Wu, the Board and the Nomination Committee considered her character and integrity. The Board, therefore, considered her to be independent and believes that she should be re-elected.

Ms. Wu has entered into an appointment letter with the Company. According to the appointment letter, Ms. Wu's term of service is three years with effective from 3 June 2024, and shall continue unless and until terminated by either party by giving to the other not less than one month's prior notice in writing. The directorship of Ms. Wu is subject to retirement by rotation and re-election pursuant to the Articles of Association. Ms. Wu, if re-elected, will be appointed as an independent non-executive Director with effect from the conclusion of the AGM for a term of not more than three (3) years expiring at the conclusion of the Company's annual general meeting to be held in 2029, subject to earlier termination in accordance with the Articles of Association and/or applicable laws and regulations. According to the appointment letter, Ms. Wu is entitled to an annual remuneration of HK$200,000 in her capacity as an independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee. Ms. Wu's emolument is subject to review by the Remuneration Committee and the Board from time to time, and she is entitled to such remuneration and other benefits and allowances in her capacity as an independent non-executive Director as may be approved by the Board in accordance with the Articles of Association by reference to her experience, duties and responsibilities, the prevailing market conditions of the industry and the Group's remuneration policy, operating performance and profitability.

Save as disclosed above, in relation to the re-election of Ms. Wu as an executive Director, there is no information which is discloseable nor is/was she involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

1 FINANCIAL INFORMATION OF THE GROUP

Audited financial information of the Group for each of the three years ended 31 December 2023, 2024 and 2025 in accordance with IFRS Accounting Standards are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.puxing-energy.com).

- the Company's annual report for the year ended 31 December 2023 published on 29 April 2024 (pages 93 to 219), which can be accessed by the direct hyperlink below:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042903385.pdf

- the Company's annual report for the year ended 31 December 2024 published on 29 April 2025 (pages 92 to 211), which can be accessed by the direct hyperlink below:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042901045.pdf

- the Company's annual report of the Company for the year ended 31 December 2025 published on 16 April 2026 (pages 93 to 223), which can be accessed by the direct hyperlink below:

  https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0416/2026041601798.pdf

2 INDEBTEDNESS

As at the close of business on 30 April 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group has outstanding borrowings of approximately RMB278,009,000, details of which are as follows:

	RMB'000
Unsecured and unguaranteed	
Interest-bearing borrowings	
– Loans from related parties	114,250
– Bank loans	163,759
Total	278,009

Save as disclosed above, the Group did not have any material outstanding loan capital or debt securities or non-convertible notes issued or authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees, or other material contingent liabilities as of 30 April 2026.

3 WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into account (i) the effect of the transactions contemplated under the Equity Transfer Agreements; and (ii) the financial resources (including but not limited to the internally generated cash flows, existing cash and bank balances, the existing borrowings and the currently available facilities), the Group has sufficient working capital for its requirements for at least 12 months from the date of this circular.

4 FINANCIAL AND TRADING PROSPECT OF THE REMAINING GROUP

The Group is mainly engaged in the development, operation and management of natural gas-fired power plants. As at 31 December 2025, the Group has three wholly-owned gas-fired power plants in Zhejiang Province, with an aggregate installed capacity of approximately 345.92 megawatt (MW) (including 919 kilowatt (kW) photovoltaic power generating units), an aggregate installed capacity of energy storage of 100 MW/200 MWh, and a maximum heating capacity of approximately 160 tons/hour.

On 30 December 2024, Puxing Neng (HK) Limited, Shunfa Hengneng Corporation and Deneng entered into an equity transfer agreement, pursuant to which Puxing Neng (HK) Limited conditionally agreed to sell, and Shunfa Hengneng Corporation conditionally agreed to acquire, 51% of the equity interest in Deneng at the consideration of RMB142,720,000, subject to the terms and conditions of the equity transfer agreement. Following the completion of the disposal, the Group's equity interest in Deneng decreased from 100% to 49% and Deneng ceased to be a subsidiary of the Company.

Due to the combined effects of (i) the phased reduction in capacity electricity tariffs effective from 1 January 2022; (ii) the increase in demand for peak-shaving electricity in Zhejiang Province during the review period compared with the same period of the previous year and the inverted natural gas power generation costs (i.e., the cost of natural gas power generation per unit is higher than the electricity price per unit of electricity generated by natural gas power units); (iii) the failure to fully implement the electricity spot market transactions as expected in the first half of 2025; and (iv) the disposal of a 51% equity interest in Deneng and its subsidiary Quzhou during the year 2025, with the financial data of the two power plants no longer included in the consolidated scope from June 2025 onwards, the net profit attributable to equity shareholders of the Company for the year ended 31 December 2025 was RMB38,336,000, representing a decrease of RMB21,566,000 or 36%, as compared to RMB59,902,000 in 2024.

Year 2026 will be a challenging year for the Company. The cut in capacity tariff in Zhejiang Province, the fluctuation of natural gas prices, the tightening of energy storage policies and the substantial narrow-ing of time-of-use electricity tariffs have brought a severe test to the profitability of the Company. The Remaining Group will continue to strengthen cost management, persistently implement refined management and maintain strict cost control, and actively address challenges, so as to minimise the impact of policy changes and external economic fluctuations. Meanwhile, the management team of the Company will actively study and explore business models under the new situation, strive to find new market convergence points, and be committed to achieving strategic transformation. Where appropriate and depending on market opportunities and conditions, the Remaining Group may acquire or invest in businesses engaged in energy technology, digital economy, artificial intelligence and other related sectors, strive to seek new opportunities, pursue different types of projects, diversify its business structure, and make unremitting efforts to enhance the Remaining Group's long-term growth potential and shareholder value.

5 MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Company were made up.

UNAUDITED FINANCIAL INFORMATION OF THE DENENG GROUP

Set out below are the unaudited consolidated statements of financial position of Shunfa Deneng (Deqing) Power Co., Ltd.*(順發德能(德清)電力有限公司) (with previous name as Zhejiang Puxing Deneng Natural Gas Power Co., Ltd.*(浙江普星德能然氣發電有限公司) ("Deneng"), and its subsidiary (the "Deneng Group") as at 31 December 2023, 2024 and 2025 and the unaudited consolidated statements of profit or loss and other comprehensive income, unaudited consolidated statements of changes in equity and unaudited consolidated statements of cash flows of Deneng Group for the years ended 31 December 2023, 2024 and 2025 and explanatory notes (collectively referred to as "Unaudited Financial Information").

The Unaudited Financial Information of the Deneng Group has been presented on the basis set out in note 2 of the notes to the Unaudited Financial Information of the Deneng Group and are prepared in accordance with the accounting policies adopted by the Company as shown in its annual report for the year ended 31 December 2025, and Rule 14.68(2)(a)(i) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Unaudited Financial Information of the Deneng Group has been prepared solely for the purpose of inclusion in the circular to be issued by Puxing Energy Limited (the "Company") in connection with the disposal of 49% equity interest in the Deneng Group by the Company.

ZHONGHUI ANDA CPA Limited, the reporting accountant of the Company, was engaged to review the Unaudited Financial Information of the Deneng Group set out on pages IV-A-2 to IV-A-7 of this appendix in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) "Engagements to Review Historical Financial Statements" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

Based on the review on the Unaudited Financial Information of the Deneng Group, nothing has come to the reporting accountant ' s attention that causes them to believe that the Unaudited Financial Information of the Deneng Group is not prepared, in all material respects, in accordance with the basis of preparation as set out in note 2 below.

* *for identification purpose only*

UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	260,167	257,621	240,973
Operating expenses			
Fuel consumption	(110,036)	(109,278)	(94,321)
Depreciation and amortisation	(48,146)	(47,895)	(47,178)
Repairs and maintenance	(7,462)	(8,770)	(9,457)
Personnel costs	(9,759)	(10,509)	(13,261)
Administrative expenses	(14,215)	(9,347)	(8,200)
Sales related taxes	(2,044)	(2,043)	(1,971)
Other operating expenses	(1,985)	(2,992)	(3,049)
Profit from operations	66,520	66,787	63,536
Finance income	126	109	82
Finance expenses	(21,470)	(17,569)	(13,888)
Net finance costs	(21,344)	(17,460)	(13,806)
Other income	2,466	1,603	2,895
Profit before taxation	47,642	50,930	52,625
Income tax	(11,154)	(13,698)	(12,583)
Profit and other comprehensive income for the year attributable to equity shareholders of Deneng	36,488	37,232	40,042

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Non-current assets			
Property, plant and equipment	687,901	642,066	597,000
Intangible assets	300	154	8
Deferred tax assets	7,127	6,756	5,556
Other non-current assets	12,972	19,346	30,341
	708,300	668,322	632,905
Current assets			
Inventories	47,199	47,181	47,190
Trade and other receivables	39,488	30,475	22,104
Cash and cash equivalents	21,025	43,355	5,146
	107,712	121,011	74,440
Current liabilities			
Interest-bearing borrowings	244,654	163,977	278,182
Trade and other payables	67,955	64,064	135,874
Lease liabilities	96	–	–
	312,705	228,041	414,056
Net current liabilities	(204,993)	(107,030)	(339,616)
Total assets less current liabilities	503,307	561,292	293,289
Non-current liabilities			
Interest-bearing borrowings	261,800	283,300	76,576
Deferred revenue	657	595	1,052
Deferred tax liabilities	8,256	7,571	5,671
	270,713	291,466	83,299
NET ASSETS	232,594	269,826	209,990
CAPITAL AND RESERVES			
Share capital	149,968	149,968	149,968
Reserves	82,626	119,858	60,022
TOTAL EQUITY	232,594	269,826	209,990

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Statutory surplus reserve	Employee share-based compensative reserve	Retained profits	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
At 1 January 2023	149,968	31,113	–	15,025	196,106
Profit and total comprehensive income for the year	–	–	–	36,488	36,488
Appropriation to reserves	–	3,500	–	(3,500)	–
At 31 December 2023 and 1 January 2024	149,968	34,613	–	48,013	232,594
Profit and total comprehensive income for the year	–	–	–	37,232	37,232
Appropriation to reserves	–	3,780	–	(3,780)	–
At 31 December 2024 and 1 January 2025	149,968	38,393	–	81,465	269,826
Profit and total comprehensive income for the year	–	–	–	40,042	40,042
Appropriation to reserves	–	13,029	–	(13,029)	–
Employee share-based payment expenses	–	–	122	–	122
Dividends declared	–	–	–	(100,000)	(100,000)
At 31 December 2025	149,968	51,422	122	8,478	209,990

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities			
Profit for the year	36,488	37,232	40,042
Adjustments for:			
Depreciation of owned property, plant and equipment	47,999	47,749	47,032
Amortisation of intangible assets	147	146	146
Net finance costs	21,344	17,460	13,806
Net gain on disposal of property, plant and equipment	–	(529)	(2,327)
Equity-settled share-based payments	–	–	122
Tax expense	11,154	13,698	12,583
	117,132	115,756	111,404
Changes in working capital:			
Decrease/(increase) in inventories	67	18	(9)
Decrease in trade and other receivables	17,128	9,013	8,371
Increase in other non-current assets	(6,100)	(6,374)	(10,995)
(Decrease)/increase in trade and other payables and deferred revenue	(153,334)	(2,277)	7,616
Cash (used in)/generated from operating activities	(25,107)	116,136	116,387
Interest paid	(21,470)	(17,569)	(13,888)
Income taxes paid	(16,364)	(14,012)	(13,283)
Net cash (used in)/generated from operating activities	(62,941)	84,555	89,216
Cash flows from investing activities			
Interest received	126	109	82
Payment for purchase of property, plant and equipment	(2,298)	(3,061)	(3,488)
Net cash used in investing activities	(2,172)	(2,952)	(3,406)
Cash flows from financing activities			
Capital element of lease rentals paid	(175)	(96)	–
Proceeds from interest-bearing borrowings	352,293	260,023	180,024
Repayment of interest-bearing borrowings	(278,319)	(319,200)	(272,543)
Dividend payment	–	–	(31,500)
Net cash generated from/(used in) financing activities	73,799	(59,273)	(124,019)
Net increase/(decrease) in cash and cash equivalents	8,686	22,330	(38,209)
Cash and cash equivalents at 1 January	12,339	21,025	43,355
Cash and cash equivalents at 31 December	21,025	43,355	5,146

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Shunfa Deneng (Deqing) Power Co., Ltd.*（順發德能(德清)電力有限公司）(with previous name as Zhejiang Puxing Deneng Natural Gas Power Co., Ltd.*（浙江普星德能然氣發電有限公司）("Deneng") is a limited liability company incorporated in the People's Republic of China. During the years ended 31 December 2023, 2024 and 2025, Deneng and its subsidiary (collectively referred to as the "Deneng Group") are principally engaged in natural gas power generation and on-grid sales, supporting mechanical and electrical equipment production and sales, sales of hot water produced by waste heat, power grid auxiliary service project development, operation, maintenance and technical services.

Pursuant to an equity transfer agreement dated 30 December 2024, the Company had disposed of 51% of equity interest in Deneng by Puxing Neng (HK) Limited (the "First Vendor"), a direct wholly-owned subsidiary of the Company, to SHUNFA HENGNENG Corporation*（順發恒能股份公司） (the "Purchaser") at a cash consideration of RMB142,720,000 on 30 May 2025 (the "First Disposal"). On 30 March 2026, Zhejiang Puxing Bluesky Natural Gas Power Co., Ltd.*（浙江普星藍天然氣發電有限公司） (the "Second Vendor"), an indirect wholly-owned subsidiary of the Company, the First Vendor, the Purchaser and the Target Company entered into an equity transfer agreement, pursuant to which the First Vendor and the Second Vendor have conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the remaining aggregate 49% of the equity interest in Deneng at the cash consideration of RMB113,340,000 (together the First Disposal, the "Disposals").

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

2. BASIS OF PREPARATION

The Unaudited Financial Information of Deneng Group has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the disposal of 49% equity interest in the Deneng Group in accordance with Rule 14.68(2)(a)(i) of the Listing Rules and in accordance with the relevant accounting policies adopted by the Company as set out in its annual report for the year ended 31 December 2025, which conform with IFRS Accounting Standards issued by the International Accounting Standards Board. The Unaudited Financial Information of the Deneng Group has been prepared under the historical cost convention.

The Unaudited Financial Information of Deneng Group does not contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard 1 "Presentation of Financial Statements" nor a complete condensed interim financial report as defined in International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board, and that it should be read in connection with the relevant published annual financial statements of the Company.

As at 31 December 2025, the Deneng Group's net current liabilities amounted to approximately RMB339,616,000, which comprised current assets of approximately RMB74,440,000 and current liabilities of approximately RMB414,056,000. The liquidity of the Deneng Group is primarily dependent on its ability to maintain adequate cash inflows from operations and sufficient financing to meet its financial obligations as and when they fall due. In preparing the Unaudited Financial Information of Deneng Group, the directors of the Company have considered the Deneng Group's liquidity and believe that adequate sources of funding are available to fulfil the Deneng Group's debt obligations and capital expenditure requirements.

Upon completion of the First Disposal, the Purchaser has become the controlling shareholder of Deneng and agreed to provide financial support for the Deneng Group to meet its liabilities as they fall due. In addition, the Deneng Group had unused revolving loan credit facilities of approximately RMB296 million as at 31 December 2025, granted by Wanxiang Finance Co., Ltd., a fellow subsidiary of Deneng, to meet its debt obligations and capital expenditure requirements. The directors are of the opinion that, taking into account the above-mentioned factors, the Deneng Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future.

* *for identification purpose only*

UNAUDITED FINANCIAL INFORMATION OF JINGXING

Set out below are the unaudited statements of financial position of Zhejiang Puxing Jingxing Natural Gas Power Co., Ltd.*（浙江普星京興然氣發電有限公司）("Jingxing") as at 31 December 2023, 2024 and 2025 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows of Jingxing for the years ended 31 December 2023, 2024 and 2025 and explanatory notes (collectively referred to as "Unaudited Financial Information").

The Unaudited Financial Information of Jingxing has been presented on the basis set out in note 2 of the notes to the Unaudited Financial Information of Jingxing and are prepared in accordance with the accounting policies adopted by the Company as shown in its annual report for the year ended 31 December 2025, and Rule 14.68(2)(a)(i) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Unaudited Financial Information of Jingxing has been prepared solely for the purpose of inclusion in the circular to be issued by Puxing Energy Limited (the "Company") in connection with the disposal of the entire equity interest in Jingxing by the Company.

ZHONGHUI ANDA CPA Limited, the reporting accountant of the Company, was engaged to review the Unaudited Financial Information of Jingxing set out on pages IV-B-2 to IV-B-6 of this appendix in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) "Engagements to Review Historical Financial Statements" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

Based on the review on the Unaudited Financial Information of Jingxing, nothing has come to the reporting accountant's attention that causes them to believe that the Unaudited Financial Information of Jingxing is not prepared, in all material respects, in accordance with the basis of preparation as set out in note 2 below.

* *for identification purpose only*

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	52,589	37,164	35,587
Operating expenses			
Fuel consumption	(23,521)	(11,631)	(9,796)
Depreciation and amortisation	(9,816)	(9,857)	(9,918)
Repairs and maintenance	(2,597)	(358)	(431)
Personnel costs	(4,349)	(4,838)	(6,153)
Administrative expenses	(4,463)	(3,355)	(3,215)
Sales related taxes	(419)	(344)	(353)
Other operating expenses	(582)	(768)	(620)
Profit from operations	6,842	6,013	5,101
Finance income	29	38	20
Finance expenses	(947)	(488)	–
Net finance costs	(918)	(450)	20
Other income	196	21	51
Profit before taxation	6,120	5,584	5,172
Income tax	(1,369)	(1,282)	(993)
Profit and other comprehensive income for the year attributable to equity shareholders of Jingxing	4,751	4,302	4,179

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Non-current assets			
Property, plant and equipment	150,731	141,852	132,592
Intangible assets	210	105	–
	150,941	141,957	132,592
Current assets			
Inventories	1,821	1,788	1,769
Trade and other receivables	3,999	3,598	2,686
Cash and cash equivalents	10,298	4,180	15,791
	16,118	9,566	20,246
Current liabilities			
Interest-bearing borrowings	2,710	–	–
Trade and other payables	14,403	13,472	20,561
Current taxation	211	–	–
	17,324	13,472	20,561
Net current liabilities	(1,206)	(3,906)	(315)
Total assets less current liabilities	149,735	138,051	132,277
Non-current liabilities			
Interest-bearing borrowings	16,000	–	–
Deferred tax liabilities	871	885	932
	16,871	885	932
NET ASSETS	132,864	137,166	131,345
CAPITAL AND RESERVES			
Share capital	130,155	130,155	130,155
Reserves	2,709	7,011	1,190
TOTAL EQUITY	132,864	137,166	131,345

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital *RMB'000* (Unaudited)	**Statutory surplus reserve** *RMB'000* (Unaudited)	**Capital reserve** *RMB'000* (Unaudited)	**Retained profits** *RMB'000* (Unaudited)	**Total equity** *RMB'000* (Unaudited)
At 1 January 2023	130,155	12,659	(25,560)	10,859	128,113
Profit and other comprehensive income for the year	–	–	–	4,751	4,751
Appropriation to reserves	–	365	–	(365)	–
At 31 December 2023 and 1 January 2024	130,155	13,024	(25,560)	15,245	132,864
Profit and other comprehensive income for the year	–	–	–	4,302	4,302
Appropriation to reserves	–	367	–	(367)	–
At 31 December 2024 and 1 January 2025	130,155	13,391	(25,560)	19,180	137,166
Profit and other comprehensive income for the year	–	–	–	4,179	4,179
Appropriation to reserves	–	372	–	(372)	–
Dividends declared	–	–	–	(10,000)	(10,000)
At 31 December 2025	130,155	13,763	(25,560)	12,987	131,345

UNAUDITED STATEMENTS OF CASH FLOWS

	For the year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)	(Unaudited)	(Unaudited)
Cash flows from operating activities			
Profit for the year	4,751	4,302	4,179
Adjustments for:			
Depreciation of owned property, plant and equipment	9,711	9,752	9,813
Amortisation of intangible assets	105	105	105
Net finance costs	918	450	(20)
Net loss on disposal of property, plant and equipment	–	151	–
Tax expense	1,369	1,282	993
	16,854	16,042	15,070
Changes in working capital:			
Decrease in inventories	16	33	19
Decrease in trade and other receivables	275	401	912
Increase/(decrease) in trade and other payables and deferred revenue	323	(1,069)	251
Cash generated from operating activities	17,468	15,407	16,252
Interest paid	(947)	(488)	–
Income taxes paid	(972)	(1,479)	(946)
Net cash generated from operating activities	15,549	13,440	15,306
Cash flows from investing activities			
Interest received	29	38	20
Payment for purchase of property, plant and equipment	(137)	(886)	(415)
Net cash used in investing activities	(108)	(848)	(395)
Cash flows from financing activities			
Proceeds from interest-bearing borrowings	2,676	2,690	–
Repayment of interest-bearing borrowings	(14,000)	(21,400)	–
Dividend payment	–	–	(3,300)
Net cash used in financing activities	(11,324)	(18,710)	(3,300)
Net increase/(decrease) in cash and cash equivalents	4,117	(6,118)	11,611
Cash and cash equivalents at 1 January	6181	10,298	4,180
Cash and cash equivalents at 31 December	10,298	4,180	15,791

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

Zhejiang Puxing Jingxing Natural Gas Power Co., Ltd.*（浙江普星京興然氣發電有限公司）("Jingxing") is a limited liability company incorporated in the People's Republic of China. During the years ended 31 December 2023, 2024 and 2025, Jingxing is principally engaged in power generation business, grid-connected power supply and technical services.

On 30 March 2026, Puxing Xing (HK) Limited (the "Vendor"), a direct wholly-owned subsidiary of the Company, SHUNFA HENGNENG Corporation*（順發恒能股份公司）(the "Purchaser") and Jingxing entered into an equity transfer agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire equity interest in Jingxing at the cash consideration of RMB146,860,000.

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

2. BASIS OF PREPARATION

The Unaudited Financial Information of Jingxing has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the disposal of the entire equity interest in the Jingxing in accordance with Rule 14.68(2)(a)(i) of the Listing Rules and in accordance with the relevant accounting policies adopted by the Company as set out in its annual report for the year ended 31 December 2025, which conform with IFRS Accounting Standards issued by the International Accounting Standards Board. The Unaudited Financial Information of Jingxing has been prepared under the historical cost convention.

The Unaudited Financial Information of Jingxing does not contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard 1 "Presentation of Financial Statements" nor a complete condensed interim financial report as defined in International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board, and that it should be read in connection with the relevant published annual financial statements of the Company.

The following is the unaudited pro forma financial information of the Remaining Group as if the Disposals had been completed for the sole purpose of inclusion in this circular.

INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the unaudited pro forma consolidated statement of financial position as at 31 December 2025 and the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2025 of the Remaining Group (collectively, the "Unaudited Pro Forma Financial Information"), which have been prepared 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") for the purpose of illustrating the effect of the Disposals (as defined below) on the financial information of the Remaining Group as if the Disposals had been completed on 31 December 2025 (in respect of the unaudited pro forma consolidated statement of financial position) or on 1 January 2025 (in respect of the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows), as appropriate.

For the purposes of this Unaudited Pro Forma Financial Information, the "Disposals" comprise the following series of related disposal transactions:

(i) the disposal of 51% equity interest in Shunfa Deneng (Deqing) Power Co., Ltd.*(順發德能(德清)電力有限公司)(with previous name as Zhejiang Puxing Deneng Natural Gas Power Co., Ltd.*(浙江普星德能然氣發電有限公司)("Deneng", which together with its wholly-owned subsidiary Quzhou Puxing Gas Turbine Thermal Power Co., Ltd.*(衢州普星燃機熱電有限公司)("Quzhou Puxing"), is collectively referred to as the "Deneng Group") by Puxing Neng (HK) Limited, a direct wholly-owned subsidiary of Puxing Energy Limited (the "Company"), to SHUNFA HENGNENG Corporation*(順發恒能股份公司)(the "Purchaser") pursuant to an equity transfer agreement dated 30 December 2024, completion of which took place on 30 May 2025 (the "First Disposal");

(ii) the proposed disposal of the remaining 49% equity interest in Deneng, of which 19% is held by Puxing Neng (HK) Limited and 30% is held by Zhejiang Puxing Bluesky Natural Gas Power Co., Ltd.*(浙江普星藍天然氣發電有限公司)("Bluesky Power Plant", a direct wholly-owned subsidiary of the Company), to the Purchaser pursuant to an equity transfer agreement dated 30 March 2026 (the "Second Deneng Disposal"); and

(iii) the proposed disposal of 100% equity interest in Zhejiang Puxing Jingxing Natural Gas Power Co., Ltd.*(浙江普星京興然氣發電有限公司)("Jingxing") by Puxing Xing (HK) Limited, a direct wholly-owned subsidiary of the Company, to the Purchaser pursuant to an equity transfer agreement dated 30 March 2026 (the "Jingxing Disposal", and together with the Second Deneng Disposal, collectively the "Second Disposals").

The Group immediately after the completion of the Second Disposals is referred to as the "Remaining Group". The Purchaser is a connected person of the Company under Chapter 14A of the Listing Rules. Pursuant to Rules 14.22 and 14A.81 of the Listing Rules, the First Disposal and the Second Disposals are required to be aggregated and treated as if they were one transaction. On an aggregated basis, the Disposals constitute a very substantial disposal and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules. As the First Disposal was completed on 30 May 2025, its effect has been reflected in the audited consolidated financial statements of the Group for the year ended 31 December 2025.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared based on the information set out in: (a) the audited consolidated statement of financial position of the Group as at 31 December 2025, the audited consolidated statement of profit or loss, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2025, all of which were prepared in accordance with IFRS Accounting Standards and have been extracted from the published annual report of the Company for the year ended 31 December 2025; and (b) after taking into account of the unaudited pro forma adjustments, which are directly attributable to the Disposals and factually supportable, as described in the notes thereto, to illustrate how the Disposals might have affected the historical financial information of the Group as if the Disposals had been completed on 31 December 2025 or on 1 January 2025, as appropriate.

The Unaudited Pro Forma Financial Information of the Remaining Group should be read in conjunction with the financial information of the Group and other financial information included elsewhere in this circular.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared by the directors of the Company for illustrative purposes only and is based on a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of what the consolidated financial position of the Remaining Group would have been as at 31 December 2025 or at any future date had the Disposals been completed on that date, nor of what the consolidated financial performance or cash flows of the Remaining Group would have been for the year ended 31 December 2025 or for any future period had the Disposals been completed on 1 January 2025.

Capitalised terms used in this Unaudited Pro Forma Financial Information shall have the same meanings as those defined in this circular unless otherwise specified herein.

* *for identification purpose only.*

Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

	Audited consolidated statement of financial position of the Group as at 31 December 2025					**Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 3(a)*	*Note 4(a)(i)*	*Note 4(a)(ii) &(iii)*	*Note 5*	
Non-current assets						
Property, plant and equipment	909,761	–	(132,592)	–	–	777,169
Deferred tax assets	7,541	–	–	–	–	7,541
Interests in an associate	102,895	(102,895)	–	–	–	–
Financial assets measured at fair value through other comprehensive income ("FVTOCI")	3,538	–	–	–	–	3,538
Other non-current assets	13,589	–	–	–	–	13,589
	1,037,324	(102,895)	(132,592)	–	–	801,837
Current assets						
Inventories	11,196	–	(1,769)	–	–	9,427
Trade and other receivables	118,197	–	(2,686)	17,700	–	133,211
Cash and cash equivalents	301,639	113,340	(15,791)	146,860	(1,281)	544,767
	431,032	113,340	(20,246)	164,560	(1,281)	687,405
Current liabilities						
Shareholder's loan	122,105	–	–	–	–	122,105
Interest-bearing borrowings	94,297	–	–	–	–	94,297
Trade and other payables	101,827	–	(20,561)	17,700	–	98,966
Current taxation	17,781	–	–	–	–	17,781
	336,010	–	(20,561)	17,700	–	333,149
Net current assets	95,022	113,340	315	146,860	(1,281)	354,256
Total assets less current liabilities	1,132,346	10,445	(132,277)	146,860	(1,281)	1,156,093

	Audited consolidated statement of financial position of the Group as at 31 December 2025					Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 3(a)*	*Note 4(a)(i)*	*Note 4(a)(ii) &(iii)*	*Note 5*	
Non-current liabilities						
Interest-bearing borrowings	197,992	–	–	–	–	197,992
Deferred revenue	11,444	–	–	–	–	11,444
Deferred tax liabilities	15,649	–	(932)	–	–	14,717
	225,085	–	(932)	–	–	224,153
NET ASSETS	907,261	10,445	(131,345)	146,860	(1,281)	931,940
CAPITAL AND RESERVES						
Share capital	40,149	–	–	–	–	40,149
Reserves	867,112	10,445	–	15,515	(1,281)	891,791
TOTAL EQUITY	907,261	10,445	–	15,515	(1,281)	931,940

Unaudited Pro Forma Consolidated Statement of Profit or Loss of the Remaining Group

	Audited consolidated statement of profit or loss of the Group for the year ended 31 December 2025		**Pro forma adjustments**				**Unaudited pro forma consolidated statement of profit or loss of the Remaining Group for the year ended 31 December 2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3(b)*	*Note 4(b)(i)*	*Note 4(b)(ii)*	*Note 5*	
Revenue	368,233	(110,536)	–	(35,587)	–	–	222,110
Operating expenses							
Fuel consumption	(148,601)	51,458	–	9,796	–	–	(87,347)
Depreciation and amortisation	(89,857)	19,881	–	9,918	–	–	(60,058)
Repairs and maintenance	(8,688)	3,315	–	431	–	–	(4,942)
Personnel costs	(25,669)	8,738	–	6,153	–	–	(10,778)
Administrative expenses	(15,029)	3,124	–	3,215	–	(1,281)	(9,971)
Sales related taxes	(2,389)	952	–	353	–	–	(1,084)
Other operating expenses	(3,514)	803	–	620	–	–	(2,091)
Other net gain	1,757	–	–	–	–	–	1,757
Profit from operations	76,243	(22,265)	–	(5,101)	–	(1,281)	47,596
Finance income	773	(17)	–	(20)	–	–	736
Finance expenses	(18,240)	6,272	–	–	–	–	(11,968)
Net finance costs	(17,467)	6,255	–	(20)	–	–	(11,232)
Net loss on disposal of subsidiaries	(8,260)	8,260	(13,766)	–	9,694	–	(4,072)
Share of profits of an associate	14,772	(14,772)	–	–	–	–	–
Other income	1,042	(350)	–	(51)	–	–	641
Profit before taxation	66,330	(22,872)	(13,766)	(5,172)	9,694	(1,281)	32,933
Income tax	(27,994)	6,464	–	993	–	–	(20,537)
Profit for the year attributable to equity shareholders of the Company	38,336	(16,408)	(13,766)	(4,179)	9,694	(1,281)	12,396

Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Remaining Group

	Audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2025	Pro forma adjustments					Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group for the year ended 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3(b)*	*Note 4(b)(i)*	*Note 4(b)(ii)*	*Note 5*	
Profit for the year attributable to equity shareholders of the Company	38,336	(16,408)	(13,766)	(4,179)	9,694	(1,281)	12,396
Other comprehensive income for the year (after tax and reclassification adjustments):							
Items that will not be reclassified to profit or loss:							
Financial assets measured at FVOCI – net movement in fair value reserves (non-recycling)	855	–	–	–	–	–	855
Exchange differences on translation of financial statements of the Company	(2,886)	–	–	–	–	–	(2,886)
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translation of financial statements of overseas subsidiaries	2,594	–	–	–	–	–	2,594
Total comprehensive income for the year attributable to equity shareholders of the Company	38,899	(16,408)	(13,766)	(4,179)	9,694	(1,281)	12,959

Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2025		Pro forma adjustments				Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3(b)*	*Note 4(b)(i)*	*Note 4(b)(ii)*	*Note 5*	
Cash flows from operating activities							
Profit for the year	38,336	(16,408)	(13,766)	(4,179)	9,694	(1,281)	12,396
Adjustments for:							
Depreciation of owned property, plant and equipment	87,753	(19,586)	–	(9,813)	–	–	58,354
Depreciation of right-of-use assets	–	–	–	–	–	–	–
– land use rights	1,419	(234)	–	(105)	–	–	1,080
– other properties	10	–	–	–	–	–	10
Amortisation of intangible assets	675	(61)	–	–	–	–	614
Net finance costs	17,467	(6,255)	–	20	–	–	11,232
Net loss on disposal of property, plant and equipment	(1,757)	–	–	–	–	–	(1,757)
Share of profits of an associate	(14,772)	14,772	–	–	–	–	–
Net loss on disposal of subsidiaries	8,260	(8,260)	13,766	–	(9,694)	–	4,072
Tax expense	27,994	(6,464)	–	(993)	–	–	20,537
	165,385	(42,496)	–	(15,070)	–	(1,281)	106,538
Changes in working capital:							
Increase in inventories	(6)	6	–	(19)	–	–	(19)
Decrease in trade and other receivables	9,055	(6,971)	–	(912)	–	–	1,172
Increase in other non-current assets	(1,813)	262	–	–	–	–	(1,551)
Increase/(decrease) in trade and other payables and deferred revenue	3,871	(19,390)	–	(251)	–	–	(15,770)
Cash generated from operating activities	176,492	(68,589)	–	(16,252)	–	(1,281)	90,370
Interest paid	(15,698)	5,919	–	–	–	–	(9,779)
Income taxes paid	(25,922)	1,650	–	946	–	–	(23,326)
Net cash generated from operating activities	134,872	(61,020)	–	(15,306)	–	(1,281)	57,265
Investing activities							
Interest received	773	(17)	–	(20)	–	–	736
Dividends received from an associate	31,500	(31,500)	–	–	–	–	–
Disposal of subsidiaries, net of cash disposed	127,937	(127,937)	212,705	–	142,680	–	355,385
Payment for purchase of property, plant and equipment	(58,961)	21,905	–	415	–	–	(36,641)
Payment for purchase of financial assets measured at FVOCI	(2,694)	–	–	–	–	–	(2,694)
Net cash generated from investing activities	98,555	(137,549)	212,705	395	142,680	–	316,786

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2025		Pro forma adjustments				Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3(b)*	*Note 4(b)(i)*	*Note 4(b)(ii)*	*Note 5*	
Financing activities							
Proceeds from interest-bearing borrowings	186,250	(122,486)	–	–	–	–	63,764
Repayment of interest-bearing borrowings	(226,641)	190,190	–	–	–	–	(36,451)
Dividends paid to equity shareholders of the Company	(5,855)	–	–	–	–	–	(5,855)
Net cash used in financing activities	(46,246)	67,704	–	–	–	–	21,458
Net increase in cash and cash equivalents	187,181	(130,865)	212,705	(14,911)	142,680	(1,281)	395,509
Cash and cash equivalents at 1 January	114,458	–	–	–	–	–	114,458
Cash and cash equivalents at 31 December	301,639	(130,865)	212,705	(14,911)	142,680	(1,281)	509,967

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The audited consolidated statement of financial position of the Group as at 31 December 2025, the audited consolidated statement of profit or loss, the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2025 were extracted from the published annual report of the Company for the year ended 31 December 2025, which were prepared in accordance with IFRS Accounting Standards.

2. These pro forma adjustments represent the adjustments necessary to reflect the First Disposal as if it had been completed on 1 January 2025, instead of its actual completion date of 30 May 2025.

   The First Disposal was completed on 30 May 2025 and accordingly the audited consolidated statement of financial position of the Group as at 31 December 2025 already reflects (i) the loss of control of Deneng Group; and (ii) the recognition of the Group's retained 49% interest in Deneng as an investment in associate. No further adjustment is therefore required to the unaudited pro forma consolidated statement of financial position of the Remaining Group in respect of the First Disposal.

   The adjustments to the unaudited pro forma consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of cash flows of the Remaining Group for the year ended 31 December 2025 comprise:

   (a) the exclusion of the financial performance and cash flows of Deneng Group for the period from 1 January 2025 to 30 May 2025 from the Group's audited consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of cash flows for the year ended 31 December 2025, on the basis that those results and cash flows would not have been consolidated had the First Disposal been completed on 1 January 2025. The amounts of such elimination are derived from the unaudited consolidated management account of Deneng Group for the period from 1 January 2025 to 30 May 2025;

   (b) the exclusion of the Group's share of post-acquisition profit of Deneng (accounted for as an associate using the equity method from 30 May 2025) recognised in the Group's audited consolidated statement of profit or loss for the year ended 31 December 2025, amounting to approximately RMB14,772,000, and the corresponding share of comprehensive income of the associate recognised in the Group's audited consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2025, on the basis that under the aggregation of the First Disposal and the Second Disposals as set out in this Unaudited Pro Forma Financial Information, the Group's entire interest in Deneng is treated as having been fully disposed of as at 1 January 2025;

(c) the exclusion of the dividends received from the associate of approximately RMB31,500,000 included in cash flows from investing activities in the Group's audited consolidated statement of cash flows for the year ended 31 December 2025, for the same reason as set out in (b) above; and

(d) the exclusion of the loss on disposal of subsidiaries of approximately RMB8,260,000 recognised in the Group's audited consolidated statement of profit or loss for the year ended 31 December 2025 in respect of the First Disposal, on the basis that under the aggregated pro forma assumption, the First Disposal and the Second Deneng Disposal are treated as a single combined disposal of the Group's entire equity interest in Deneng deemed completed on 1 January 2025, and the resulting combined pro forma gain or loss on the disposal of the entire interest in Deneng is recomputed and recognised in Note 3(b) below.

3. These pro forma adjustments reflect the recognition of the Second Deneng Disposal, comprising the proposed disposal by Puxing Neng (HK) Limited and Bluesky Power Plant of their respective 19% and 30% equity interests in Deneng (an associate of the Group) to the Purchaser, at an aggregate cash consideration of RMB113,340,000, pursuant to the equity transfer agreement dated 30 March 2026. Upon completion, the Group will cease to hold any equity interest in Deneng. The accounting treatment is in accordance with HKAS 28 "Investments in Associates and Joint Ventures", which requires the carrying amount of the investment in the associate to be derecognised on disposal and any difference between the consideration received and the carrying amount of the investment to be recognised in profit or loss.

(a) Impact on the unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2025 – assuming the Second Deneng Disposal had been completed on 31 December 2025:

	RMB'000
Increase in cash and cash equivalents (consideration receivable)	113,340
Derecognition of interests in an associate (Deneng)	(102,895)
Increase in reserves (pro forma gain on disposal of an associate)	10,445

(b) Impact on the unaudited pro forma consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of cash flows of the Remaining Group for the year ended 31 December 2025 – assuming the Second Deneng Disposal had been completed on 1 January 2025:

For the purposes of computing the pro forma gain or loss to be recognised in the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2025, the First Disposal and the Second Deneng Disposal are aggregated and treated as a single combined disposal of the Group's entire equity interest in Deneng deemed completed on 1 January 2025. The combined pro forma gain or loss is computed as the difference between the aggregate cash consideration of RMB256,060,000 (being RMB142,720,000 in respect of the First Disposal and RMB113,340,000 in respect of the Second Deneng Disposal) and the carrying amount of the net assets of Deneng Group as at 31 December 2024 (which, for the purposes of this Unaudited Pro Forma Financial Information, is taken to be the same as the carrying amount as at 1 January 2025), as set out in the financial information of Deneng Group in Appendix IV-A to this circular.

	RMB'000
Cash consideration in respect of the First Disposal	142,720
Cash consideration in respect of the Second Deneng Disposal	113,340
Aggregate cash consideration	256,060
Less: Carrying amount of net assets of Deneng Group as at 1 January 2025	(269,826)
Pro forma loss on combined disposal of the Group's entire equity interest in Deneng, recognised in profit or loss	(13,766)

	RMB'000
Aggregated cash consideration in respect of the First Disposal and the Second Deneng Disposal	256,060
Less: Cash and cash equivalents disposed of at 1 January 2025	(43,355)
Pro forma net cash inflow arising on disposal at 1 January 2025	212,705

4. These pro forma adjustments reflect the recognition of the Jingxing Disposal, comprising the proposed disposal by Puxing Xing (HK) Limited of its 100% equity interest in Jingxing (an indirect wholly-owned subsidiary of the Group) to the Purchaser, at a cash consideration of RMB146,860,000, pursuant to the equity transfer agreement dated 30 March 2026. Upon completion, Jingxing will cease to be a subsidiary of the Group. The accounting treatment is in accordance with HKFRS 10 "Consolidated Financial Statements", which requires the parent (i.e. the Group) to derecognise the assets and liabilities of the former subsidiary at their carrying amounts on loss of control, and to recognise the resulting gain or loss in profit or loss attributable to the parent. As the Group disposes of 100% of the equity interest in Jingxing, no interest is retained.

   (a) The pro forma adjustments comprise:

      (i) the derecognition of assets and liabilities of Jingxing as recorded by the Group on consolidation level as at 31 December 2025, assuming the Jingxing Disposal had taken place on 31 December 2025. The assets and liabilities of Jingxing are extracted from the unaudited statement of financial position of Jingxing as at 31 December 2025 as set out in Appendix IV-B to this circular;

      (ii) the recognition of the pro forma gain on the Jingxing Disposal as if it had taken place on 31 December 2025:

	RMB'000
Cash consideration	146,860
Derecognition of net assets of Jingxing at 31 December 2025	(131,345)
Increase in reserves (pro forma gain on disposal of subsidiary)	15,515

      (iii) the reflection of the dividend receivable of RMB17,700,000 due from Jingxing by the Remaining Group, and the exclusion of the corresponding dividend payable in Jingxing, as if the Jingxing Disposal had taken place on 31 December 2025.

(b) Impact on the unaudited pro forma consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of cash flows of the Remaining Group for the year ended 31 December 2025 – assuming the Jingxing Disposal had been completed on 1 January 2025:

The pro forma adjustments comprise:

(i) the exclusion of the financial performance and cash flows of Jingxing for the year ended 31 December 2025, assuming the Jingxing Disposal had taken place on 1 January 2025. The financial information of Jingxing for the year ended 31 December 2025 is set out in Appendix IV-B to this circular; and

(ii) the recognition of the pro forma gain on disposal in profit or loss, computed as the difference between the cash consideration of RMB146,860,000 and the carrying amount of the net assets of Jingxing as at 31 December 2024 (which, for the purposes of this Unaudited Pro Forma Financial Information, is taken to be the same as the carrying amount as at 1 January 2025), as set out in the unaudited financial information of Jingxing in Appendix IV-B to this circular.

	RMB'000
Cash consideration	146,860
Derecognition of net assets of Jingxing at 1 January 2025	(137,166)
Pro forma gain on disposal of subsidiary, recognised in profit or loss	9,694

	RMB'000
Cash consideration	146,860
Less: Cash and cash equivalents disposed of at 1 January 2025	(4,180)
Pro forma net cash inflow arising on disposal at 1 January 2025	142,680

5. These pro forma adjustments reflect the recognition of the estimated legal, professional and other directly attributable transaction costs in connection with the Second Deneng Disposals and Jingxing Disposal, expensed in profit or loss as incurred. The amount of such transaction costs is currently estimated by management at approximately RMB1,281,000.

6. The pro forma adjustments in the unaudited pro forma financial information of the Remaining Group are not expected to have a continuing effect on the Remaining Group.

7. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2025.

The following is the text of the independent reporting accountants' assurance report, in respect of the unaudited pro forma financial information prepared for the purpose of inclusion in this circular, received from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.



INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Puxing Energy Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Puxing Energy Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") 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 financial position as at 31 December 2025, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2025 and related notes as set out on pages V-1 to V-14 of the circular issued by the Company dated 9 June 2026 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages V-1 to V-14 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Disposals on the Group's financial position as at 31 December 2025 as if the Disposals had taken place as at 31 December 2025, and the Group's financial performance and cash flows for the year ended 31 December 2025 as if the Disposals had taken place at 1 January 2025. As part of this process, information about the Group's financial position and financial performance and cash flows for the year ended 31 December 2025 has been extracted by the Directors from the consolidated financial statements of the Group for the year ended 31 December 2025, on which an audit report has been published.

Directors' Responsibilities 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 (the "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 behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

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 accountants plan and perform 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 the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group 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 event or transaction at 31 December 2025 or 1 January 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 accountants ' judgment, having regard to the reporting accountants' understanding of the nature of the Group, 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 on the basis stated;

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

(b) 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.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong
9 June 2026

Set out below is the management discussion and analysis of the Remaining Group for each of the financial years ended 31 December 2023, 2024 and 2025. Upon completion of the Disposals, the Company will no longer hold any equity interest in the Disposal Group, and the Disposal Group will cease to be subsidiaries of the Company.

For the purpose of this circular and for illustrative purposes only, the management discussion and analysis of the Remaining Group set out below has excluded the Disposal Group. For the purpose of this circular, the financial data relating to the Remaining Group has been derived from the consolidated financial statements of the Company for the relevant years, after eliminating the impact of the Disposals on profit or loss.

The Remaining Group is mainly engaged in the development, operation and management of natural gas-fired power plants. As of 31 December 2025, the Remaining Group has two wholly-owned gas-fired power plants in Zhejiang Province, with an aggregate installed capacity of 270.70 megawatt (MW) (2024: 270.70 MW, 2023: 270.70 MW) (including 700 kilowatt (kW) (2024: 700 kW, 2023: 700 kW) photovoltaic power generating units) and a maximum heating capacity per hour of 160 tons (2024: 160 tons, 2023: 160 tons). Aggregate installed capacity of energy storage on the grid was 100 MW/200 MWh (2024: 100 MW/200 MWh, 2023: nil).

BUSINESS REVIEW

From 2023 to 2025, with the continuous efforts of the Chinese government to enhance the vitality of social and economic development, alongside the internal and external changes in the global economic environment, social and economic activities were steadily improved. Meanwhile, affected by the comprehensive impact of social production and power consumption, the overall social power consumption demand in Zhejiang Province remained stable. Based on our own business development and grid power generation scheduling needs, the overall power generation volume of the Remaining Group in 2025 was 93,892.83 MWh (2024: 126,017.39 MWh; 2023: 73,322.11 MWh), and the consumption of natural gas for power generation was 26,651,417m^3 (2024: 36,412,402 m^3; 2023: 23,931,994 m^3).

From 2023 to 2025, the capacity tariff of Bluesky Power Plant under the Remaining Group continued to use the price of RMB394.8/kW/year as adjusted in 2022; the capacity tariff of Anji Power Plant continued to use the price of RMB571.2/kW/year as adjusted in 2022.

From 2023 to 2025, Zhejiang Development and Reform Commission ("ZDRC") adjusted the volume tariff of natural gas power generating units and gate station price for natural gas (inclusive of value-added tax (VAT)) for several times, respectively. As of 31 December 2025, the volume tariff (inclusive of VAT) of Bluesky Power Plant under the Remaining Group was RMB0.7288kilowatt hour (kWh) (At the end of 2024: RMB0.7989 kWh; at the end of 2023: RMB0.7899 kWh); the volume tariff (inclusive of VAT) of Anji Power Plant was RMB0.6738 kWh (At the end of 2024: RMB0.7341 kWh; at the end of 2023: RMB0.7689 kWh); the capacity tariff (inclusive of VAT) of each power plant remained unchanged during 2023 to 2025.

EQUITY INSTALLED CAPACITY

As at 31 December 2025, the equity installed capacity of power plants held and operated by the Remaining Group are as follows:

The total installed capacity of the power generating units in the power plants under the Remaining Group was 270.70 MW, with a total equity installed capacity of 270.70 MW and the equity interest proportion of 100%. Among them, the total installed capacity of the power generating units in Bluesky Power Plant was 112.34 MW, with a total equity installed capacity of 112.34 MW and the equity interest proportion of 100%, in which the installed capacity of natural gas power generating units was 112 MW, and the installed capacity of photovoltaic power generating units was 0.34 MW. The total installed capacity of the power generating units in Anji Power Plant was 158.36 MW, with a total equity installed capacity of 158.36 MW and the equity interest proportion of 100%, in which the installed capacity of natural gas power generating units was 158 MW, and the installed capacity of photovoltaic power generating units was 0.36 MW. The total energy storage installed capacity of power grid was 100 MW/200 MWh, all of which was the energy storage installed capacity of Bluesky Power Plant of 100 MW/200 MWh.

POWER GENERATION BUSINESS

Natural Gas Power Generation

In order to cooperate with the trial implementation of the Dual Tariff Policy in Zhejiang Province, the relevant government authorities have organised the annual production plan for natural gas power generating units based on the peak demand within the power grid. Affected by the overall external economic environment and the adjustment to the overall electricity procurement demand of Zhejiang Province, the natural gas power generation volume of the Remaining Group for the year 2025 was approximately 93,892.83 MWh (2024: 126,017.39 MWh, 2023: 73,322.11 MWh) under the condition of meeting the peak demand of the power grid.

Photovoltaic Power Generation

For the year 2025, the photovoltaic power generation volume of the Remaining Group was approximately 704.38 MWh (2024: approximately 659.36 MWh, 2023: approximately 717.67 MWh), of which approximately 35.52 MWh (2024: approximately 25.68 MWh, 2023: approximately 5.4 MWh) was sold to the power grid.

During the year, the Remaining Group saved power consumption cost of RMB281,600 (2024: RMB282,900, 2023: RMB327,700) through photovoltaic power generation.

Heating Business

The Anji Power Plant under the Remaining Group provides steam to manufacturers near heating pipelines. The maximum hourly heating production capacity is approximately 160 tons (2024: 160 tons, 2023: 160 tons).

From 2023 to 2025, affected by the fluctuations of external economic environment, the adjustment of natural gas prices, the decline of heat supply and other factors, the number of heat users and demand decreased, the heating price decreased, the overall heat sales volume of the Remaining Group decreased. Remaining Group's heat sales volume for the year 2025 amounted to 70,281.66 tons (2024: 87,529.27 tons, 2023: 111,120.55 tons); the revenue from sales of heat amounted to RMB23,947,000 (2024: RMB31,226,000, 2023: RMB35,166,000). The average selling price (tax inclusive) for 2025 was approximately RMB340.73/ton (2024: approximately RMB356.75/ton, 2023: approximately RMB316.47/ton).

Energy Storage Business

The Bluesky Power Plant under the Remaining Group was included in the first batch of the "14th Five-Year Plan" new energy storage demonstration projects in Zhejiang Province in 2022. In 2024, the construction of the gridside electrochemical energy storage power station demonstration project was completed and put into operation, with an installed energy storage capacity of 100 MW/200 MWh.

In 2025, Remaining Group's energy storage business recorded a charging volume of 126,967.18 MWh (2024: 70,162.68 MWh, 2023: nil) and a discharging volume of 111,260.40 MWh (2024: 60,180.42 MWh, 2023: nil). Revenue from the energy storage business amounted to RMB21,428,000 (2024: RMB12,687,000, 2023: nil).

Fuel Cost and Natural Gas Usage

All power plants under the Remaining Group use natural gas as fuel for power generation, while Anji Power Plant under the Group also uses natural gas as fuel for heating at the same time. Natural gas is the only source of fuel for the Remaining Group and is mainly provided by the suppliers of the Remaining Group, namely Zhejiang Zheneng Natural Gas Trading Co., Ltd.(浙江浙能天然氣貿易有限公司), PetroChina Company Limited Zhejiang Sale Branch(中國石油天然氣股份有限公司天然氣銷售浙江分公司), and PipeChina Zhejiang Provincial Natural Gas Pipeline Network Co., Ltd.(國家管網集團浙江省天然氣管網有限公司). From 2023 to 2025, under the organisation of the Energy Bureau in Zhejiang Province, all power plants under the Remaining Group signed dedicated natural gas supply contracts with several natural gas suppliers.

The natural gas price in Zhejiang Province is determined by ZDRC. According to the adjustment of natural gas price made by ZDRC, as of 31 December 2025, the price of natural gas (inclusive of VAT) of Bluesky Power Plant under the Remaining Group was RMB3.0114/m^3 (at the end of 2024: RMB3.3106/m^3; at the end of 2023: RMB3.4285/m^3); the price of natural gas (inclusive of VAT) of Anji Power Plant was RMB3.1848/m^3(at the end of 2024: RMB3.4694/m^3; at the end of 2023: RMB3.6340/m^3).

For the year 2025, fuel costs amounted to RMB84,587,000 (2024: RMB110,549,000; 2023: RMB78,108,000).

Financial Review

1. Comparison of the Year Ended 31 December 2025 and the Year Ended 31 December 2024

The net profit attributable to equity shareholders of the Remaining Group for 2025 was RMB12,396,000, representing a decrease of RMB5,972,000 or 32.51% as compared to RMB18,368,000 in 2024. Basic and diluted earnings per share were RMB0.027, representing a decrease of RMB0.013 or 32.51% as compared to RMB0.040 per share in 2024. The above changes were mainly due to factors such as the failure to fully implement the electricity spot market transactions as expected in the first half of 2025.

Revenue

Revenue of the Remaining Group comprises volume tariff revenue, capacity tariff revenue and revenue from sales of heat and energy storage.

Based on the own business development of the Remaining Group and grid power generation scheduling needs, the electricity sales volume from participation in spot electricity trading, the heat supply and heating prices decreased in 2025. Revenue of the Remaining Group for 2025 amounted to RMB222,110,000, representing a decrease of RMB17,159,000 or 7.17% as compared to RMB239,269,000 in 2024.

Operating Expenses

The Remaining Group's operating expenses mainly comprised fuel consumption, depreciation and amortisation, repairs and maintenance, staff costs, administrative expenses, sales related taxes and other operating expenses. In 2025, the Remaining Group's operating expenses were RMB174,514,000, representing a decrease of RMB17,887,000 or 9.30% as compared to RMB192,401,000 in 2024. The decrease in operating expenses was mainly due to the decrease in power generation demand.

Profit from Operations

Affected by fluctuations in fuel costs and the disposal of Deneng Power Plant, the profit from operations of the Remaining Group for 2025 was RMB47,596,000, representing an increase of RMB728,000 or 1.55% as compared to RMB46,868,000 in 2024.

Net Finance Costs

In 2025, net finance costs of the Remaining Group amounted to RMB11,232,000, representing a decrease of RMB2,610,000 or 18.86% as compared to RMB13,842,000 in 2024. The decrease in net financial costs was mainly due to the reasonable arrangement of funds, early repayment of borrowings due within 2025 and the decrease in borrowing rates, resulting in a decrease in interest expenses during 2025.

Income Tax

Pursuant to the Corporate Income Tax Law of the PRC, the Remaining Group's subsidiaries in the PRC are subject to the unified tax rate of 25%. In 2025, income tax of the Remaining Group amounted to RMB20,537,000, representing an increase of RMB5,478,000 or 36.38% as compared to RMB15,059,000 in 2024. The increase in income tax for 2025 was mainly due to the disposal of a 51% equity interest in Deneng.

2. Year Ended 31 December 2024 Compared to Year Ended 31 December 2023

The net profit attributable to equity shareholders of the Remaining Group for 2024 amounted to RMB18,368,000, representing a decrease of RMB11,235,000 or 37.95% compared to RMB29,603,000 in 2023. The basic and diluted earnings per share were RMB0.040, representing a decrease of RMB0.024 or 37.95% compared to RMB0.065 per share in 2023. The above changes were primarily attributable to the increase in demand for peak-shaving electricity in Zhejiang Province during 2024 compared with 2023 and the inverted natural gas power generation costs (i.e., the cost of natural gas power generation per unit is higher than the electricity price per unit of electricity generated by natural gas power units), as a result, although revenue increased, the net profit for 2024 decreased.

Revenue

In light of its own operational development and the power grid's generation dispatch requirements, the Remaining Group increased its electricity sales volume participating in the spot electricity market in 2024, and both the heat supply volume and heat supply prices increased. The revenue of the Remaining Group for 2024 amounted to RMB239,269,000, representing an increase of RMB38,515,000 or 19.19% compared to RMB200,754,000 in 2023.

Operating Expenses

The operating expenses of the Remaining Group for 2024 amounted to RMB192,401,000, representing an increase of RMB59,057,000 or 44.29% compared to RMB133,344,000 in 2023. The increase in operating expenses was mainly due to the impact of increased power generation demand.

Profit from Operations

Affected by the fluctuations in fuel costs and the disposal of Deneng Power Plant, the profit from operations of the Remaining Group in 2024 was RMB46,868,000, representing a decrease of RMB20,542,000 or 30.47% as compared to RMB67,410,000 in 2023. The decrease in profit from operations was also due to cost inversion in natural gas power generation.

Net finance Costs

In 2024, net finance costs of the Remaining Group amounted to RMB13,842,000, representing a decrease of RMB774,000 or 5.30% as compared to RMB14,616,000 in 2023. The decrease in net financial costs was mainly due to the reasonable arrangement of funds, early repayment of borrowings due within the year and the decrease in borrowing rates, resulting in a decrease in interest expenses during 2024.

Income Tax

In 2024, income tax of the Remaining Group amounted to RMB15,059,000, representing a decrease of RMB9,215,000 or 37.96% as compared to RMB24,274,000 in 2023. The decrease in income tax for 2024 was mainly due to a decrease in profit from operations.

Major Acquisitions, Disposals and Major Investment Activities

On 30 December 2024, Puxing Neng (HK) Limited, Shunfa Hengneng Corporation and Deneng entered into an equity transfer agreement, pursuant to which Puxing Neng (HK) Limited conditionally agreed to sell, and Shunfa Hengneng Corporation conditionally agreed to acquire, 51% of the equity interest in Deneng at the consideration of RMB142,720,000, subject to the terms and conditions of the equity transfer agreement. Following the completion of the disposal, the Group's equity interest in Deneng decreased from 100% to 49% and Deneng ceased to be a subsidiary of the Company.

Save as disclosed in this circular, the Remaining Group had no major acquisition, disposal and major investment activities relating to its subsidiaries, associates and joint ventures from 2023 to 2025.

Liquidity and Financial Resources

As at 31 December 2025, cash and cash equivalents of the Remaining Group amounted to RMB544,767,000; current assets amounted to RMB687,405,000, current liabilities amounted to RMB333,149,000, net current assets amounted to RMB354,256,000 with a current ratio of 2.06; and unused revolving loan credit facilities granted by Wanxiang Finance amounted to RMB171.75 million. The increase in cash and cash equivalents and current ratio was mainly due to the cash proceeds from the disposal of group equity interests.

As at 31 December 2024, The Remaining Group had cash and cash equivalents of RMB66,923,000, current assets of RMB102,925,000, current liabilities of RMB221,581,000 and net current liabilities of RMB118,656,000 with a current ratio of 0.46. The Group also had unused revolving loan credit facilities granted by Wanxiang Finance of RMB190.50 million.

As at 31 December 2023, The Remaining Group had cash and cash equivalents of RMB99,396,000, current assets of RMB127,442,000, current liabilities of RMB206,242,000 and net current liabilities of RMB78,800,000 with a current ratio of 0.62. The Group also had unused revolving loan credit facilities granted by Wanxiang Finance of RMB193 million.

Sources of funds of the Remaining Group are mainly cash inflows from operating activities, loans granted by banks and related parties and proceeds from the disposal of equity interests of the Disposal Group. The Remaining Group regularly monitors its gearing ratio to control its capital structure. At the same time, the Remaining Group also regularly monitors its liquidity position, projected liquidity requirements and its compliance with lending covenants, as well as maintains long-term sound relationships with major banks to ensure that it has sufficient liquidity to meet its working capital requirements and future development needs.

Debts

As at 31 December 2025, the Remaining Group had total debts of RMB414,394,000, including shareholder's loan of RMB122,105,000, bank loans of RMB163,919,000 and loans from related parties of RMB128,370,000. Among them, bank loans and loans from related parties were denominated in RMB and their interest rates were subject to adjustment in accordance with relevant regulations of the People's Bank of China. The interest rate of bank loans was adjusted to 2.86% to 2.96% per annum, and the interest rate of loans from related parties was adjusted to 3.45% to 3.60% per annum.

As at 31 December 2024, the Remaining Group had total debts of RMB385,498,000, including shareholder's loan of RMB120,269,000, bank loans of RMB115,609,000, and loans from related parties of RMB149,620,000. Among them, bank loans and loans from related parties were denominated in RMB and their interest rates were subject to adjustment in accordance with

relevant regulations of the People's Bank of China. The interest rate of bank loans was adjusted to 2.96% to 3.50% per annum, and the interest rate of loans from related parties was adjusted to 3.45% to 3.70% per annum.

As at 31 December 2023, the Remaining Group had total debts of RMB303,077,000, including shareholder's loan of RMB112,866,000, and loans from related parties of RMB190,211,000. Among them, bank loans and loans from related parties were denominated in RMB and their interest rates were subject to adjustment in accordance with relevant regulations of the People's Bank of China. The interest rate of bank loans was adjusted to 3.50% per annum, and the interest rate of loans from related parties was adjusted to 3.45% to 3.70% per annum.

Net Debt to Total Assets Ratio

The Remaining Group's gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total debts (including interest-bearing borrowings, shareholder's loan and lease liabilities, as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as equity attributable to equity shareholders of the Remaining Group (as shown in the consolidated statement of financial position) plus net debt. As at 31 December 2025, the Remaining Group's net debt to total capital ratio was 50.72%, compared with 40.44% as at 31 December 2024 and 31.13% as at 31 December 2023.

Capital Expenditures

In 2025, the Remaining Group 's capital expenditure was RMB55,058,000 (2024: RMB184,530,000; 2023: RMB3,136,000), which was mainly for the construction of the heat grid (phase II) of Anji Power Plant, the energy storage project of Bluesky Power Plant as well as the technological renovation and maintenance costs of power plant equipment.

Capital Commitments

As at 31 December 2025, capital commitments of the Remaining Group were RMB40,382,000 (31 December 2024: RMB53,399,000, 31 December 2023: RMB275,655,000), mainly for the construction of heat grid (phase II) of Anji Power Plant, the energy storage project of Bluesky Power Plant and the technological renovation of power generation units.

Pledge of Assets

As at 31 December 2025, trade and other receivables of RMB3,723,000 (2024: RMB3,580,000, 2023: Nil) were pledged as security for bank loans.

Contingent Liabilities

As at 31 December 2023, 2024 and 2025, the Remaining Group had no material contingent liability.

Exchange Rate Risk

The Remaining Group primarily operates its business in mainland of the PRC and most of the transactions are settled in RMB. Except for certain cash, bank balances and borrowings that are denominated in HKD, the remaining Group's assets and liabilities are mainly denominated in RMB. The remaining Group considers that its current foreign exchange risk is insignificant during the three years ended 31 December 2025 and therefore has not hedged it through any derivative for the time being. However, the management of the remaining Group will continue monitoring its foreign currency exposure and will consider hedging significant foreign exchange risks should the need arise.

Employees and Remuneration Policy

As at 31 December 2025, the Remaining Group had a total of 140 employees (31 December 2024: 130 employees, 31 December 2023: 118 employees). For the year ended 31 December 2025, total employees' remuneration (including Directors' remuneration and benefits) was RMB13,442,000 (2024: RMB11,815,100, 2023: RMB13,821,300). The Remaining Group determines employees' remuneration according to industry practices, financial performance and employees' performance. In addition, the Remaining Group provides employees with training and benefits, such as insurance, medical benefits and mandatory provident fund contributions, with an aim to retain talents of all levels for further contribution to the Remaining Group.

Prospects

2026 will be a challenging year for Puxing Energy. The cut in capacity tariff in Zhejiang Province, the fluctuation of natural gas prices, the tightening of energy storage policies and the substantial narrowing of time-of-use electricity tariffs have brought a severe test to the profitability of Puxing Energy. The Remaining Group will continue to strengthen cost management, persistently implement refined management and maintain strict cost control, and actively address challenges, so as to minimise the impact of policy changes and external economic fluctuations.

Meanwhile, the management team will actively study and explore business models under the new situation, strive to find new market convergence points, and be committed to achieving strategic transformation. Where appropriate and depending on market opportunities and conditions, the Remaining Group may acquire or invest in businesses engaged in energy technology, digital economy, artificial intelligence and other related sectors, strive to seek new opportunities, pursue different types of projects, diversify its business structure, and make unremitting efforts to enhance the Remaining Group's long-term growth potential and shareholder value.

The following is the English translation of the Valuation Reports prepared by the Valuer for the purpose of inclusion in this circular: (i) a valuation report on the appraised value of 100% equity interest in Deneng as at 31 December 2025; and (ii) a valuation report on the appraised value of 100% equity interest in Jingxing as at 31 December 2025. The Chinese text of these reports shall prevail over the English text in the event of inconsistency.



聯合中和資產不動產評估諮詢有限公司
United Assets & Real Estate Appraisal Co., Ltd.
Unit 10 15/F, Wayson Commercial Building, 28
Connaught Road West, Hong Kong

Date of Report: 9 June 2026

The Board of Directors

普星能量有限公司
PUXING ENERGY LIMITED
40/F, Dah Sing Financial Centre
248 Queen's Road East, Wanchai
Hong Kong

Dear Sirs/Madams,

Re: Valuation of 100% Equity Interests of Shunfa Deneng (Deqing) Power Co., Ltd.

Pursuant to the instructions of Puxing Energy Limited (the "Company", together with its subsidiaries referred to as the "Group"), we have conducted a valuation of the fair value of all shareholders' equity of Shunfa Deneng (Deqing) Power Co., Ltd. (together with its subsidiaries, the "Target Company"). The Target Company is primarily engaged in natural gas power generation businesses within the People's Republic of China ("China"). We confirm that we have made relevant inquiries and obtained other data we consider necessary to provide you with our opinion regarding the fair value of the equity as of 31 December 2025 (the "Valuation Date").

To the best of our knowledge, this valuation is provided solely for the internal reference of the Company's directors (the "Directors") in connection with the proposed transaction. This report does not constitute, in any manner, an opinion on the commercial value for any specific transaction of purchase and sale. We assume no responsibility whatsoever for any unauthorised use of this report.

We assume no responsibility whatsoever for the authenticity and completeness of any estimated data or calculations provided by or derived from any third party and employed in this report. It is assumed that the financial and other data provided to us are accurate and complete.

This report sets forth the purpose of the valuation, its basis and premises, the scope of work, the sources of data, expounds on our valuation methodology, investigations and analysis, states the assumptions and limiting conditions, and presents our valuation opinion.

I. SUBJECT AND SCOPE OF VALUATION

The subject of the valuation is the market value of all shareholders' equity of Shunfa Deneng (Deqing) Power Co., Ltd. as of the Valuation Date, 31 December 2025. The scope of this valuation encompasses all assets and all liabilities of the Target Company as of the Valuation Date, as per the audited financial statements.

As of the Valuation Date, 31 December 2025, the declared and audited (consolidated) carrying amounts for Shunfa Deneng (Deqing) Power Co., Ltd. are as follows: total assets of RMB 725,740.40 thousand yuan, total liabilities of RMB 494,462.30 thousand yuan, and total owners' (shareholders') equity of RMB 231,278.10 thousand yuan. Within the total owners' equity, the amount attributable to the parent company's owners is RMB 231,278.10 thousand yuan. (All figures hereafter are in Renminbi.)

As of the Valuation Date, 31 December 2025, the declared and audited carrying amounts for Shunfa Deneng (Deqing) Power Co., Ltd. on a stand-alone/parent-company basis are as follows: total assets of RMB 554,815.90 thousand yuan, total liabilities of RMB 355,333.20 thousand yuan, and total owners' (shareholders') equity of RMB 199,482.70 thousand yuan.

The subject and scope of valuation commissioned are consistent with those involved in the economic act intended to be implemented by the Company. The carrying amounts of the various assets and liabilities within the valuation scope as of the Valuation Date, and the financial statement data of the Target Company as of the Valuation Date, have been prepared in accordance with the PRC GAAP, and audited by Zhonghui CPA LLP, which issued a special audit report with an unmodified opinion, bearing the report number: Zhonghui Audit No.[2026]2609. This valuation report was performed based on the audited financial statements.

II. VALUATION METHODOLOGY

The Income Approach refers to the collective term for various valuation methods that determine the value of a subject by capitalizing or discounting its expected future earnings. Among these, the Discounted Cash Flow (DCF) method can be applied to value the entire enterprise, thereby indirectly deriving the value of all shareholders' equity. Based on an analysis of the Target Company's historical operations, and interviews with the management of the Target Company, it is noted that the principal business of the Target Company is natural gas power generation. Electricity pricing in the power generation business consists of electricity tariffs and capacity tariffs, with electricity tariffs being significantly influenced by fluctuations in natural gas prices. Furthermore, an analysis of the historical operating model of the Target Company indicates that natural gas power generation mainly plays a role in the peaking of the electricity market, and its power generation capacity is heavily affected by the demand for power supply in the region. Based on the aforementioned factors, the management of the Target Company considers that future operating income and profitability are subject to considerable uncertainty, making it impractical to make reasonable forecasts of future operating income and operating risks. Accordingly, the Income Approach is considered inappropriate for this valuation.

The Market Approach refers to the collective term for valuation methods that determine the value of a subject by comparing it with comparable references, basing the value on the market prices of those comparables. The prerequisite for applying the Market Approach is the existence of a developed, fair, and active public market with relatively abundant market data, where comparable transaction cases are available. As there is a sufficient number of listed companies with a nature and business similar to those of the Target Company, their market values serve as a sound industry benchmark. Therefore, the Market Approach is adopted for this valuation.

The Asset-Based Approach refers to a valuation methodology that determines the value of a subject based on its balance sheet as of the valuation date. It involves appraising the value of all assets and liabilities recorded on, as well as identifiable off-balance sheet items, to arrive at a final value. Given the completeness of the financial data, the identifiability of all assets and liabilities, and the ability to determine the value of assets based on the avenues for their re-acquisition, the Asset-Based Approach is considered appropriate for adoption for this valuation.

The Market Approach and the Asset-Based Approach consider the subject from different perspectives. The Asset-Based Approach considers the avenues for re-acquiring individual assets, reflecting the market value required to reconstruct the enterprise. In contrast, when applying the Market Approach, factors such as whether the assets are reasonably and fully utilized within the enterprise, and whether they collectively contribute as they should, are considered for their impact on the value of all shareholders' equity. The resulting value quantifies the earnings capacity of the enterprise's overall asset base. Compared to the information used in the Asset-Based Approach, the publicly available operational and financial information of comparable listed companies used in the Market Approach is relatively less sufficient and comprehensive. Furthermore, fluctuations in the share prices of listed companies may exert a certain influence on the calculation of value multiples.

Based on the foregoing analysis, only the valuation result derived from the Asset-Based Approach is adopted as the final conclusion for this valuation.

III. VALUATION ASSUMPTIONS

(I) Precondition Assumptions

1. Assumption of an Arm's Length Transaction

The Assumption of an Arm's Length Transaction presumes that the subject of the valuation is already in a transaction process. The valuer simulates the market to appraise it based on the transaction conditions and other relevant factors, adhering to the principle of fairness.

2. Assumption of an Open Market

The Assumption of an Open Market presumes that the subject of valuation is within a fully competitive and efficient market (whether regional, national, or international). In such a market, the parties contemplating a transaction are on equal footing, each possessing the capability, opportunity, and time to acquire sufficient market information. The transactional conduct of both parties is carried out voluntarily and rationally, free from coercion or undue constraints, enabling them to make reasoned judgments regarding the function, utility, and transaction price of the subject asset. Under conditions of full competition, the exchange value of the subject asset is constrained by market mechanisms and determined by prevailing market conditions, rather than by any individual transaction price.

3. Assumption of a Going Concern

The Assumption of a Going Concern presumes that the Target Company (the valuation subject and the assets it comprises) will continue to operate on an ongoing basis, maintaining its current mode, scale, frequency, and operating environment. This assumption not only defines the continued existence of the valuation subject but also establishes the market conditions or environment in which it operates.

(II) General Assumptions

1. It is assumed that there will be no material changes, as compared to the Valuation Date, in the relevant laws, regulations, industry policies, industrial policies, and macroeconomic environment currently in effect at the national and local levels (in the regions where the Target Company operates). It is also assumed that there will be no material changes in the political, economic, and social environments of the regions where the parties involved in this transaction are located.

2. It is assumed that there will be no material changes in the fiscal and monetary policies of the regions where the Target Company operates, nor in the applicable interest rates, exchange rates, tax bases and rates, and policy-related levies and fees.

3. It is assumed that no other force majeure events or unforeseeable factors will have a material adverse impact on the Target Company's ability to continue as a going concern.

(III) Specific Assumptions

1. It is assumed that, based on its existing management approach (model) and competency level, the Target Company's business scope (scope of operations) and mode of operation will remain substantially consistent with the current status. It is further assumed that the future development trend of its business will remain substantially consistent with the development trend of the industry in which it operates as of the Valuation Date.

2. It is assumed that the Target Company's management is responsible and competent to fulfill their appointed positions and duties.

3. It is assumed that all information (including fundamental, financial, operational data, etc.) provided by the Client and the Target Company is genuine, accurate, and complete, and that all material matters have been fully disclosed.

4. It is assumed that the Target Company's qualification certificates will be renewed on a timely basis upon their expiration.

(IV) Impact of the Above Valuation Assumptions on the Valuation Result

The above valuation assumptions establish the conditions of use, market conditions, and other parameters for the assets comprising the valuation subject, which have a significant influence on the valuation. In accordance with the requirements of valuation practice, the valuers confirm that these assumptions are established and reasonable as of the Valuation Date. Should the economic environment undergo material changes in the future, neither the asset valuer signing this valuation report nor the valuation firm to which they belong shall bear any responsibility for any different valuation results that may be derived due to alterations in the aforementioned assumptions.

IV. INPUT PARAMETERS AND CALCULATION PROCESS FOR THE ASSET-BASED APPROACH

Valuation Rationale: The value of all shareholders' equity as of the Valuation Date is reasonably determined by separately appraising each individual asset and liability.

Calculation Formula: Value of All Shareholders' Equity = Sum of the Appraised Values of All Individual Assets – Sum of the Appraised Values of All Liabilities

i) Current Assets

1. Cash and Cash Equivalents

The cash and cash equivalents consist solely of bank deposits, which are denominated in Renminbi. The carrying amount of bank deposits is RMB435,285.23. The valuation is determined to be RMB435,285.23 based on the verified carrying amount.

2. Trade Receivables

The carrying value of trade receivables is RMB3,715,268.19, comprising: a gross carrying amount of RMB3,752,796.15 and an allowance for doubtful accounts (bad debt provision) of RMB37,527.96. The receivables relate to capacity charges, are all within one year of age, and upon verification, are generally considered recoverable with no credit loss identified. For valuation purposes, the nature of the receivables was analyzed. The valuation is based on the verified gross carrying amount, while the allowance for doubtful accounts provided by the enterprise is valued at zero. The valuation of trade receivables is therefore RMB3,752,796.15.

3. Prepayments

The carrying value of prepayments is RMB2,474,203.48. Based on their inventory verification, the valuers analyzed the timing of the prepayments' occurrence and their recoverability. The prepayments primarily consist of advance payments for gas fees, fuel costs, pipeline transmission fees, etc., arising from ordinary business transactions, all with an age within one year. The valuers performed sampling checks on the original vouchers, contracts, agreements, and related documentation. Verification in accordance with financial and accounting principles revealed no discrepancies. Upon verification, the prepayments are expected to form corresponding assets or rights in the subsequent period. Therefore, the valuation is based on the verified carrying amount. The appraised value of the prepayments is RMB2,474,203.48.

4. Other Receivables

(1) Dividends Receivable

The carrying value of dividends receivable is RMB67,500,000.00. This amount represents dividends declared by Shunfa (Quzhou) Thermal Power Co., Ltd. for the fiscal year 2021 and the period from January to August 2022. According to the shareholders' resolutions dated June 27, 2022, and in November 2022, the company is obligated to distribute dividends from its distributable profits. The valuers reviewed the Articles of Association, the shareholders' resolutions, and other relevant dividend distribution documents, and verified the related accounting entries. Verification in accordance with financial and accounting principles revealed no discrepancies. The valuation is based on the verified carrying amount.

The appraised value of dividends receivable is RMB67,500,000.00.

(2) Other Receivables – Miscellaneous

The carrying value of other receivables is RMB0.00, comprising: a gross carrying amount of RMB11,800.00 and an allowance for doubtful accounts of RMB11,800.00. Based on inventory verification, the valuers analyzed the cause, timing, and recoverability of these other receivables. The items primarily consist of withholding tax for stamp duty on equity transfers, cylinder deposits, work safety guarantee deposits, expense amortizations, etc. Among these, the cylinder deposits and work safety guarantee deposits have an age of over five years, while the remaining items are all within one year. Upon verification, they are generally considered recoverable with no credit loss identified. For valuation purposes, the nature of the receivables was analyzed account by account. The valuation is based on the verified gross carrying amount, while the allowance for doubtful accounts provided by the enterprise is valued at zero.

The appraised value of other receivables is RMB11,800.00.

5. Inventories

The inventories consist solely of raw materials, with a carrying value of RMB2,899,489.49. The raw materials are primarily spare parts, with a small portion being low-value consumables. All inventories are stored in the Target Company's warehouse and a constant-temperature warehouse, and are in good condition.

The valuers conducted a focused sampling count of the spare parts. The sampling results indicated no anomalies in the quantities of spare parts. They are all stored in the warehouse and constant-temperature warehouse, are regularly retrieved for maintenance, and are in good condition. A sampling check was performed on the low-value consumables used for office and maintenance purposes. The sampling results showed that such inventory items have a relatively short purchase history, a high turnover rate, and no discrepancies were found between the physical count and the book quantities. The storage environment is sound, and the low-value consumables are readily available for use with no quality defects.

Based on the valuers' analysis and verification of the recorded costs, the cost measurement is genuine and reasonable, and the market price is relatively stable. Therefore, for this valuation, the verified and error-free carrying amount is used as the appraised value for the spare parts. For the low-value consumables used for office and maintenance, given their relatively short purchase history, high turnover rate, and minimal variance from market prices, the verified and error-free carrying amount is used as their appraised value.

Based on the above analysis, the appraised value of raw materials is RMB2,899,489.49.

ii) Long-term Equity Investments

As of the Valuation Date, the Target Company holds one wholly-owned subsidiary – Shunfa (Quzhou) Thermal Power Co., Ltd., with a carrying amount of RMB360,114,461.33. No impairment provision has been recognized.

The long-term equity investment within the scope of this valuation is a wholly-owned subsidiary. As the consolidated Market Approach has already been applied to the parent and subsidiary on a consolidated basis, the Market Approach is not redundantly applied to value the subsidiary separately. Instead, only the Asset-Based Approach is used to value the subsidiary independently to determine its stand-alone value. The value of the long-term equity investment is then calculated as the subsidiary's appraised value multiplied by the parent's ownership percentage.

Long-term Equity Investment Appraised Value = Appraised Value of the Investee's Net Assets × The Target Company's Ownership Percentage in the Investee.

Following the above procedures and methodology, the appraised value of the long-term equity investment is RMB361,666,188.17. This represents an appraisal increase of RMB1,509,701.85, an appreciation rate of 0.42%.

iii) Buildings and Structures

The gross carrying amount of buildings and structures is RMB33,158,524.27, with a net carrying amount of RMB11,706,087.67. They are located at No. 818 Changhong East Street, Fuxi Sub-district, Deqing County, and near the Fuxi water intake point, south of Chang'an Bridge on Shuangshan Road, outside the plant area. Specifically, they include 7 buildings and 37 structures. The total building area is 7,644.27 square meters, comprising the main plant control building, comprehensive building, chemical water workshop, circulating water pump house, integrated water pump house, materials warehouse, and guardhouse. The structures include the water intake pump house, bicycle sheds, sedimentation tanks, neutralization tanks, water intake point, roads, perimeter walls, etc. The maintenance of the buildings is average, and as of the Valuation Date, all are in normal operational condition. Details of the buildings are provided in the table below:

No.	Certificate Number	Building Name	Structure	Date of Completion	Floor Area (sq m)	Status
1	Zhe (2025) Deqing County Real Property Right No. 0007535	Comprehensive Building	RCC	Oct. 2005	2,479.15	In Use
2		Main Plant Control Building	RCC	Oct. 2005	3,690.43	In Use
3		Circulating Water Pump House	RCC	Oct. 2005	432.00	In Use
4		Chemical Water Workshop	RCC	Oct. 2005	545.13	In Use
5		Integrated Water Pump House	RCC	Oct. 2005	206.71	In Use
6		Materials Warehouse	RCC	Oct. 2005	231.80	In Use
7		Guardhouse & Main Gate	RCC	Oct. 2005	59.05	In Use
Total		–	–	–	**7,644.27**	–

Among these, the water intake pump house located near the Fuxi water intake point, south of Chang'an Bridge on Shuangshan Road outside the plant area, has not yet obtained the property ownership certificate for either the structure or the land use rights it occupies. The floor area of the water intake pump house is as declared by the Target Company and verified on-site by the valuation professionals.

According to the Explanatory Statement issued by the Target Company, during the initial construction phase of the Target Company, a water intake pump house was built at the water intake point due to the requirements of the power generation production process. The pump house is equipped with water intake pumps and related facilities. As the area was undeveloped at that time, and with permission from the relevant local authorities, the company constructed it without paying a land conveyance fee and has been using the land occupied by the pump house free of charge. Consequently, the property ownership certificate for this pump house has not been obtained, but the actual ownership rights belong to the Target Company.

The valuation experts conducted an on-site inspection and verification of the structures. They observed the structural characteristics and the condition of wear and damage in various parts on-site, making detailed records for each item. The valuers performed a thorough examination of the buildings subject to the valuation. In addition to verifying that the quantity and details of the buildings were consistent with the declaration, the inspection focused on the structures, finishes, facilities, and the condition of supporting utilities.

For buildings located on industrial land, there are very few comparable transaction cases in the local real estate market, and the buildings are not income-generating properties. Based on the valuation purpose and the actual use and condition of the buildings, the Cost Method is adopted for their valuation. The Cost Method formula applied in this valuation is as follows:

Appraised Net Value = Appraised Gross Value × Newness Rate

Appraised Gross Value = Construction and Installation Cost (excl. tax) + Preliminary and Other Costs (excl. tax) + Capitalized Interest

Based on the on-site inspection of the subject properties, combined with the construction project documentation provided by the Target Company and the Zhejiang Province Construction Project Cost Information, or based on the construction and installation unit price obtained through market investigation, the construction and installation cost is determined. For standard buildings, preliminary costs and other costs are determined according to industry standards and relevant local administrative and institutional fee regulations. Capitalized interest is determined based on the benchmark lending interest rate as of the valuation date and a reasonable construction period for the subject buildings.

By examining the actual effective service life and the years already in use of the buildings, and through on-site inspection of their construction quality, the condition of the main structure, finishes, facilities, and equipment maintenance, the various forms of depreciation are estimated. Considering also their current use and the difference between the building's service life and its economic durable life, this valuation uses both the Age-Life Method and the Observed Condition Method to estimate the Newness Rate of the buildings separately. The estimation formulas are as follows:

Age-Life Method Newness Rate = Remaining Useful Life/(Remaining Useful Life + Years Already in Use) × 100%

Observed Condition Method Newness Rate is determined by on-site observation of the condition of the subject property's main structure, finishes, and equipment & facilities, with the valuer using professional experience to infer the Newness Rate.

Observed Condition Method Newness Rate = (Structural Component Score × G) + (Finishes Component Score × S) + (Equipment Component Score × B)

Where:

G = Weighting/Adjustment coefficient for the structural component;

S = Weighting/Adjustment coefficient for the finishes component;

B = Weighting/Adjustment coefficient for the equipment component.

To reduce calculation error, this valuation employs a combined method integrating the Age-Life Method and the Observed Condition Method. A comprehensive Newness Rate is determined through weighted calculation.

Formula: Comprehensive Newness Rate = (Age-Life Method Newness Rate × 40% Weight) + (Observed Condition Method Newness Rate × 60% Weight)

Upon completion of the aforementioned asset valuation procedures and methods, the valuation results for the building assets within the valuation scope as of the Valuation Date are reflected as follows:

Monetary Unit: RMB Ten Thousand Yuan

Description	Carrying Amount		Appraised Value		Appreciation Rate%	
	Gross	Net	Gross	Net	Gross	Net
Total – Buildings and Structures	3,315.85	1,170.61	4,787.43	2,487.09	44.38	112.46
FA – Buildings	1,775.29	647.23	2,507.59	1,720.10	41.25	165.76
FA – Structures	1,540.56	523.38	2,279.84	766.99	47.99	46.55

Primary reasons for the appreciation in the gross and net values of the building and structure assets： The buildings and structures were purchased/constructed relatively early. Due to increases in the prices of labor, materials, machinery, etc., an appraisal increase resulted.

iv) Fixed Assets – Machinery and Equipment

The equipment fixed assets include machinery, electronic equipment, and vehicles, with a gross carrying amount of RMB361,719,473.32 and a net carrying amount of RMB97,292,918.86, totaling 1,656 items (comprising 1,523 items of machinery, 132 items of electronic equipment, and 1 vehicle).

For the vehicle, due to an active used car market with ample comparable transaction instances, the Market Comparison Approach is adopted for its valuation. For electronic equipment and furniture purchased before 2020, as they have been in use for a relatively long period and were found to be in operation beyond their standard service life during the inventory count, with no new products currently available on the market but numerous comparable instances in the second-hand market, the second-hand market price is used for their valuation. For all other equipment, the Replacement Cost Method is applied for valuation.

The estimation formula for the Depreciated Replacement Cost Method is as follows:

Appraised Net Value = Appraised Gross Value × Newness Rate

(1) Estimation of Appraised Gross Value

A. Estimation of Appraised Gross Value for Machinery & Equipment

Appraised Gross Value = Equipment Purchase Price + Transportation & Miscellaneous Fees + Equipment Foundation Cost + Installation & Commissioning Fees + Preliminary & Other Costs + Capitalized Interest – Deductible Value-Added Tax Input Credit

B. Estimation of Appraised Gross Value for Electronic Equipment

For electronic equipment purchased after 2020, such as modern office equipment including computers and printers, which have a simple structure, are easy to install, and operate in a highly competitive market where dealers provide services like door-to-door delivery and free installation and commissioning, the current market price excluding tax is taken as the replacement gross value

(2) Estimation of Newness Rate

A. For Machinery & Equipment

When estimating the Newness Rate for machinery and equipment, the remaining useful life is estimated by comprehensively considering the economic life and technical life of the equipment, based on the characteristics and usage conditions of each type of asset.

A comprehensive analysis method is used to estimate the Newness Rate:

Comprehensive Newness Rate = Age-Life Newness Rate × Observed Condition Adjustment Coefficient.

B. For Lower-Value Office Equipment

For lower-value office equipment such as computers, printers, and office desks/chairs, the Newness Rate is primarily estimated using the Age-Life Method, taking into account the equipment's usage, maintenance, and current physical appearance. The estimation formula is as follows:

Newness Rate = (Economic Useful Life – Years Already in Use) ÷ Economic Useful Life × 100%

For the vehicle, the Market Comparison Approach is adopted for valuation:

The Market Approach is a valuation method based on the principle of substitution. It involves comparing the subject asset with similar vehicles of the same model for which transactions have recently occurred. The transaction price of the comparables is then adjusted for differences between them and the subject asset in terms of transaction conditions, transaction date, registration date, engine displacement/transmission type, and specific attributes of the subject vehicle. These adjustments are made to ultimately arrive at a normal market price for the subject asset as of the valuation date.

Price of Subject Vehicle = Comparable Vehicle Price × K1 × K2 × K3 × K4 × K5

Where:

K1 = Transaction Conditions Adjustment

K2 = Transaction Date Adjustment

K3 = Registration Date Condition Adjustment

K4 = Engine Displacement Condition Adjustment

K5 = Vehicle Appearance & Technical Condition Adjustment

Upon completion of the aforementioned asset valuation procedures and methods, the valuation results for the equipment assets within the valuation scope as of the Valuation Date are reflected as follows:

Monetary Unit: RMB Ten Thousand Yuan

Description	Carrying Amount		Appraised Value		Appreciation Rate%	
	Gross	Net	Gross	Net	Gross	Net
Total – Equipment	36,171.95	9,729.29	37,494.94	12,893.36	3.66	32.52
FA – Machinery & Equipment	36,094.38	9,721.57	37,480.42	12,882.09	3.84	32.51
FA – Vehicles	21.21	1.06	2.46	2.46	–88.40	131.97
FA – Electronic Devices	56.36	6.66	12.06	8.81	–78.61	32.38

Primary reason for the appreciation of equipment assets： The company's accounting depreciation period is shorter than the economic useful life used for valuation, resulting in an appraisal increase.

v) Disposal of Fixed Assets

The assets classified under disposal of fixed assets are computers, workstations, monitor screens, electricity meters, flame detectors, main transformer protection cabinets, and a sunshade on the office building roof pending scrapping, with a carrying amount of RMB286,138.94. The assets pending scrapping are those for which the company applied for disposal to its group company from 2023 to 2025 but approval was not granted. All the above assets pending scrapping are stored in the plant warehouse. Upon inventory verification, they are confirmed to be no longer usable. For equipment already in a pending scrapping status, the recoverable value is taken as the valuation. Therefore, the appraised value for the disposal of fixed assets account is RMB3,860.00.

vi) Construction in Progress

The carrying amount of construction in progress is RMB 494,453.80, which relates to the DCS renovation project commenced in October 2025. The value of construction in progress is estimated using the replacement cost method.

The construction in progress represents the ongoing renovation project for which the Target Company has signed a contract, with the work not yet completed as of the assessment date. Given the short time elapsed since the project commencement date relative to the Valuation Date, the valuation is based on the declared amount of construction in progress. After verifying the book records against physical conditions, the audited carrying amount, RMB 494,453.80, is adopted as the appraised value.

vii) Right-of-Use Assets

The right-of-use assets within the valuation scope have an original recognized value of RMB192,524.05, accumulated depreciation of RMB56,152.88, and a net carrying amount of RMB136,371.17. This represents the net book value of the leased assets recognized by the enterprise in accordance with the relevant provisions of the new leasing standard, specifically for the leased staff dormitory.

The valuers verified the enterprise's general ledger, subsidiary ledgers, financial statements, and the detailed inventory/valuation schedule. They reviewed the relevant lease contracts and original vouchers, and performed a reasonable analysis of the formation process of the lease expenses. Based on the analysis, the carrying amount and amortization of the right-of-use assets are correct. Therefore, the valuation is based on the verified and error-free carrying amount. The appraised value of the right-of-use assets is RMB136,371.17.

viii) Intangible Assets – Land Use Rights

The land use right pertains to a parcel of industrial land located at No. 818 Changhong East Street, Fuxi Sub-district, Deqing County. Its original recognized value is RMB4,934,699.72, and its carrying value is RMB2,960,043.56. The property ownership certificate number is Zhe (2025) Deqing County Real Property Right No. 0007535, with the recorded rights holder as Shunfa Deneng (Deqing) Power Co., Ltd. It is a granted industrial land use right, with a site area of 60,922.04 square meters, a use term of 50 years expiring on May 19, 2055, and is currently in the condition of "five connections and one leveling" (site ready for construction). The above asset is wholly owned by the Target Company, with no encumbrances such as mortgages or pledges.

As comparable land transaction cases in the area where the land use right is located are relatively easy to obtain, the Market Approach is deemed suitable for its valuation.

The fundamental premise of the Market Approach is that, when determining the price of a parcel of land to be valued, based on the principle of substitution, the subject land parcel is compared and contrasted with similar land parcels for which transaction instances have occurred in the recent period. Using the known prices of the latter as a reference, adjustments are made for differences in transaction conditions, date, regional characteristics, individual attributes, remaining use term, plot ratio, etc., to derive the land price for the subject parcel as of the valuation date.

Basic formula for Market Approach valuation: $V = VB \times A \times B \times C \times D \times E$

Where:

V: Value of the subject land parcel's use right;

VB: Comparable case price;

A: Subject land parcel transaction conditions index/Comparable case transaction conditions index;

B: Subject land parcel transaction date land price index/Comparable case transaction date land price index;

C: Subject land parcel remaining use term index/Comparable case remaining use term index;

D: Subject land parcel regional factors condition index/Comparable case regional factors condition index;

E: Subject land parcel individual attributes condition index/Comparable case individual attributes condition index.

(1) Transaction Conditions Adjustment： By analyzing the transaction conditions of comparable cases, non-standard transaction cases are excluded. The degree of influence of various special factors on the normal land price is measured, thereby eliminating price deviations in the transaction price caused by special factors in the transaction behavior.

(2) Transaction Date Adjustment： The change rate of a land price index or a property price index is used to analyze and calculate the impact of the transaction date on the land price, thereby revising the transaction price to the price as of the valuation date.

(3) Land Use Term Adjustment： Land use term refers to the land use period stipulated in the contract for a land transaction. The length of the land use right term directly affects the number of years the land can be utilized to generate corresponding land benefits, thereby influencing the price of the land use right. Through land use term adjustment, the land use term in the comparable transaction case is adjusted to that of the subject land, eliminating price differences caused by variations in the duration of the use right.

(4) Regional Factors Adjustment： Regional factors primarily include the degree of industrial agglomeration in the area, transportation conditions, infrastructure level, regional environmental conditions, and regional planning conditions. As the regional factors affecting price differ for land with different intended uses, the specific content for regional factors adjustment is determined separately based on the intended use of the subject property.

(5) Individual Attributes Adjustment： Individual attributes refer to the unique characteristics (parcel conditions) of a specific land parcel that influence its price. The main aspects compared for individual attributes include the parcel's location, area, shape, development level, geology, and planning restrictions. Adjustments are made based on the differences in individual attributes between the comparable transaction case and the subject property.

Upon completion of the aforementioned asset valuation procedures and methods, the appraised value for the intangible asset – land use right within the valuation scope is RMB43,803,000.00. Compared to its carrying value of RMB2,960,043.56, this represents an appraisal increase of RMB40,842,956.44, an appreciation rate of 1,379.81%.

ix) Deferred Tax Assets

The carrying value of deferred tax assets is RMB4,759,234.74. This amount arises from deductible temporary differences resulting from the company's tax-deductible losses and the provision for bad debts. Upon verification of relevant documentation and book records, and based on the cause of the deferred tax assets, the valuation of the underlying items for this provision, and an assessment of the company's future operations, the following was determined:

For deductible temporary differences arising from differences between the carrying amount of assets and their tax base, the valuation is estimated based on the difference between the post-valuation amount and the tax base, multiplied by the applicable tax rate. The enterprise income tax rate is 25%.

For deductible temporary differences arising from the bad debt provision, as no credit loss was anticipated during the valuation (implying the bad debt provision was valued at zero), no difference exists from the tax base. Therefore, the valuation for this portion of deferred tax assets is zero.

For deductible temporary differences arising from tax-deductible losses, the valuation is estimated by multiplying the verified and error-free amount of the deductible temporary difference by the 25% tax rate. The valuation for this portion is RMB4,759,234.74.

Consequently, the total appraised value of the deferred tax assets for this valuation is RMB4,759,234.74.

x) Current Liabilities

1. Short-Term Borrowings

The carrying value of short-term borrowings is RMB43,040,940.29, comprising the principal amount and accrued interest payable. The lenders are China Construction Bank Corporation Deqing Sub-branch and Wanxiang Finance Co., Ltd.

The valuers reviewed the relevant loan agreements and supporting documents to understand the loan terms and maturities. They examined the account books, journal vouchers, etc., to understand the borrowing, repayment, and overdue status, and performed confirmation procedures for the borrowings, with responses received confirming the amounts. Verification in accordance with financial and accounting principles, including the calculation of accrued interest from the last interest payment date to the Valuation Date, revealed no discrepancies.

Upon verification, the interest for each loan is paid monthly, and the accrued but unpaid interest for all borrowings as of the Valuation Date has been fully provided for. It is confirmed that all borrowings and interest are payable. Therefore, the valuation is based on the verified carrying value.

2. Trade Payables

The carrying value of trade payables is RMB422,750.90, representing amounts payable for retention sums, purchase payments, etc. The valuers examined the relevant documentation for these obligations through alternative procedures such as reviewing the account books and original vouchers to verify the authenticity of the transactions. Verification in accordance with financial and accounting principles revealed no discrepancies.

Upon verification, all amounts are payable in the subsequent period. Therefore, the valuation is based on the verified carrying amount. The appraised value of trade payables is RMB422,750.90.

3. Employee Benefits Payable

The carrying value of employee benefits payable is RMB652,885.35, including payable salaries, bonuses, etc. The valuers examined the company's labor compensation and incentive policies, reviewed relevant documents such as the Articles of Association, verified the basis for the Target Company's accruals, and checked the payment status. Verification in accordance with financial and accounting principles revealed no discrepancies. It is confirmed that all amounts are payable in the subsequent period. Therefore, the valuation is based on the verified carrying value. The appraised value of employee benefits payable is RMB652,885.35.

4. Taxes Payable

The carrying value of taxes payable is RMB1,065,362.15, including payable Value-Added Tax, withheld Individual Income Tax, Resource Tax, Urban Maintenance and Construction Tax, Property Tax, Land Use Tax, Education Surcharge, Local Education Surcharge, and Stamp Duty.

The valuers obtained the corresponding tax filing documents and other supporting evidence, verified the calculation and payment status of these taxes and surcharges, and understood the post-period tax inspections and tax payment situation. Verification in accordance with financial and accounting principles revealed no discrepancies. The valuation is based on the verified carrying value. The appraised value of taxes payable is RMB1,065,362.15.

5. Other Payables

(1) Dividends Payable

The carrying value of dividends payable is RMB122,777,526.53. This amount represents dividends payable to Zhejiang Puxing Blue Natural Gas Power Generation Co., Ltd., Puxing Energy (Hong Kong) Co., Limited, and Shunfa Hengneng Co., Ltd. for the fiscal year 2021 and the period from January to August 2022. According to the shareholders' resolutions dated June 27, 2022, and in November 2022, the company is obligated to distribute dividends from its distributable profits. The valuers reviewed the Articles of Association, the shareholders' resolutions, and other relevant dividend distribution documents, and verified the related accounting entries.

Verification in accordance with financial and accounting principles revealed no discrepancies. Upon verification, all dividend amounts are payable. Therefore, the valuation is based on the verified carrying amount.

The appraised value of dividends payable is RMB122,777,526.53.

(2) Other Payables – Miscellaneous

The carrying value of other payables is RMB278,748.48, including bid bonds, property management fees, maintenance fees, etc. By reviewing the account books and original vouchers to understand the timing, reason, and post-period payment status of these amounts, the valuers employed alternative procedures to examine the relevant documentation for these obligations and verify the authenticity of the transactions. Verification in accordance with financial and accounting principles revealed no discrepancies.

Upon verification, all amounts are payable in the subsequent period. Therefore, the valuation is based on the verified carrying amount. The appraised value of other payables is RMB278,748.48.

6. Non-Current Liabilities Due Within One Year

The carrying value of non-current liabilities due within one year is RMB115,019,042.53. This comprises borrowings and accrued interest payable to Wanxiang Finance Co., Ltd. that are due within one year, as well as the portion of the staff dormitory lease liability due within one year.

The valuers reviewed the relevant loan agreements and supporting documents to understand the loan terms and maturities. They examined the account books, journal vouchers, etc., to understand the borrowing, repayment, and overdue status, and performed confirmation procedures for the borrowings, with responses received confirming the amounts. Verification in accordance with financial and accounting principles, including the calculation of accrued interest from the last interest payment date to the Valuation Date, revealed no discrepancies. It is confirmed that the interest for the Wanxiang Finance Co., Ltd. borrowings is paid monthly (on the 21st of each month), and the accrued but unpaid interest for all borrowings as of the Valuation Date has been fully provided for.

For the staff dormitory lease portion due within one year, the valuers verified the enterprise's general ledger, subsidiary ledgers, financial statements, and the detailed inventory/valuation schedule. They reviewed the relevant lease contracts and original vouchers, and performed a reasonable analysis and verification of the calculation of the lease liability formation. The analysis confirmed that the lease liability accounting is correct.

Upon verification, all borrowings, interest, and rental payments are payable, and the accounting and accruals are accurate. Therefore, the valuation is based on the verified carrying amount.

The appraised value of non-current liabilities due within one year is RMB115,019,042.53.

xi) Non-Current Liabilities

1. Long-Term Borrowings

The carrying value of long-term borrowings is RMB72,075,900.00. The lender is Wanxiang Finance Co., Ltd.

The valuers reviewed the relevant loan agreements and supporting documents to understand the loan terms and maturities. They examined the account books, journal vouchers, etc., to understand the borrowing, repayment, and overdue status, and performed confirmation procedures for the borrowings, with responses received confirming the amounts. Verification in accordance with financial and accounting principles revealed no discrepancies.

It is confirmed that the interest for the Wanxiang Finance Co., Ltd. borrowings is paid monthly (on the 21st of each month), and the accrued but unpaid interest for all borrowings as of the Valuation Date has been fully provided for. Upon verification, all borrowings are payable. Therefore, the valuation is based on the verified carrying value.

The appraised value of long-term borrowings is RMB72,075,900.00.

***xii) Valuation Results of* Asset-Based Approach**

Adopting the Asset-Based Approach, the appraised value of the total assets of Shunfa Deneng (Deqing) Power Co., Ltd. as of the Valuation Date is RMB641,741,100, representing an appraisal increase of RMB86,925,200, an appreciation rate of 15.67%. The appraised value of the total liabilities is RMB355,333,200, with no valuation increase or decrease. The appraised value of all shareholders' equity is RMB286,407,900, representing an appraisal increment of RMB 869,252,000 and an appreciation rate of 43.58% compared to the book value of total equity on the parent-company basis.

Compared to the book value of total equity attributable to the parent company's shareholders (on a consolidated basis), the appraisal shows an appraisal increase of RMB 55,129,800 and an appreciation rate of 23.84%.

The details are presented in the summary table of valuation results below:

Summary Table

Monetary Unit: RMB Ten Thousand Yuan

Description	Carrying Amount A	Appraised Value B	Increase/ Decrease in Value C=A-B	Appreciation Rate% D=C/A×100%
Current Assets	7,702.42	7,707.36	4.94	0.06
Non-Current Assets	47,779.17	56,466.75	8,687.58	18.18
Of Which:				
Long-Term Equity Investments	36,015.65	36,166.62	150.97	0.42
Fixed Assets	10,928.51	15,380.82	4,452.31	40.74
Construction in Progress	49.45	49.45	–	–
Right-of-Use Assets	13.64	13.64	–	–
Intangible Assets	296.00	4,380.30	4,084.30	1,379.83
Deferred Tax Assets	475.92	475.92	–	–
Total Assets	55,481.59	64,174.11	8,692.52	15.67
Current Liabilities	28,325.73	28,325.73	–	–
Non-Current Liabilities	7,207.59	7,207.59	–	–
Total Liabilities	35,533.32	35,533.32	–	–
All Shareholders' Equity	19,948.27	28,640.79	8,692.52	43.58

(1) Reason for Current Assets Appreciation： The Target Company had provided an allowance for doubtful accounts for its receivables. However, based on historical operations, no actual bad debts have occurred, and this valuation did not anticipate any credit loss. Therefore, an appraisal increase resulted.

(2) Reason for Long-Term Equity Investments Appreciation： The appreciation is attributed to the favorable operating conditions of the investee company, leading to a higher valuation.

(3) Reason for Fixed Assets Appreciation： The increase primarily stems from the appreciation in the net appraised value of buildings and structures. The main reason is that the buildings were purchased/constructed relatively early, and prices for labor, materials, and machinery have risen. Additionally, the company's accounting depreciation period for equipment is shorter than the economic useful life applied in the valuation. Collectively, these factors led to the appraisal increase.

(4) Reason for Land Use Rights Appreciation： The land use rights were acquired relatively early. Subsequently, the land market became more active, and prices increased, resulting in valuation appreciation.

V. INPUT PARAMETERS AND CALCULATION PROCESS FOR THE MARKET APPROACH

1. Valuation Rationale

Two commonly used methods within the Market Approach are the Comparable Companies Method and the Comparable Transactions Method.

The Comparable Transactions Method involves obtaining and analyzing data on the purchase, sale, acquisition, or merger of comparable companies, calculating appropriate valuation multiples, and, based on comparative analysis with the target company, determining the value of the subject. This valuation is not suitable for the Comparable Transactions Method because sufficient comparable transaction cases with detailed information and transaction dates reasonably close to the Target Company's cannot be gathered. Furthermore, the rapid and dynamic development of the thermal power industry makes it difficult for historical transaction prices to accurately reflect market value as of the Valuation Date.

The Comparable Companies Method (or Guideline Public Company Method) involves obtaining and analyzing the operating and financial data of comparable listed companies, calculating appropriate valuation multiples, and, based on comparative analysis with the target company, determining the value of the subject. Currently, there is a sufficient number of comparable listed thermal power companies, from which operating and financial data can be obtained fully and reliably. Based on the above analysis, we have selected only the Comparable Companies Method to analyze the equity value of the Target Company.

The Comparable Companies Method typically involves, according to the market conditions of the subject, selecting certain metrics such as Price-to-Sales (P/S), Price-to-Book (P/B), and Price-to-Earnings (P/E) ratios for comparison with comparable listed companies. By comparing the factors related to these metrics between the subject and the comparable companies, and adjusting for differences in the influencing factors, the subject's P/S, P/B, and P/E ratios are derived. Based on these, the equity value of the Target Company is calculated.

2. Selection of Comparable Companies

The selection of comparable companies in this valuation primarily adheres to the following principles:

(1) Listed companies for which thermal power generation constitutes a significant portion of their business are selected as comparable listed companies;

(2) Companies that are significantly influenced by factors of China's market economy;

(3) Companies whose risk profile shows minimal deviation from the industry average.

Initially, according to the CITIC industry classification and based on the Target Company's broader industry sector, the CS Thermal Power sub-sector was screened, yielding a preliminary list of 37 comparable companies. Subsequently, to exclude short-term volatility factors associated with new listings, comparable companies listed for less than three years were removed. Then, based on the Target Company's business type, comparable companies whose primary product type is electricity were selected. Finally, comparable companies whose core business is related to natural gas power generation were identified, resulting in a final list of 8 comparable companies. The details are as follows:

Stock Code	Stock Abbreviation	Date of Establishment	Date of Listing
601991.SH	Datang Power Generation	13/12/1994	20/12/2006
600642.SH	Shenergy	22/2/1993	16/4/1993
000027.SZ	Shenzhen Energy Group	21/8/1993	3/9/1993
600021.SH	Shanghai Electric Power	4/6/1998	29/10/2003
000539.SZ	Guangdong Electric Power Development	5/2/1996	26/11/1993
600023.SH	Zhejiang Zheneng Electric Power	14/3/1992	19/12/2013
002608.SZ	Jiangsu Guoxin	16/6/2003	10/8/2011
000543.SZ	Waneng Electric Power	13/12/1993	20/12/1993

Screening was conducted based on asset quality conditions to select comparable companies that are closer to the circumstances of the subject being valued. To enhance the stability and credibility of the financial data, the screening did not use financial data as of the Valuation Date or quarterly data, avoiding volatility or distortion from data covering less than a full year. Therefore, the full-year 2024 financial data was used to calculate the asset-liability ratio. The comparison of the asset-liability ratio between the Target Company and the comparable companies is as follows:

Stock Code	Stock Abbreviation	Asset-Liability Ratio (%)	Screening Criteria (%)	Meets Criteria or Not
601991.SH	Datang Power Generation	71.02	50-70	N
600642.SH	Shenergy	54.83	50-70	Y
000027.SZ	Shenzhen Energy Group	63.93	50-70	Y
600021.SH	Shanghai Electric Power	71.90	50-70	N
000539.SZ	Guangdong Electric Power Development	79.47	50-70	N
600023.SH	Zhejiang Zheneng Electric Power	43.65	50-70	N
002608.SZ	Jiangsu Guoxin	53.32	50-70	Y
000543.SZ	Waneng Electric Power	65.01	50-70	Y
	Target Company	**64.00**	**–**	**–**

Note: The screening criteria are estimated based on the average ratio of the asset-liability ratio between the Target Company and the comparable companies, taking the range of ±10% around the rounded average ratio.

Following the asset quality screening, screening is conducted based on profitability conditions to select comparable companies that are closer to the circumstances of the Target Company. To enhance the stability and credibility of the financial data, the screening did not use financial data as of the Valuation Date or quarterly data, avoiding volatility or distortion from data covering less than a full year. Therefore, the full-year 2024 financial data was used to calculate the Return on Total Assets (ROTA) and Operating Profit Margin. The comparison between the Target Company and the comparable companies is as follows:

Stock Code	Stock Abbreviation	ROA (%)	Screening Criteria (%)	Operating Profit Margin	Screening Criteria (%)	Meets Criteria or Not
600642.SH	Shenergy	6.50	>5	18.71	>10	Y
000027.SZ	Shenzhen Energy Group	3.71	>5	9.17	>10	N
002608.SZ	Jiangsu Guoxin	6.17	>5	13.38	>10	Y
000543.SZ	Waneng Electric Power	6.43	>5	11.69	>10	Y
	Target Company	8.80	–	21.12	–	–

There are 3 comparables that meet the criteria. The detailed profiles of each comparable are as follows:

Comparable-1

Code	600642.SH
Name	Shenergy
Industry	Thermal Power
Introduction	The company was established through the restructuring of the former Shenergy Power Development Company and listed on the Shanghai Stock Exchange in April 1993, becoming the first listed company in China's electric power and energy industry. It is primarily engaged in the development, investment, construction, and operation of electric power and petroleum & natural gas, serving as a comprehensive energy supplier.
Product Type	Semiconductor solar photovoltaic, wind power, coal products, oil pipeline transportation, waste heat power generation

Business Segments 2025	Coal and electricity business: 43.09%; Gas and electricity business: 18.92%; Oil and gas pipeline transportation business: 13.34%; Coal sales: 8.06%; Wind power business: 11.88%; Photovoltaic power generation business: 4.54%; Other businesses: 0.17%
Comparable-2	
Code	002608.SZ
Name	Jiangsu Guoxin
Industry	Thermal Power
Introduction	The company is a state-controlled enterprise listed on the Shenzhen Stock Exchange. It serves as the listed platform under Jiangsu Guoxin Group Co., Ltd., focusing on energy and finance as its core businesses.
Product Type	Thermal power, waste heat power generation, and fund trust
Business Segments 2025	Electricity: 82.23%; Coal: 8.66%; Heat: 4.64%; Finance: 2.72%; Other businesses: 1.75%
Comparable-3	
Code	000543.SZ
Name	Waneng Electric Power
Industry	Thermal Power
Introduction	The company was among the first batch of standard-restructured listed companies in Anhui Province, listed on the Shenzhen Stock Exchange in December 1993. It operates as the integrated platform for the core power generation assets of the Waneng Group.
Product Type	Thermal Power
Business Segments 2025	Electricity: 79.28%; Coal: 17.97%; Transportation: 1.52%; Garbage disposal: 1.09%; Other: 0.14%

The main financial data of each comparable are shown in the following table:

In RMB0'000 Yuan

	Comparable-1 Shenergy	Comparable-2 Jiangsu Guoxin	Comparable-3 Waneng Electric Power
Total Operating Revenue	2,817,878.12	3,509,653.62	2,932,601.03
EBITDA	886,810.64	591,162.62	590,173.32
EBIT	509,307.10	337,071.68	382,027.08
Net Profit Attributable to Owners of the Parent Company	181,831.42	131,125.04	112,538.30
Latest Reporting Period Stock Price *(in RMB yuan per share)*	8.7461	7.7293	8.347
Total Share Capital *(in 0'000)*	489,407.94	377,807.97	226,686.33
Total Market Cap	3,940,223.31	2,920,191.15	1,892,150.82

Note: The data above is sourced from *Wind*, all prepared on a consolidated financial statement basis, with the data cut-off date as September 30, 2025. This valuation is based on the Q3 2025 report data and, in combination with the seasonal characteristics of the industry, reasonably adjusts revenue and profit figures to full-year equivalents, thereby forming annual data on a comparable basis.

3. Selection of Value Multiples

A value multiple refers to a "ratio multiple" between the business value and an indicator of its earnings capacity, business value, or other specific non-financial metrics. Commonly used value multiples fall into the following two main categories:

Value Multiple	Equity Value (P) Multiple	Enterprise Value (EV) Multiple
Revenue (S)	P/S	EV/S
EBITDA	–	EV/EBITDA
EBIT	–	EV/EBIT
Net Income (E)	P/E	–
Book Value (B)	P/B	–
R&D Expense (RR)	P/RR	–

The company is a stable-phase power generation enterprise with substantial assets and sound profitability. However, as a peaking/power-balancing plant, it typically operates at full capacity only during the winter and summer seasons when the State Grid struggles to meet total electricity demand, making its profits susceptible to significant fluctuations. Therefore, revenue-based and earnings-based multiples are not considered suitable for this valuation.

As the accounting for research and development expenses is relatively complex, and significant variations exist even among listed companies with fairly accurate and standardized accounting (primarily due to differences in the recognition of R&D expense categories), this metric generally lacks practicality. Consequently, the R&D expense multiple is not adopted for this valuation.

The Target Company is a thermal power company with natural gas power generation at its core, possessing substantial assets and positive net assets. Therefore, asset-based multiples are deemed appropriate.

In summary, the Price-to-Book (P/B) ratio is selected for the Market Approach valuation.

4. Calculation and Adjustment of Value Multiples

Referring to the commonly used core competitiveness evaluation index system for technical industries, the adjustment factors for financial indicators in this valuation are analyzed from four aspects: profitability, asset quality, debt risk, and operational growth. The calculation formulas for each indicator are as follows:

(1) Profitability

Return on Equity (ROE) = Net Income/Average Equity

Return on Total Assets (ROA) = (Total Profit + Interest Expense)/Average Total Assets

Operating Profit Margin = Operating Profit/Operating Revenue

Cash Flow to Earnings Ratio = Net Cash Flow from Operating Activities/Net Income

Return on Capital = Net Income/Paid-in Capital

(2) Asset Quality

Total Asset Turnover (times) = Sales Revenue/Average Total Assets

Accounts Receivable Turnover (times) = Operating Revenue/Average Accounts Receivable Balance

Current Asset Turnover (times) = Revenue from Principal Operations/Average Current Assets

(3) Debt Risk

Asset-Liability Ratio = Total Liabilities/Total Assets

Interest Coverage Ratio = (Net Income + Interest Expense + Income Tax Expense)/Interest Expense

Quick Ratio = Quick Assets/Current Liabilities

Interest-Bearing Debt Ratio = Total Interest-Bearing Debt/Total Liabilities

(4) Operational Growth

Sales (Operating) Growth Rate = Current Year Total Operating Revenue/Previous Year Total Operating Revenue

Capital Maintenance and Appreciation Rate = (Beginning Equity + Current Year Net Income)/Beginning Equity

Operating Profit Growth Rate = (Current Year Operating Profit/Previous Year Operating Profit) – 1

Total Asset Growth Rate = (Current Year Total Assets/Previous Year Total Assets) – 1

Technology Investment Ratio = R&D Expense/Operating Revenue

For financial factors, this analysis compares the Target Company with three comparables across four dimensions: profitability, asset quality, debt risk, and operational growth. Based on the financial data of the Target Company and the comparables, the calculated values for each indicator are as follows:

Description		Deneng	Comparable-1 Shenergy	Comparable-2 Jiangsu Guoxin	Comparable-3 Waneng Electric Power
Profitability	ROE *(%)*	15.70%	10.42%	10.37%	177.72%
	ROA *(%)*	8.58%	6.59%	6.58%	6.19%
	Operating Profit Margin *(%)*	22.58%	22.93%	19.43%	15.29%
	Cash Flow to Earnings Ratio	1.61	1.77	1.10	2.23
	Return on Capital *(%)*	27.17%	102.09%	128.49%	158.86%
Asset Quality	Total Asset Turnover *(times)*	0.30	0.27	0.36	0.44
	Accounts Receivable Turnover *(times)*	13.51	2.90	9.25	7.33
	Current Asset Turnover *(times)*	1.88	1.00	1.26	3.10
Debt Risk	Asset-Liability Ratio *(%)*	71%	54.00%	51.00%	63.00%
	Interest Coverage Ratio	4.96	7.29	8.98	6.39
	Quick Ratio *(%)*	19.37%	121.73%	91.57%	57.23%
	Interest-Bearing Debt Ratio *(%)*	63.19%	51.16%	73.17%	56.42%
Growth	Sales (Operating) Growth Rate *(%)*	–6.61%	–4.86%	–4.97%	–2.55%
	Equity Appreciation Rate *(%)*	114.18%	110.88%	110.84%	115.45%
	Operating Profit Growth Rate *(%)*	0%	5%	17%	20%
	Total Asset Growth Rate *(%)*	–1.16%	7.38%	4.56%	2.40%
	Technology Investment Ratio *(%)*	0.00%	0.05%	0.01%	1.33%

Based on the fundamental conditions and industry average levels of the industry in which the subject company operates, and with reference to the financial indicator factor system such as the standard values for various indicators of the thermal power generation industry published in the Enterprise Performance Evaluation Benchmark Values, the valuers quantified the fundamental conditions, financial indicators, and non-financial factor indicators of the subject company and each comparable company. Scores were assigned in tiers, categorized as excellent, good, average, below average, and poor, with corresponding tier coefficients of 100, 90, 80, 70, and 60, respectively.

The adjustment coefficient for each indicator of a comparable company is derived from the subject company's score divided by the comparable company's score for that indicator. This yields adjustment coefficients for each factor category. Finally, the overall adjustment coefficient for a company (i.e., the correction factor for its P/B ratio) is calculated as the subject company's total score divided by the comparable company's total score. The detailed calculation process for the adjustment coefficients of each influencing factor indicator is presented in the table below:

Description		**Target Company**	**Comparable-1** **Shenergy**	**Comparable-2** **Jiangsu Guoxin**	**Comparable-3** **Waneng Electric Power**
Fundamental Conditions	Business Type	100.00	100.00	100.00	100.00
	Net Asset Scale	100.00	105.00	105.00	105.00
	Subtotal – Fundamental Conditions	**100.00**	**102.50**	**102.50**	**102.50**
	Adjustment Coefficient	**1.0000**	**0.9756**	**0.9756**	**0.9756**
Non-Financial Factors	Enterprise Growth Stage	100.00	100.00	100.00	100.00
	Score	**100.00**	**100.00**	**100.00**	**100.00**
	Adjustment Coefficient	**1.0000**	**1.0000**	**1.0000**	**1.0000**
Financial Factors	ROE(%)	100	90	90	100
	ROA(%)	100	90	90	90
	Operating Profit Margin (%)	100	100	100	100
	Cash Flow to Earnings Ratio	70	70	70	80
	Return on Capital (%)	100	100	100	100
	Total Asset Turnover (times)	70	60	70	80
	Accounts Receivable Turnover (times)	90	60	80	70
	Current Asset Turnover (times)	70	60	70	90
	Asset-Liability Ratio (%)	80	100	100	90
	Interest Coverage Ratio	100	100	100	100
	Quick Ratio (%)	60	100	100	80
	Interest-Bearing Debt Ratio (%)	80	90	70	80
	Sales (Operating) Growth Rate (%)	60	60	60	60
	Equity Appreciation Rate (%)	100	100	100	100
	Operating Profit Growth Rate (%)	70	80	100	100
	Total Asset Growth Rate (%)	70	100	90	80
	Technology Investment Ratio (%)	60	60	60	90
	Average Score	81	84	85	88
	Adjustment Coefficient	**1.0000**	**0.9643**	**0.9529**	**0.9205**
Overall Adjustment Coefficient		**1.0000**	**0.9408**	**0.9296**	**0.8980**

Based on the Q3 2025 announcement data of comparable listed companies obtained from the Wind Info platform, and after making appropriate adjustments to align the financial data of the operating businesses, the valuers derived the corresponding 2025 value multiples. These multiples were then adjusted using the aforementioned adjustment coefficients. The adjusted value multiples were arranged, and the average was calculated to determine the Target Company's P/B ratio. The calculation results for the value multiple adjustments are presented in the table below:

Description		Comparable-1 Shenergy	Comparable-2 Jiangsu Guoxin	Comparable-3 Waneng Electric Power	Average /
Value Multiple – Raw	P/B	0.68	2.33	1.43	/
Adjustment Coefficient		**0.9408**	**0.9296**	**0.8980**	**/**
Value Multiple – Adjusted	P/B	0.87	2.17	1.28	1.44

5. Discount for Lack of Marketability (DLOM)

The comparable companies selected are all listed companies whose shares possess high liquidity, whereas the Target Company is unlisted. Therefore, a discount for lack of marketability must be considered. This valuation determines the DLOM percentage based on the difference between the average P/E ratio for unlisted company mergers and acquisitions and the average P/E ratio for listed companies in 2025. The Target Company belongs to the "Production and Supply of Electric Power, Heat, Gas, and Water" industry, for which the average industry DLOM rate is 20.9%.

6. Non-Operating Assets and Liabilities

Non-operating assets refer to assets that are not directly related to the earnings from the enterprise's operating activities. Such assets do not generate profits, increase the asset base, and reduce the enterprise's profit margin. They generally include receivables unrelated to the core business, idle assets, etc. Based on analysis, the non-operating assets of the Target Company as of the Valuation Date are: non-operating funds, including fixed assets pending disposal amounting to RMB 286,138.94; and deferred tax assets of RMB 4,759,234.74. The total carrying amount is RMB 5,045,373.68, and the total appraised value is RMB 4,763,094.74.

The non-operating liabilities of the Target Company as of the Valuation Date are: other payables, including dividends payable for historical fiscal years amounting to RMB 122,777,526.53; and deferred tax liabilities of RMB 3,221,083.85. The total carrying amount is RMB 125,998,610.38, and the total appraised value is RMB 126,040,977.12.

The interest-bearing debt of the Target Company includes short-term borrowings, non-current liabilities due within one year, long-term borrowings, and the corresponding unpaid interest, totaling RMB354,758,321.01.

The net asset carrying value of the subject entity after removing non-operating assets and liabilities as of the Valuation Date is RMB352,231.40 thousand.

7. Market Comparison Approach Valuation Results

Based on the aforementioned data, the calculation process and conclusion for the value of all shareholders' equity of the Target Company as of the Valuation Date, derived using the Market Comparison Approach, are presented in the table below:

Monetary Unit: Ten Thousand Yuan

Value Multiple	Multiple for Target Co. ①	Corresponding Parameter for Target Co. ②	Equity Value ③=①*②	Net Non-Operating Assets ④	DLOM ⑤	Adjusted Equity Value ⑥=③*(1-⑤)+④	Result ⑧
P/B	1.44 B	35,223.14	50,721.32	-12,127.79	20.90%	27,993.00	28,000.00

VI. FINAL VALUATION CONCLUSION

The valuation results from the two methods differ by RMB6,407.90 thousan yuan, representing a variance rate of 2.24%. The primary reason for the discrepancy between the two methods is that they consider the subject from different perspectives. The Asset-Based Approach considers the avenues for re-acquiring individual assets, reflecting the market value required to reconstruct the enterprise. The Market Approach, during valuation, considers factors such as whether the assets are reasonably and fully utilized within the enterprise and whether they collectively contribute as they should, and their impact on the value of all shareholders' equity. The resulting value quantifies the earnings capacity of the enterprise's overall asset base. Compared to the information used in the Asset-Based Approach, the publicly available operational and financial information of comparable listed companies employed in the Market Approach is relatively less sufficient and comprehensive. Furthermore, fluctuations in the share prices of listed companies may exert a certain influence on the calculation of value multiples. In light of the above reasons, the valuation result derived from the Asset-Based Approach is selected as the final conclusion for this valuation.

Therefore, the market value conclusion for all shareholders' equity of Shunfa Deneng (Deqing) Power Co., Ltd. as of the Valuation Date is RMB286,407,900 (or RMB286.4079 million).

VII. VALUATION VALIDITY PERIOD

The validity period for the use of the valuation conclusion in this report is one year. This validity period is calculated from the Valuation Date.

VIII. VALUATION INSTITUTION

The valuation report is issued by **United Assets & Real Estate Appraisal Co., Ltd.**, a qualified valuation firm. United Assets & Real Estate Appraisal Co., Ltd is an independent third party to the Company and holds no equity interest in any member of the Group, nor does it have any rights (whether legally enforceable or not) to subscribe for, or nominate others to subscribe for, securities of any member of our Group. The signing valuation expert is Dr. Li Xiang, a Member of the Royal Institution of Chartered Surveyors (RICS) and an RICS Registered Valuer.

IX. SPECIAL NOTES

1. The Target Company has the following pledge/guarantee matters:

   On November 6, 2024, the Target Company entered into a "Maximum Amount Guarantee Contract for Principal" (Contract No. HTC330683800ZGDB2024N004) with China Construction Bank Corporation Quzhou Kecheng Sub-branch. The contract stipulates: the Target Company agrees to provide a maximum amount guarantee for a series of debts of Shunfa (Quzhou) Thermal Power Co., Ltd. under the loan agreement. The guaranteed amount is a principal balance not exceeding RMB70,000,000 and corresponding interest. The guarantee period is from November 6, 2024, to November 5, 2029. As of the base date, the principal amount of debt related to this guarantee contract is RMB60,000,000.

2. The Target Company has operating lease matters:

   The company's staff dormitory is acquired through a lease. The property is located in Rooms 9, 10, 11, 17, 23, 25, 27, 30, 36, 38, 49, 55 on the 4th floor, No. 768 Deqing Avenue (12 rooms in total). The lease purpose is for staff accommodation. The lease term is from June 1, 2025, to May 31, 2027, totaling two years.

3. This valuation does not consider any potential tax implications associated with the appreciation in the enterprise's value. Users of this report are advised to take note of this.

4. In this valuation, the valuers did not conduct technical inspections on the technical parameters and performance of the various equipment as of the Valuation Base Date. During the valuation process, the valuers primarily relied on visual observation, recent inspection data provided by the subject entity, and inquiries made to relevant operating personnel to assess the condition of the equipment.

5. In this valuation, the valuers did not conduct technical inspections on the concealed works or internal structures (parts not visible to the naked eye) of the various buildings and structures. The valuers' assessment was made based on a site inspection without the aid of any detection instruments, under the assumption that the relevant engineering documentation provided by the subject entity is authentic and valid.

Respectfully submitted,
For and on Behalf of
United Assets & Real Estate Appraisal Co., Ltd.,
Dr. Li Xiang,
DBA MRICS AAIA HKICPA
RICS Registered Valuer
Managing Partner

Note: Dr. Xiang Li is a member of the RICS and a Registered Valuer of the RICS. He is suitably qualified to carry out the valuation and has over 20 years' experience in valuation of properties and intangible assets of this magnitude and nature in the PRC.



聯合中和資產不動產評估諮詢有限公司
United Assets & Real Estate Appraisal Co., Ltd.
Unit 10 15/F, Wayson Commercial Building, 28
Connaught Road West, Hong Kong

Date of Report: 9 June 2026

The Board of Directors

普星能量有限公司
PUXING ENERGY LIMITED
40/F, Dah Sing Financial Centre
248 Queen's Road East, Wanchai
Hong Kong

Dear Sirs/Madams,

Re: Valuation of 100% Equity Interests of Zhejiang Puxing Jingxing Natural Gas Power Generation Co., Ltd.

Pursuant to the instructions of Puxing Energy Limited (the "Company", together with its subsidiaries referred to as the "Group"), we have conducted a valuation of the fair value of all shareholders' equity of Zhejiang Puxing Jingxing Natural Gas Power Generation Co., Ltd. (together with its subsidiaries, the "Target Company"). The Target Company is primarily engaged in natural gas power generation businesses within the People's Republic of China ("China"). We confirm that we have made relevant inquiries and obtained other data we consider necessary to provide you with our opinion regarding the fair value of the equity as of 31 December 2025 (the "Valuation Date").

To the best of our knowledge, this valuation is provided solely for the internal reference of the Company's directors (the "Directors") in connection with the proposed transaction. This report does not constitute, in any manner, an opinion on the commercial value for any specific transaction of purchase and sale. We assume no responsibility whatsoever for any unauthorised use of this report.

We assume no responsibility whatsoever for the authenticity and completeness of any estimated data or calculations provided by or derived from any third party and employed in this report. It is assumed that the financial and other data provided to us are accurate and complete.

This report sets forth the purpose of the valuation, its basis and premises, the scope of work, the sources of data, expounds on our valuation methodology, investigations and analysis, states the assumptions and limiting conditions, and presents our valuation opinion.

I. SUBJECT AND SCOPE OF VALUATION

The subject of the valuation is the market value of all shareholders' equity of Zhejiang Puxing Jingxing Natural Gas Power Generation Co., Ltd. as of the Valuation Date, 31 December 2025. The scope of this valuation encompasses all assets and all liabilities of the Target Company as of the Valuation Date, as per the audited financial statements.

As of the Valuation Date, 31 December 2025, the declared and audited (consolidated) carrying amounts for Zhejiang Puxing Jingxing Natural Gas Power Generation Co., Ltd. are as follows: total assets of RMB168,178,100, total liabilities of RMB21,320,700, and owner's (shareholders') equity of RMB146,857,400. (All amounts below are in Renminbi.)

The subject and scope of valuation commissioned are consistent with those involved in the economic act intended to be implemented by the Company. The carrying amounts of the various assets and liabilities within the valuation scope as of the Valuation Date, and the financial statement data of the Target Company as of the Valuation Date, have been prepared in accordance with the PRC GAAP, and audited by Dahua CPA LLP Chongqing Branch, which issued a special audit report with an unmodified opinion, bearing the report number: Dahua Audit No. [2026] 2511002522. This valuation report was performed based on the audited financial statements.

II. VALUATION METHODOLOGY

The Income Approach refers to the collective term for various valuation methods that determine the value of a subject by capitalizing or discounting its expected future earnings. Among these, the Discounted Cash Flow (DCF) method can be applied to value the entire enterprise, thereby indirectly deriving the value of all shareholders' equity. Based on an analysis of the Target Company's historical operations, and interviews with the management of the Target Company, it is noted that the principal business of the Target Company is natural gas power generation. Electricity pricing in the power generation business consists of electricity tariffs and capacity tariffs, with electricity tariffs being significantly influenced by fluctuations in natural gas prices. Furthermore, an analysis of the historical operating model of the Target Company indicates that natural gas power generation mainly plays a role in the peaking of the electricity market, and its power generation capacity is heavily affected by the demand for power supply in the region. Based on the aforementioned factors, the management of the Target Company considers that future operating income and profitability are subject to considerable uncertainty, making it impractical to make reasonable forecasts of future operating income and operating risks. Accordingly, the Income Approach is considered inappropriate for this valuation.

The Market Approach refers to the collective term for valuation methods that determine the value of a subject by comparing it with comparable references, basing the value on the market prices of those comparables. The prerequisite for applying the Market Approach is the existence of a developed, fair, and active public market with relatively abundant market data, where comparable transaction cases are available. As there is a sufficient number of listed companies with a nature and business similar to those of the Target Company, their market values serve as a sound industry benchmark. Therefore, the Market Approach is adopted for this valuation.

The Asset-Based Approach refers to a valuation methodology that determines the value of a subject based on its balance sheet as of the Valuation Date. It involves appraising the value of all assets and liabilities recorded on, as well as identifiable off-balance sheet items, to arrive at a final value. Given the completeness of the financial data, the identifiability of all assets and liabilities, and the ability to determine the value of assets based on the avenues for their re-acquisition, the Asset-Based Approach is considered appropriate for adoption.

The Market Approach and the Asset-Based Approach consider the subject from different perspectives. The Asset-Based Approach considers the avenues for re-acquiring individual assets, reflecting the market value required to reconstruct the enterprise. In contrast, when applying the Market Approach, factors such as whether the assets are reasonably and fully utilized within the enterprise, and whether they collectively contribute as they should, are considered for their impact on the value of all shareholders' equity. The resulting value quantifies the earnings capacity of the enterprise's overall asset base. Compared to the information used in the Asset-Based Approach, the publicly available operational and financial information of comparable listed companies used in the Market Approach is relatively less sufficient and comprehensive. Furthermore, fluctuations in the share prices of listed companies may exert a certain influence on the calculation of value multiples.

Based on the foregoing analysis, only the valuation result derived from the Asset-Based Approach is adopted as the final conclusion for this valuation.

III. VALUATION ASSUMPTIONS

(I) Precondition Assumptions

1. Assumption of an Arm's Length Transaction

The Assumption of an Arm's Length Transaction presumes that the subject of the valuation is already in a transaction process. The valuer simulates the market to appraise it based on the transaction conditions and other relevant factors, adhering to the principle of fairness.

2. Assumption of an Open Market

The Assumption of an Open Market presumes that the subject of valuation is within a fully competitive and efficient market (whether regional, national, or international). In such a market, the parties contemplating a transaction are on equal footing, each possessing the capability, opportunity, and time to acquire sufficient market information. The transactional conduct of both parties is carried out voluntarily and rationally, free from coercion or undue constraints, enabling them to make reasoned judgments regarding the function, utility, and transaction price of the subject asset. Under conditions of full competition, the exchange value of the subject asset is constrained by market mechanisms and determined by prevailing market conditions, rather than by any individual transaction price.

3. Assumption of a Going Concern

The Assumption of a Going Concern presumes that the Target Company (the valuation subject and the assets it comprises) will continue to operate on an ongoing basis, maintaining its current mode, scale, frequency, and operating environment. This assumption not only defines the continued existence of the valuation subject but also establishes the market conditions or environment in which it operates.

(II) General Assumptions

1. It is assumed that there will be no material changes, as compared to the Valuation Date, in the relevant laws, regulations, industry policies, industrial policies, and macroeconomic environment currently in effect at the national and local levels (in the regions where the Target Company operates). It is also assumed that there will be no material changes in the political, economic, and social environments of the regions where the parties involved in this transaction are located.

2. It is assumed that there will be no material changes in the fiscal and monetary policies of the regions where the Target Company operates, nor in the applicable interest rates, exchange rates, tax bases and rates, and policy-related levies and fees.

3. It is assumed that no other force majeure events or unforeseeable factors will have a material adverse impact on the Target Company's ability to continue as a going concern.

(III) Specific Assumptions

1. It is assumed that, based on its existing management approach (model) and competency level, the Target Company's business scope (scope of operations) and mode of operation will remain substantially consistent with the current status. It is further assumed that the future development trend of its business will remain substantially consistent with the development trend of the industry in which it operates as of the Valuation Date.

2. It is assumed that the Target Company's management is responsible and competent to fulfill their appointed positions and duties.

3. It is assumed that all information (including fundamental, financial, operational data, etc.) provided by the Client and the Target Company is genuine, accurate, and complete, and that all material matters have been fully disclosed.

4. It is assumed that the Target Company's qualification certificates will be renewed on a timely basis upon their expiration.

(IV) Impact of the Above Valuation Assumptions on the Valuation Result

The above valuation assumptions establish the conditions of use, market conditions, and other parameters for the assets comprising the valuation subject, which have a significant influence on the valuation. In accordance with the requirements of valuation practice, the valuers confirm that these assumptions are established and reasonable as of the Valuation Date. Should the economic environment undergo material changes in the future, neither the asset valuer signing this valuation report nor the valuation firm to which they belong shall bear any responsibility for any different valuation results that may be derived due to alterations in the aforementioned assumptions.

IV. INPUT PARAMETERS AND CALCULATION PROCESS FOR THE ASSET-BASED APPROACH

Valuation Rationale:

The value of all shareholders' equity as of the Valuation Date is reasonably determined by separately appraising each individual asset and liability.

Calculation Formula:

Value of All Shareholders' Equity = Sum of the Appraised Values of All Individual Assets – Sum of the Appraised Values of All Liabilities

i) Current Assets

1. Cash and Cash Equivalents

The cash and cash equivalents consist solely of bank deposits, which are denominated in Renminbi. The carrying amount of bank deposits is RMB15,798,853.14. The valuation is determined to be RMB15,798,853.14 based on the verified carrying amount.

2. Trade Receivables

The book value of accounts receivable is RMB2,470,943.53, comprising: a gross book balance of RMB2,470,943.53 and a provision for bad debts of RMB0.00. The receivables are for electricity charges, all with an aging of less than one year. Upon verification, they are generally considered collectible, and no risk loss is recognized. For valuation purposes, the nature of the receivable business was analyzed. The valuation is based on the verified gross book balance, and the provision for bad debts raised by the enterprise is assigned a zero value. The valuation for accounts receivable is RMB2,470,943.53.

3. Prepaid Expenses

The book value of prepaid expenses is RMB2,831.14. Based on inventory verification, the valuer analyzed the timing and recoverability of the prepaid amounts. The prepaid expenses primarily consist of advance payments for fuel oil, arising from normal business transactions, all with an aging of less than one year. The valuer sampled original vouchers, contracts, agreements, and related documentation, verifying them against the financial accounting system without identifying any discrepancies. The prepaid amounts, upon verification, are expected to subsequently convert into corresponding assets or rights. The valuation is based on the verified book value. The valuation for prepaid expenses is RMB2,831.14.

4. Other Receivables

The book value of other receivables is RMB212,077.32, comprising: a gross book balance of RMB212,077.32 and a provision for bad debts of RMB0.00. Based on inventory verification, the valuer analyzed the cause, timing, and recoverability of the other receivables. They primarily consist of property insurance premiums, telephone fees, and internet service charges, all with an aging of less than one year. Upon verification, they are generally considered collectible, and no risk loss is recognized. For valuation purposes, the business nature of each receivable was analyzed account-by-account. The valuation is confirmed based on the verified gross book balance, and the provision for bad debts raised by the enterprise is assigned a zero value. The valuation for other receivables is RMB212,077.32.

5. Inventory

The inventory consists entirely of raw materials, with a book value of RMB1,768,067.17. The raw materials primarily include spare parts such as hydraulic servos, valves, and bearings, along with a small quantity of low-value consumables. The inventory is stored in the target company's warehouse and constant-temperature storage, all in good condition.

The valuer conducted a focused sample count of spare parts including hydraulic servos, valves, and bearings. The counting results showed no abnormalities in the quantities, and all items were stored in the warehouse and constant-temperature storage, regularly retrieved for maintenance, and in good condition. A sample check was performed on low-value consumables for office and maintenance use. The sample results indicated that such inventory items had a short purchase time, rapid turnover, no discrepancies between physical stock and book quantities, and were stored in a good environment. The low-value consumables are ready for immediate use with no quality defects.

Combined with the valuer's analysis and verification of the recorded costs, the cost measurement is deemed genuine and reasonable, and market prices are relatively stable. Therefore, for this valuation, the verified and error-free book value is used as the valuation for the spare parts. For the low-value consumables used for office and maintenance purposes, given their short purchase time, rapid turnover, and insignificant difference from market prices, the verified and error-free book value is used as their valuation for this exercise.

Based on the above analysis, the valuation for raw materials is RMB1,768,067.17.

ii) Buildings and Structures

The buildings and structures have an original book value of RMB33,347,705.08 and a net book value of RMB12,819,048.52. They are located at Wuliqiao Village, Taihu Street, Changxing County. Specifically, they comprise 10 buildings and 23 structures. The total building area is 7,212.14 square meters, including the main plant, office building, chemical water treatment workshop, circulating pump house, comprehensive pump house, water intake pump house, step-up substation, maintenance workshop, dormitory building, and canteen. The structures include the gas turbine island, boiler island, reservoir, neutralization tank, roads, perimeter walls, etc. The maintenance condition of the buildings is average, and as of the Valuation Date, all are in normal use. Details of the buildings are provided in the table below:

No.	Certificate Number	Building Name	Structure	Date of Completion	Floor Area (sq m)	Status
1	Zhe (2019) Changxing County Real Property Ownership Certificate No. 0018890	Main Plant	RCC	Nov. 2006	1,860.39	In Use
2		Circulating Pump House	RCC	Nov. 2006	215.66	In Use
3		Comprehensive Pump House	RCC	Nov. 2006	102.59	In Use
4		Water Intake Pump House	RCC	Nov. 2006	101.34	In Use
5		Chemical Water Treatment Station	RCC	Nov. 2006	848.54	In Use
6		Step-up Substation	RCC	Nov. 2006	966.96	In Use
7		Maintenance Workshop	RCC	Nov. 2006	223.98	In Use
8		Office Building	RCC	Nov. 2006	1,031.79	In Use
9		Apartment Building	RCC	Nov. 2006	1,589.36	In Use
10		Canteen	RCC	Nov. 2006	271.53	In Use
Total		–	–	–	**7,212.14**	–

The valuation experts conducted an on-site inspection and verification of the structures. They observed the structural characteristics and the condition of wear and damage in various parts on-site, making detailed records for each item. The valuers performed a thorough examination of the buildings subject to the valuation. In addition to verifying that the quantity and details of the buildings were consistent with the declaration, the inspection focused on the structures, finishes, facilities, and the condition of supporting utilities.

For buildings located on industrial land, there are very few comparable transaction cases in the local real estate market, and the buildings are not income-generating properties. Based on the valuation purpose and the actual use and condition of the buildings, the Cost Method is adopted for their valuation. The Cost Method formula applied in this valuation is as follows:

Appraised Net Value = Appraised Gross Value × Newness Rate

Appraised Gross Value = Construction and Installation Cost (excl. tax) + Preliminary and Other Costs (excl. tax) + Capitalized Interest

Based on the on-site inspection of the subject properties, combined with the construction project documentation provided by the Target Company and the Zhejiang Province Construction Project Cost Information, or based on the construction and installation unit price obtained through market investigation, the construction and installation cost is determined. For standard buildings, preliminary costs and other costs are determined according to industry standards and relevant local administrative and institutional fee regulations. Capitalized interest is determined based on the benchmark lending interest rate as of the Valuation Date and a reasonable construction period for the subject buildings.

By examining the actual effective service life and the years already in use of the buildings, and through on-site inspection of their construction quality, the condition of the main structure, finishes, facilities, and equipment maintenance, the various forms of depreciation are estimated. Considering also their current use and the difference between the building's service life and its economic durable life, this valuation uses both the Age-Life Method and the Observed Condition Method to estimate the Newness Rate of the buildings separately. The estimation formulas are as follows:

Age-Life Method Newness Rate = Remaining Useful Life/(Remaining Useful Life + Years Already in Use) × 100%

Observed Condition Method Newness Rate is determined by on-site observation of the condition of the subject property's main structure, finishes, and equipment & facilities, with the valuer using professional experience to infer the Newness Rate.

Observed Condition Method Newness Rate = (Structural Component Score × G) + (Finishes Component Score × S) + (Equipment Component Score × B)

Where:

G = Weighting/Adjustment coefficient for the structural component;

S = Weighting/Adjustment coefficient for the finishes component;

B = Weighting/Adjustment coefficient for the equipment component.

To reduce calculation error, this valuation employs a combined method integrating the Age-Life Method and the Observed Condition Method. A comprehensive Newness Rate is determined through weighted calculation.

Formula: Comprehensive Newness Rate = (Age-Life Method Newness Rate × 40% Weight) + (Observed Condition Method Newness Rate × 60% Weight)

Upon completion of the aforementioned asset valuation procedures and methods, the valuation results for the building assets within the valuation scope as of the Valuation Date are reflected as follows:

Monetary Unit: RMB Ten Thousand Yuan

Description	Carrying Amount		Appraised Value		Appreciation Rate%	
	Gross	Net	Gross	Net	Gross	Net
Total – Buildings and Structures	3,334.77	1,281.90	4,069.08	2,251.73	22.02	75.66
FA – Buildings	1,720.68	707.03	2,383.19	1,698.32	38.50	140.21
FA – Structures	1,614.09	574.88	1,685.89	553.41	4.45	–3.73

Primary reasons for the appreciation in the gross and net values of the building and structure assets: The buildings and structures were purchased/constructed relatively early. Due to increases in the prices of labor, materials, machinery, etc., an appraisal increase resulted.

iii) Fixed Assets – Machinery and Equipment

The equipment fixed assets category includes machinery & equipment and electronic equipment, with an original book value of RMB275,185,354.30 and a net book value of RMB109,267,279.39. The total number of items is 1,370 (comprising 1,157 items of machinery & equipment and 213 items of electronic equipment).

For electronic equipment and furniture purchased before 2020, as they have been in service for a long period and were still in use beyond their typical service life during the inventory count, with no new products available on the market, but with numerous comparable transaction instances in the second-hand market, their valuation was based on second-hand market prices. For all other equipment, the replacement cost method was employed for valuation.

The estimation formula for the Depreciated Replacement Cost Method is as follows:

Appraised Net Value = Appraised Gross Value × Newness Rate

(1) Estimation of Appraised Gross Value

A. Estimation of Appraised Gross Value for Machinery & Equipment

Appraised Gross Value = Equipment Purchase Price + Transportation & Miscellaneous Fees + Equipment Foundation Cost + Installation & Commissioning Fees + Preliminary & Other Costs + Capitalized Interest – Deductible Value-Added Tax Input Credit

B. Estimation of Appraised Gross Value for Electronic Equipment

For electronic equipment purchased after 2020, such as modern office equipment including computers and printers, which have a simple structure, are easy to install, and operate in a highly competitive market where dealers provide services like door-to-door delivery and free installation and commissioning, the current market price excluding tax is taken as the replacement gross value

(2) Estimation of Newness Rate

A. For Machinery & Equipment

When estimating the Newness Rate for machinery and equipment, the remaining useful life is estimated by comprehensively considering the economic life and technical life of the equipment, based on the characteristics and usage conditions of each type of asset.

A comprehensive analysis method is used to estimate the Newness Rate:

Comprehensive Newness Rate = Age-Life Newness Rate × Observed Condition Adjustment Coefficient.

B. For Lower-Value Office Equipment

For lower-value office equipment such as computers, printers, and office desks/chairs, the Newness Rate is primarily estimated using the Age-Life Method, taking into account the equipment's usage, maintenance, and current physical appearance. The estimation formula is as follows:

Newness Rate = (Economic Useful Life – Years Already in Use) ÷ Economic Useful Life × 100%

Upon completion of the aforementioned asset valuation procedures and methods, the valuation results for the equipment assets within the valuation scope as of the Valuation Date are reflected as follows:

Monetary Unit: RMB Ten Thousand Yuan

Description	Carrying Amount		Appraised Value		Appreciation Rate%	
	Gross	Net	Gross	Net	Gross	Net
Total – Equipment	27,518.54	10,925.45	26,350.28	9,956.58	–4.25	–8.87
FA – Machinery & Equipment	27,428.61	10,913.04	26,332.19	9,944.13	–4.00	–8.88
FA – Electronic Devices	89.92	12.41	18.09	12.45	–79.89	0.31

Note: The primary reason for the impairment of equipment fixed assets is that the original book value recorded for the equipment contained a significant amount of deferred expenses, within which financial interest constituted a major portion. However, at the time of valuation, lending interest rates had declined substantially.

iv) Disposal of Fixed Assets

Disposal of fixed assets refer to pipelines and fire hydrant cabinets awaiting scrapping, with a book value of RMB18,289.72. The assets pending scrapping are those for which scrapping applications were submitted to the parent group during 2024-2025 but were not approved. The aforementioned assets pending scrapping are all stored in the plant's warehouse. Based on inventory verification, they are indeed no longer usable. For equipment already in a status pending scrapping, the valuation is based on the recoverable value. Therefore, the valuation for the disposal of fixed assets account is RMB5,600.00.

v) Intangible Assets – Land Use Rights

The land use rights pertain to a single parcel of industrial land located in Wuliqiao Village, Taihu Street, Changxing County. The original recorded value is RMB41,057,097.12, and the book value is RMB25,833,469.19. The property ownership certificate number is Zhe (2019) Changxing County Real Property Ownership Certificate No. 0018890, with the recorded right holder being Zhejiang Puxing Jingxing Natural Gas Power Generation Co., Ltd. It is a granted industrial land use right, with a site area of 54,162.47 square meters and a use term of 50 years, expiring on July 7, 2055. The current site condition is "five connections and one leveling" (i.e., connected to roads, water supply, drainage, electricity, and telecommunications, with site leveling). All the aforementioned assets are owned by the target company, and there are no encumbrances such as mortgages, pledges, or other property rights attached.

As comparable land transaction cases in the area where the land use right is located are relatively easy to obtain, the Market Approach is deemed suitable for its valuation.

The fundamental premise of the Market Approach is that, when determining the price of a parcel of land to be valued, based on the principle of substitution, the subject land parcel is compared and contrasted with similar land parcels for which transaction instances have occurred in the recent period. Using the known prices of the latter as a reference, adjustments are made for differences in transaction conditions, date, regional characteristics, individual attributes, remaining use term, plot ratio, etc., to derive the land price for the subject parcel as of the Valuation Date.

Basic formula for Market Approach valuation: $V = VB \times A \times B \times C \times D \times E$

Where:

V: Value of the subject land parcel's use right;

VB: Comparable case price;

A: Subject land parcel transaction conditions index/Comparable case transaction conditions index;

B: Subject land parcel transaction date land price index/Comparable case transaction date land price index;

C: Subject land parcel remaining use term index/Comparable case remaining use term index;

D: Subject land parcel regional factors condition index/Comparable case regional factors condition index;

E: Subject land parcel individual attributes condition index/Comparable case individual attributes condition index.

(1) Transaction Conditions Adjustment: By analyzing the transaction conditions of comparable cases, non-standard transaction cases are excluded. The degree of influence of various special factors on the normal land price is measured, thereby eliminating price deviations in the transaction price caused by special factors in the transaction behavior.

(2) Transaction Date Adjustment: The change rate of a land price index or a property price index is used to analyze and calculate the impact of the transaction date on the land price, thereby revising the transaction price to the price as of the Valuation Date.

(3) Land Use Term Adjustment: Land use term refers to the land use period stipulated in the contract for a land transaction. The length of the land use right term directly affects the number of years the land can be utilized to generate corresponding land benefits, thereby influencing the price of the land use right. Through land use term adjustment, the land use term in the comparable transaction case is adjusted to that of the subject land, eliminating price differences caused by variations in the duration of the use right.

(4) Regional Factors Adjustment: Regional factors primarily include the degree of industrial agglomeration in the area, transportation conditions, infrastructure level, regional environmental conditions, and regional planning conditions. As the regional factors affecting price differ for land with different intended uses, the specific content for regional factors adjustment is determined separately based on the intended use of the subject property.

(5) Individual Attributes Adjustment: Individual attributes refer to the unique characteristics (parcel conditions) of a specific land parcel that influence its price. The main aspects compared for individual attributes include the parcel's location, area, shape, development level, geology, and planning restrictions. Adjustments are made based on the differences in individual attributes between the comparable transaction case and the subject property.

Upon completion of the aforementioned asset valuation procedures and methods, the appraised value for the intangible asset – land use right within the valuation scope is RMB27,569,000.00. Compared to its carrying value of RMB25,833,469.19, this represents an appraisal increase of RMB1,735,530.81, an appreciation rate of 6.72%.

vi) Current Liabilities

1. Accounts Payable

The book value of accounts payable is RMB195,087.01, representing items such as payable warranty deposits. The valuer reviewed the relevant documentation for the liabilities through alternative procedures, including examining account books and original vouchers, to verify the authenticity of the transactions. Verification according to the financial accounting system revealed no discrepancies. Upon confirmation, all amounts are required to be paid after the period, and thus the verified book value is taken as the valuation. The valuation for accounts payable is RMB195,087.01.

2. Employee Compensation Payable

The book value of employee compensation payable is RMB824,714.59, including payable salaries, bonuses, etc. The valuer examined the company's labor compensation and incentive policies, reviewed relevant documents such as the articles of association, verified the basis for the target company's accruals, and checked the payment status. Verification according to the financial accounting system revealed no discrepancies. Upon confirmation, all amounts are required to be paid after the period, and thus the verified book value is taken as the valuation. The valuation for employee compensation payable is RMB824,714.59.

3. Taxes Payable

The book value of taxes payable is RMB1,297,053.25, comprising payable Value-Added Tax, Corporate Income Tax, Urban Maintenance and Construction Tax, Property Tax, Land Use Tax, Education Surcharge, Local Education Surcharge, and Stamp Duty.

The valuer obtained the corresponding declaration materials and other supporting documents, verified the calculation and payment status of these taxes and surcharges, and reviewed the post-period tax inspection and tax payment situation. Verification according to the financial accounting system revealed no discrepancies. The verified book value is taken as the valuation. The valuation for taxes payable is RMB1,297,053.25.

4. Other Payables

(1) Dividends Payable

The book value of dividends payable is RMB17,700,000.00, representing dividends payable to Puxingxing (Hong Kong) Co., Ltd. According to the shareholder resolution, the company should distribute dividends from its distributable profits. The valuer reviewed the articles of association, shareholder meeting resolutions, and other relevant dividend distribution documents, and verified the related accounting treatments. Verification according to the financial accounting system revealed no discrepancies. Upon confirmation, the dividend amounts are required to be paid, and thus the verified book value is taken as the valuation. The valuation for dividends payable is RMB17,700,000.00.

(2) Other Payables – Other

The book value of other payables is RMB298,083.10, comprising items such as security deposits, custodial fees, and maintenance fees. By examining account books and original vouchers to understand the timing, cause, and post-period payment status of the amounts, the valuer employed alternative procedures to review the relevant documentation for the liabilities and verify the authenticity of the transactions. Verification according to the financial accounting system revealed no discrepancies. Upon confirmation, all amounts are required to be paid after the period, and thus the verified book value is taken as the valuation. The valuation for other payables is RMB298,083.10.

vii) Non-Current Liabilities

1. Deferred Tax Liability

The book value of the deferred tax liability is RMB1,005,751.66. This liability arises from accelerated depreciation on fixed assets, and the deferred tax asset generated from deductible temporary differences related to the provision for bad debts is negative.

Based on the inventory verification of the book records for the deferred tax liability from accelerated depreciation on fixed assets, the valuation is estimated using the verified and error-free book value. Verification according to the financial accounting system confirms that the deferred tax liability amount, formed from the taxable temporary difference amount, is RMB1,005,751.66, with no discrepancies found.

In summary, the valuation for the deferred tax liability is RMB1,005,751.66.

viii) Valuation Results of Asset-Based Approach

Adopting the Asset-Based Approach, the appraised value of the total assets of Zhejiang Puxing Jingxing Natural Gas Power Generation Co., Ltd as of the Valuation Date is RMB169,910,500, representing an appraisal increase of RMB 1,732,400, an appreciation rate of 1.03%. The appraised value of the total liabilities is RMB21.320,700, with no valuation increase or decrease. The appraised value of all shareholders' equity is RMB148,589,800, representing an appraisal increase of RMB1,732,400, an appreciation rate of 1.18%. The details are presented in the summary table of valuation results below:

Summary Table

Monetary Unit: RMB Ten Thousand Yuan

Description	Carrying Amount A	Appraised Value B	Increase/ Decrease in Value C=A-B	Appreciation Rate% D=C/A×100%
Current Assets	2,025.28	2,025.28	–	–
Non-Current Assets	14,792.53	14,965.77	173.24	1.17
Of Which: Fixed Assets	12,209.18	12,208.87	–0.31	–0.00
Intangible Assets	2,583.35	2,756.90	173.55	6.72
Total Assets	**16,817.81**	**16,991.05**	**173.24**	**1.03**
Current Liabilities	2,031.49	2,031.49	–	–
Non-Current Liabilities	100.58	100.58	–	–
Total Liabilities	**2,132.07**	**2,132.07**	**–**	**–**
All Shareholders' Equity	**14,685.74**	**14,858.98**	**173.24**	**1.18**

(1) Reason for the Impairment of Fixed Assets Valuation: The original book value recorded for the equipment contained a significant amount of deferred expenses, within which financial interest constituted a major portion. However, at the time of valuation, lending interest rates had declined substantially.

(2) Reason for the Appreciation of Land Use Rights Valuation: The land use rights were acquired at a relatively early time. Subsequently, the land market became active, and prices rose, leading to the valuation appreciation.

V. INPUT PARAMETERS AND CALCULATION PROCESS FOR THE MARKET APPROACH

1. Valuation Rationale

Two commonly used methods within the Market Approach are the Comparable Companies Method and the Comparable Transactions Method.

The Comparable Transactions Method involves obtaining and analyzing data on the purchase, sale, acquisition, or merger of comparable companies, calculating appropriate valuation multiples, and, based on comparative analysis with the target company, determining the value of the subject. This valuation is not suitable for the Comparable Transactions Method because sufficient comparable transaction cases with detailed information and transaction dates reasonably close to the Target Company's cannot be gathered. Furthermore, the rapid and dynamic development of the thermal power industry makes it difficult for historical transaction prices to accurately reflect market value as of the Valuation Date.

The Comparable Companies Method (or Guideline Public Company Method) involves obtaining and analyzing the operating and financial data of comparable listed companies, calculating appropriate valuation multiples, and, based on comparative analysis with the target company, determining the value of the subject. Currently, there is a sufficient number of comparable listed thermal power companies, from which operating and financial data can be obtained fully and reliably. Based on the above analysis, we have selected only the Comparable Companies Method to analyze the equity value of the Target Company.

The Comparable Companies Method typically involves, according to the market conditions of the subject, selecting certain metrics such as Price-to-Sales (P/S), Price-to-Book (P/B), and Price-to-Earnings (P/E) ratios for comparison with comparable listed companies. By comparing the factors related to these metrics between the subject and the comparable companies, and adjusting for differences in the influencing factors, the subject's P/S, P/B, and P/E ratios are derived. Based on these, the equity value of the Target Company is calculated.

2. Selection of Comparable Companies

The selection of comparable companies in this valuation primarily adheres to the following principles:

(1) Listed companies for which thermal power generation constitutes a significant portion of their business are selected as comparable listed companies;

(2) Companies that are significantly influenced by factors of China's market economy;

(3) Companies whose risk profile shows minimal deviation from the industry average.

Initially, according to the CITIC industry classification and based on the Target Company's broader industry sector, the CS Thermal Power sub-sector was screened, yielding a preliminary list of 37 comparable companies. Subsequently, to exclude short-term volatility factors associated with new listings, comparable companies listed for less than three years were removed. Then, based on the Target Company's business type, comparable companies whose primary product type is electricity were selected. Finally, comparable companies whose core business is related to natural gas power generation were identified, resulting in a final list of 8 comparable companies. The details are as follows:

Stock Code	Stock Abbreviation	Date of Establishment	Date of Listing
601991.SH	Datang Power Generation	13/12/1994	20/12/2006
600642.SH	Shenergy	22/2/1993	16/4/1993
000027.SZ	Shenzhen Energy Group	21/8/1993	3/9/1993
600021.SH	Shanghai Electric Power	4/6/1998	29/10/2003
000539.SZ	Guangdong Electric Power Development	5/2/1996	26/11/1993
600023.SH	Zhejiang Zheneng Electric Power	14/3/1992	19/12/2013
002608.SZ	Jiangsu Guoxin	16/6/2003	10/8/2011
000543.SZ	Waneng Electric Power	13/12/1993	20/12/1993

Screening was conducted based on asset quality conditions to select comparable companies that are closer to the circumstances of the subject being valued. To enhance the stability and credibility of the financial data, the screening did not use financial data as of the Valuation Date or quarterly data, avoiding volatility or distortion from data covering less than a full year. Therefore, the full-year 2024 financial data was used to calculate the asset-liability ratio. The comparison of the asset-liability ratio between the Target Company and the comparable companies is as follows:

Stock Code	Stock Abbreviation	Asset-Liability Ratio (%)	Screening Criteria (%)	Meets Criteria or Not
601991.SH	Datang Power Generation	71.02	<70	N
600642.SH	Shenergy	54.83	<70	Y
000027.SZ	Shenzhen Energy Group	63.93	<70	Y
600021.SH	Shanghai Electric Power	71.90	<70	N
000539.SZ	Guangdong Electric Power Development	79.47	<70	N
600023.SH	Zhejiang Zheneng Electric Power	43.65	<70	Y
002608.SZ	Jiangsu Guoxin	53.32	<70	Y
000543.SZ	Waneng Electric Power	65.01	<70	Y
	Target Company	**9.00**	**–**	**–**

Note: The screening criteria are estimated based on the proximity of the target entity's asset-liability ratio to that of comparable companies, excluding comparable companies with excessively high asset-liability ratios.

Following the asset quality screening, screening is conducted based on profitability conditions to select comparable companies that are closer to the circumstances of the Target Company. To enhance the stability and credibility of the financial data, the screening did not use financial data as of the Valuation Date or quarterly data, avoiding volatility or distortion from data covering less than a full year. Therefore, the full-year 2024 financial data was used to calculate the Return on Total Assets (ROTA) and Operating Profit Margin. The comparison between the Target Company and the comparable companies is as follows:

Stock Code	Stock Abbreviation	ROA (%)	Screening Criteria (%)	Operating Profit Margin	Screening Criteria (%)	Meets Criteria or Not
600642.SH	Shenergy	6.59	<7	18.71	10-20	Y
000027.SZ	Shenzhen Energy Group	3.71	<7	9.17	10-20	N
600023.SH	Zhejiang Zheneng Electric Power	7.20	<7	11.55	10-20	N
002608.SZ	Jiangsu Guoxin	6.17	<7	13.38	10-20	Y
000543.SZ	Waneng Electric Power	6.43	<7	11.69	10-20	Y
	Target Company	3.03	–	15.38	–	–

There are 3 comparables that meet the criteria. The detailed profiles of each comparable are as follows:

Comparable-1

Code	600642.SH
Name	Shenergy
Industry	Thermal Power
Introduction	The company was established through the restructuring of the former Shenergy Power Development Company and listed on the Shanghai Stock Exchange in April 1993, becoming the first listed company in China's electric power and energy industry. It is primarily engaged in the development, investment, construction, and operation of electric power and petroleum & natural gas, serving as a comprehensive energy supplier.
Product Type	Semiconductor solar photovoltaic, wind power, coal products, oil pipeline transportation, waste heat power generation

Business Segments 2025	Coal and electricity business: 43.09%; Gas and electricity business: 18.92%; Oil and gas pipeline transportation business: 13.34%; Coal sales: 8.06%; Wind power business: 11.88%; Photovoltaic power generation business: 4.54%; Other businesses: 0.17%
Comparable-2	
Code	002608.SZ
Name	Jiangsu Guoxin
Industry	Thermal Power
Introduction	The company is a state-controlled enterprise listed on the Shenzhen Stock Exchange. It serves as the listed platform under Jiangsu Guoxin Group Co., Ltd., focusing on energy and finance as its core businesses.
Product Type	Thermal power, waste heat power generation, and fund trust
Business Segments 2025	Electricity: 82.23%; Coal: 8.66%; Heat: 4.64%; Finance: 2.72%; Other businesses: 1.75%
Comparable-3	
Code	000543.SZ
Name	Waneng Electric Power
Industry	Thermal Power
Introduction	The company was among the first batch of standard-restructured listed companies in Anhui Province, listed on the Shenzhen Stock Exchange in December 1993. It operates as the integrated platform for the core power generation assets of the Waneng Group.
Product Type	Thermal Power
Business Segments 2025	Electricity: 79.28%; Coal: 17.97%; Transportation: 1.52%; Garbage disposal: 1.09%; Other: 0.14%

The main financial data of each comparable are shown in the following table:

In RMB0'000 Yuan

	Comparable-1	**Comparable-2**	**Comparable-3**
	Shenergy	**Jiangsu Guoxin**	**Waneng Electric Power**
Total Operating Revenue	2,817,878.12	3,509,653.62	2,932,601.03
EBITDA	886,810.64	591,162.62	590,173.32
EBIT	509,307.10	337,071.68	382,027.08
Net Profit Attributable to Owners of the Parent Company	181,831.42	131,125.04	112,538.30
Latest Reporting Period Stock Price *(in RMB yuan per share)*	8.7461	7.7293	8.347
Total Share Capital *(in 0'000)*	489,407.94	377,807.97	226,686.33
Total Market Cap	3,940,223.31	2,920,191.15	1,892,150.82

Note: The data above is sourced from *Wind*, all prepared on a consolidated financial statement basis, with the data cut-off date as September 30, 2025. This valuation is based on the Q3 2025 report data and, in combination with the seasonal characteristics of the industry, reasonably adjusts revenue and profit figures to full-year equivalents, thereby forming annual data on a comparable basis.

3. Selection of Value Multiples

A value multiple refers to a "ratio multiple" between the business value and an indicator of its earnings capacity, business value, or other specific non-financial metrics. Commonly used value multiples fall into the following two main categories:

Value Multiple	Equity Value (P) Multiple	Enterprise Value (EV) Multiple
Revenue (S)	P/S	EV/S
EBITDA	–	EV/EBITDA
EBIT	–	EV/EBIT
Net Income (E)	P/E	–
Book Value (B)	P/B	–
R&D Expense (RR)	P/RR	–

The company is a stable-phase power generation enterprise with substantial assets and sound profitability. However, as a peaking/power-balancing plant, it typically operates at full capacity only during the winter and summer seasons when the State Grid struggles to meet total electricity demand, making its profits susceptible to significant fluctuations. Therefore, revenue-based and earnings-based multiples are not considered suitable for this valuation.

As the accounting for research and development expenses is relatively complex, and significant variations exist even among listed companies with fairly accurate and standardized accounting (primarily due to differences in the recognition of R&D expense categories), this metric generally lacks practicality. Consequently, the R&D expense multiple is not adopted for this valuation.

The Target Company is a thermal power company with natural gas power generation at its core, possessing substantial assets and positive net assets. Therefore, asset-based multiples are deemed appropriate.

In summary, the Price-to-Book (P/B) ratio is selected for the Market Approach valuation.

4. Calculation and Adjustment of Value Multiples

Referring to the commonly used core competitiveness evaluation index system for technical industries, the adjustment factors for financial indicators in this valuation are analyzed from four aspects: profitability, asset quality, debt risk, and operational growth. The calculation formulas for each indicator are as follows:

(1) Profitability

Return on Equity (ROE) = Net Income/Average Equity

Return on Total Assets (ROA) = (Total Profit + Interest Expense)/Average Total Assets

Operating Profit Margin = Operating Profit/Operating Revenue

Cash Flow to Earnings Ratio = Net Cash Flow from Operating Activities/Net Income

Return on Capital = Net Income/Paid-in Capital

(2) Asset Quality

Total Asset Turnover (times) = Sales Revenue/Average Total Assets

Accounts Receivable Turnover (times) = Operating Revenue/Average Accounts Receivable Balance

Current Asset Turnover (times) = Revenue from Principal Operations/Average Current Assets

(3) Debt Risk

Asset-Liability Ratio = Total Liabilities/Total Assets

Interest Coverage Ratio = (Net Income + Interest Expense + Income Tax Expense)/Interest Expense

Quick Ratio = Quick Assets/Current Liabilities

Interest-Bearing Debt Ratio = Total Interest-Bearing Debt/Total Liabilities

(4) Operational Growth

Sales (Operating) Growth Rate = Current Year Total Operating Revenue/Previous Year Total Operating Revenue

Capital Maintenance and Appreciation Rate = (Beginning Equity + Current Year Net Income)/Beginning Equity

Operating Profit Growth Rate = (Current Year Operating Profit/Previous Year Operating Profit) – 1

Total Asset Growth Rate = (Current Year Total Assets/Previous Year Total Assets) – 1

Technology Investment Ratio = R&D Expense/Operating Revenue

For financial factors, this analysis compares the Target Company with three comparables across four dimensions: profitability, asset quality, debt risk, and operational growth. Based on the financial data of the Target Company and the comparables, the calculated values for each indicator are as follows:

Description		Jingxing	Comparable-1 Shenergy	Comparable-2 Jiangsu Guoxin	Comparable-3 Waneng Electric Power
Profitability	ROE(%)	2.48%	10.42%	10.37%	177.72%
	ROA(%)	2.95%	6.59%	6.58%	6.19%
	Operating Profit Margin (%)	13.93%	22.93%	19.43%	15.29%
	Cash Flow to Earnings Ratio	1.32	1.77	1.10	2.23
	Return on Capital (%)	2.86%	102.09%	128.49%	158.86%
Asset Quality	Total Asset Turnover (times)	0.21	0.27	0.36	0.44
	Accounts Receivable Turnover (times)	14.66	2.90	9.25	7.33
	Current Asset Turnover (times)	2.39	1.00	1.26	3.10
Debt Risk	Asset-Liability Ratio (%)	13.00%	54.00%	51.00%	63.00%
	Interest Coverage Ratio	(465.79)	7.29	8.98	6.39
	Quick Ratio (%)	90.99%	121.73%	91.57%	57.23%
	Interest-Bearing Debt Ratio (%)	0.00%	51.16%	73.17%	56.42%
Growth	Sales (Operating) Growth Rate (%)	–3.91%	–4.86%	–4.97%	–2.55%
	Equity Appreciation Rate (%)	102.43%	110.88%	110.84%	115.45%
	Operating Profit Growth Rate (%)	1.00%	5.00%	17.00%	20.00%
	Total Asset Growth Rate (%)	0.51%	7.38%	4.56%	2.40%
	Technology Investment Ratio (%)	0.00%	0.05%	0.01%	1.33%

Based on the fundamental conditions and industry average levels of the industry in which the subject company operates, and with reference to the financial indicator factor system such as the standard values for various indicators of the thermal power generation industry published in the Enterprise Performance Evaluation Benchmark Values, the valuers quantified the fundamental conditions, financial indicators, and non-financial factor indicators of the subject company and each comparable company. Scores were assigned in tiers, categorized as excellent, good, average, below average, and poor, with corresponding tier coefficients of 100, 90, 80, 70, and 60, respectively.

The adjustment coefficient for each indicator of a comparable company is derived from the subject company's score divided by the comparable company's score for that indicator. This yields adjustment coefficients for each factor category. Finally, the overall adjustment coefficient for a company (i.e., the correction factor for its P/B ratio) is calculated as the subject company's total score divided by the comparable company's total score. The detailed calculation process for the adjustment coefficients of each influencing factor indicator is presented in the table below:

Description		Target Company	Comparable-1 Shenergy	Comparable-2 Jiangsu Guoxin	Comparable-3 Waneng Electric Power
Fundamental Conditions	Business Type	100.00	100.00	100.00	100.00
	Net Asset Scale	100.00	105.00	105.00	105.00
	Subtotal – Fundamental Conditions	**100.00**	**102.50**	**102.50**	**102.50**
	Adjustment Coefficient	**1.0000**	**0.9756**	**0.9756**	**0.9756**
Non-Financial Factors	Enterprise Growth Stage	100.00	100.00	100.00	100.00
	Score	**100.00**	**100.00**	**100.00**	**100.00**
	Adjustment Coefficient	**1.0000**	**1.0000**	**1.0000**	**1.0000**
Financial Factors	ROE(%)	70	90	90	100
	ROA(%)	80	90	90	90
	Operating Profit Margin (%)	100	100	100	100
	Cash Flow to Earnings Ratio	70	70	70	80
	Return on Capital (%)	70	100	100	100
	Total Asset Turnover (times)	60	60	70	80
	Accounts Receivable Turnover (times)	100	60	80	70
	Current Asset Turnover (times)	80	60	70	90
	Asset-Liability Ratio (%)	100	100	100	90
	Interest Coverage Ratio	60	100	100	100
	Quick Ratio (%)	100	100	100	80
	Interest-Bearing Debt Ratio (%)	100	90	70	80
	Sales (Operating) Growth Rate (%)	60	60	60	60
	Equity Appreciation Rate (%)	70	100	100	100
	Operating Profit Growth Rate (%)	60	80	100	100
	Total Asset Growth Rate (%)	80	100	90	80
	Technology Investment Ratio (%)	60	60	60	90
	Average Score	78	84	85	88
	Adjustment Coefficient	1.0000	0.9286	0.9176	0.8864
Overall Adjustment Coefficient			0.9059	0.8952	0.8648

Based on the Q3 2025 announcement data of comparable listed companies obtained from the Wind Info platform, and after making appropriate adjustments to align the financial data of the operating businesses, the valuers derived the corresponding 2025 value multiples. These multiples were then adjusted using the aforementioned adjustment coefficients. The adjusted value multiples were arranged, and the average was calculated to determine the Target Company's P/B ratio. The calculation results for the value multiple adjustments are presented in the table below:

Description	Comparable-1 Shenergy	Comparable-2 Jiangsu Guoxin	Comparable-3 Waneng Electric Power	Average /
Value Multiple – P/B Raw	0.93	2.33	1.43	/
Adjustment Coefficient	**0.9059**	**0.8952**	**0.8648**	**/**
Value Multiple – P/B Adjusted	0.84	2.09	1.24	1.39

5. Discount for Lack of Marketability (DLOM)

The comparable companies selected are all listed companies whose shares possess high liquidity, whereas the Target Company is unlisted. Therefore, a discount for lack of marketability must be considered. This valuation determines the DLOM percentage based on the difference between the average P/E ratio for unlisted company mergers and acquisitions and the average P/E ratio for listed companies in 2025. The Target Company belongs to the "Production and Supply of Electric Power, Heat, Gas, and Water" industry, for which the average industry DLOM rate is 20.9%.

6. Non-Operating Assets and Liabilities

Non-operating assets refer to assets that are not directly related to the earnings generated from the core business operations of an enterprise. Such assets do not generate profits, can increase the asset scale, and may lower the enterprise's profit margin. They typically include receivables unrelated to the main business, idle assets, etc. Upon analysis, the target company's non-operating assets as of the Valuation Date are as follows: non-operating funds, including surplus monetary funds of RMB15,798,853.14; and fixed assets, including equipment pending disposal of RMB18,289.72. The total book value of non-operating assets is RMB15,817,142.86, and the total valuation of non-operating assets is RMB15,804,453.14.

The target company's non-operating liabilities as of the Valuation Date are as follows: other payables, including historical year dividends of RMB17,700,000.00; and deferred tax liabilities of RMB1,005,751.66. The total book value of non-operating liabilities is RMB18,705,751.66, and the total valuation of non-operating liabilities is RMB18,705,751.66.

The target company has no interest-bearing liabilities.

The adjusted net asset book value of the target entity, after eliminating non-operating assets and liabilities, as of the Valuation Date is RMB149,746,000.

7. Market Comparison Approach Valuation Results

Based on the aforementioned data, the calculation process and conclusion for the value of all shareholders' equity of the Target Company as of the Valuation Date, derived using the Market Comparison Approach, are presented in the table below:

Monetary Unit: Ten Thousand Yuan

Value Multiple	Multiple for Target Co. ①		Corresponding Parameter for Target Co. ②	Equity Value ③=①*②	Net Non-Operating Assets ④	DLOM ⑤	Adjusted Equity Value ⑥=③*(1-⑤)+④	Result ⑧
P/B	1.39	B	14,974.60	20,814.69	–290.13	20.90%	16,174.00	16,200.00

VI. FINAL VALUATION CONCLUSION

The valuation results from the two methods differ by RMB13,410,200, representing a variance rate of 9.02%. The primary reason for the discrepancy between the two methods is that they consider the subject from different perspectives. The Asset-Based Approach considers the avenues for re-acquiring individual assets, reflecting the market value required to reconstruct the enterprise. The Market Approach, during valuation, considers factors such as whether the assets are reasonably and fully utilized within the enterprise and whether they collectively contribute as they should, and their impact on the value of all shareholders' equity. The resulting value quantifies the earnings capacity of the enterprise's overall asset base. Compared to the information used in the Asset-Based Approach, the publicly available operational and financial information of comparable listed companies employed in the Market Approach is relatively less sufficient and comprehensive. Furthermore, fluctuations in the share prices of listed companies may exert a certain influence on the calculation of value multiples. In light of the above reasons, the valuation result derived from the Asset-Based Approach is selected as the final conclusion for this valuation.

Therefore, the market value conclusion for all shareholders' equity of Zhejiang Puxing Jingxing Natural Gas Power Generation Co., Ltd. as of the Valuation Date is RMB148,589,800 (or RMB148.5898 million).

VII. VALUATION VALIDITY PERIOD

The validity period for the use of the valuation conclusion in this report is one year. This validity period is calculated from the Valuation Date.

VIII. VALUATION INSTITUTION

The valuation report is issued by **United Assets & Real Estate Appraisal Co., Ltd.**, a qualified valuation firm. United Assets & Real Estate Appraisal Co., Ltd is an independent third party to the Company and holds no equity interest in any member of the Group, nor does it have any rights (whether legally enforceable or not) to subscribe for, or nominate others to subscribe for, securities of any member of our Group. The signing valuation expert is Dr. Li Xiang, a Member of the Royal Institution of Chartered Surveyors (RICS) and an RICS Registered Valuer.

IX. SPECIAL NOTES

1. This valuation does not consider any potential tax implications associated with the appreciation in the enterprise's value. Users of this report are advised to take note of this.

2. In this valuation, the valuers did not conduct technical inspections on the technical parameters and performance of the various equipment as of the Valuation Date. During the valuation process, the valuers primarily relied on visual observation, recent inspection data provided by the subject entity, and inquiries made to relevant operating personnel to assess the condition of the equipment.

3. In this valuation, the valuers did not conduct technical inspections on the concealed works or internal structures (parts not visible to the naked eye) of the various buildings and structures. The valuers' assessment was made based on a site inspection without the aid of any detection instruments, under the assumption that the relevant engineering documentation provided by the subject entity is authentic and valid

Respectfully submitted,
For and on Behalf of
United Assets & Real Estate Appraisal Co., Ltd.,
Dr. Li Xiang,
DBA MRICS AAIA HKICPA
RICS Registered Valuer
Managing Partner

Note: Dr. Xiang Li is a member of the RICS and a Registered Valuer of the RICS. He is suitably qualified to carry out the valuation and has over 20 years' experience in valuation of properties and intangible assets of this magnitude and nature in the PRC.

1 RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the 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.

2 DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors or the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept 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 Listed Issuers (the **"Model Code**").

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had, or were deemed or taken to have 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 pursuant to Section 336 of the SFO:

Name of Shareholder	**Capacity/Nature of interests**	**Number of Shares/ underlying Shares held** *(note 1)*	**Percentage of issued share capital** *(note 5)*
Puxing International	Beneficial interest	300,000,000 (L)	65.42%
Anergy International *(note 2)*	Interests in a controlled corporation	300,000,000 (L)	65.42%
Wanxiang Group *(note 2)*	Interests in a controlled corporation	300,000,000 (L)	65.42%
Mr. Lu *(note 2)*	Interests in a controlled corporation	300,000,000 (L)	65.42%
Ms. Li Li *(note 2)*	Interest of spouse	300,000,000 (L)	65.42%
BC Global Opportunities XIII LP	Beneficial interest	35,122,000 (L)	7.66%
Mr. Tan Kuangming *(note 4)*	Interests in a controlled corporation	35,122,000 (L)	7.66%

Notes:

(1) The letter "L" denotes the entity/person's long position in the Shares.

(2) These Shares are held by Puxing International, which is owned as to 100% by Anergy International, which is owned as to 100% by Wanxiang Group which in turn is ultimately controlled by Mr. Lu. Therefore, Anergy International, Wanxiang Group and Mr. Lu are deemed to be interested in the Shares held by Puxing International.

(3) Ms. Li Li is the spouse of Mr. Lu and is therefore deemed to be interested in the said Shares in which Mr. Lu is deemed to be interested.

(4) These Shares are held by BC Global Opportunities XIII LP. BC Global Opportunities XIII LP is owned as to 100% by BC General Partner, LP, which in turn is owned as to 100% by BC Capital Management Limited. BC Capital Management Limited is owned as to 100% by Mr. Tan Kuangming.

(5) The percentage of issued share capital is calculated based on the total number of 458,600,000 shares in issue as at the Latest Practicable Date. The Company did not hold any treasury shares (as defined under the Listing Rules) as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, so far as is known to the Directors, Mr. Guan Dayuan (the chairman of the Board and an executive Director) is the deputy secretary of the Party Committee of Wanxiang Group. Apart from Mr. Guan Dayuan, none of the other Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Division 2 and 3 of Part XV of the SFO.

3 ARRANGEMENTS AND MATTERS CONCERNING DIRECTORS

(a) None of the Directors has entered or proposed to enter into any service contract with the Group, which is not expiring or determinable by the Group within one year without payment of compensation (other than the payment of statutory compensation).

(b) As at the Latest Practicable Date, none of the Directors was interested, directly or indirectly, in any assets which, since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up, 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.

(c) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and entered into by the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up, and which was significant in relation to the business of the Group.

(d) As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business which competed or might compete with the business of the Company.

4 LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

5 QUALIFICATIONS AND CONSENTS OF EXPERTS

(a) The following is the qualification of the experts who have given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Donvex Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Adviser
ZHONGHUI ANDA CPA Limited	Certified Public Accountants
United Assets & Real Estate Appraisal Co., Ltd.*(聯合中和資產不動產評估諮詢有限公司)	Independent valuer

(b) As at the Latest Practicable Date, each of the above experts did not have any shareholding in any members of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, direct or indirect, in any assets which had, since 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 Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(c) As at the Latest Practicable Date, each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, advice and opinion and references to its name in the forms and contexts in which it appeared. The letter from each of the above experts is given as at the date of this circular for incorporation in this circular.

6 MATERIAL CONTRACTS

The following contract (not being contracts entered into in the ordinary course of business) has been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and which are, or may be, material to the Group:

(a) the equity transfer agreement dated 30 December 2024 entered into among Puxing Neng (HK) Limited, Shunfa Hengneng Corporation and Deneng, pursuant to which Puxing Neng (HK) Limited conditionally agreed to sell, and Shunfa Hengneng Corporation conditionally agreed to acquire, 51% of the equity interest in Deneng at the consideration of RMB142,720,000, subject to the terms and conditions of the equity transfer agreement. For details, please refer to the announcement of the Company dated 30 December 2024 and the circular of the Company dated 27 January 2025.

7 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.puxing-energy.com) for a period of 14 days from the date of this circular:

(a) the Equity Transfer Agreements;

(b) the letter from the Independent Financial Adviser as set out in this circular;

(c) the reports on review of the financial information of the Deneng Group and Jingxing, the texts of which are set out in Appendix IV-A and Appendix IV-B to this circular;

(d) the report on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix V to this circular;

(e) the material contract(s);

(f) the Valuation Reports as set out in Appendix VII to this circular; and

(g) the written consent of each of the expects as referred to in the section headed "5. Qualifications and consents of experts" in this appendix.

8 MISCELLANEOUS

(a) The company secretary of the Company is Mr. CHUNG Ming Fai, who is a fellow of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia.

(b) The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The head office of the Company is at No.181-1 Hejiatang, Chongxian Subdistrict, Lingping District, Hangzhou 311108, Zhejiang Province, PRC and its principal place of business in Hong Kong is at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong. The share registrar of the Company is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(c) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

* *For identification purpose only*

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PUXING ENERGY LIMITED
普星能量有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 90)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the "**AGM**") of Puxing Energy Limited (the "**Company**") will be held at Second Floor Meeting Room, Wanxiang Group Corporation, No. 855 Jianshe 2nd Road, Xiaoshan District, Hangzhou City, China, on Tuesday, 30 June 2026 at 10:00 a.m. (or an adjournment thereof) to consider and, if thought fit, pass with or without modification the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. To consider and adopt the audited consolidated financial statements for the year ended 31 December 2025 together with the reports of the directors (the "**Directors**") and the independent auditor (the "**Auditor**") of the Company thereon.

2. (a) To re-elect Mr. WU Chongguo as an independent non-executive Director;

   (b) To re-elect Ms. Wu Ying as an independent non-executive Director;

   (c) To authorise the Company's board of Directors (the "**Board**") to fix their remuneration.

3. To declare a final dividend of HK$0.074 per ordinary share of the Company for the year ended 31 December 2025.

4. To re-appoint KPMG as the Auditor and to authorise the Board to fix their remuneration.

5. "**THAT**:

(a) subject to paragraph (c) of this resolution, pursuant to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with ordinary shares of HK$0.10 each in the capital of the Company (the "**Shares**") including any sale or transfer the treasury shares of the Company (if permitted under the Listing Rules) or to make and/or grant offers, agreements and options (including warrants, bonds, notes and debentures convertible into Shares) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) of this resolution shall be in addition to any other authorisation given to the Directors and shall authorise the Directors during the Relevant Period (as hereinafter defined) to make and/or grant offers, agreements and options (including warrants, bonds, notes and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate number of the Shares allotted, issued or dealt with, or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to an option or otherwise) by the Directors pursuant to the approval given under paragraph (a) of this resolution, otherwise than pursuant to:

(i) a Rights Issue (as hereinafter defined);

(ii) the exercise of the subscription or conversion rights attaching to any warrants, bonds, notes or any other securities issued by the Company which are convertible into Shares;

(iii) the exercise of options granted by the Company under any share option scheme or similar arrangement for the time being adopted for the grant to the Directors, officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible person (if any) of Shares or rights to acquire Shares; or

(iv) any scrip dividend or similar arrangements providing for the allotment of Shares in lieu of the whole or part of a dividend on the Shares in accordance with the articles of association of the Company (the "**Articles of Association**");

shall not exceed 20% of the aggregate number of Shares in issue (excluding treasury shares, if any) at the date of passing of this resolution, and the said approval shall be limited accordingly;

(d) subject to the passing of each of the paragraphs (a), (b) and (c) of this resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and

(e) for the purpose of this resolution:

"**Relevant Period**" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or

(iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the shareholders of the Company (the "**Shareholders**") in a general meeting;

and

"**Rights Issue**" means an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong)."

6. "**THAT**:

(a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) of this resolution) of all the powers of the Company to repurchase issued Shares on the Stock Exchange or on any other stock exchange on which the securities of the Company may be listed and recognised for this purpose (and the Company may hold the shares so repurchased in treasury) by the Securities and Futures Commission and the Stock Exchange, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other stock exchange (as amended from time to time), be and is hereby generally and unconditionally approved;

(b) the aggregate number of Shares which the Company is authorised to repurchase pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate number of Shares in issue (excluding treasury shares, if any) at the date of passing of this resolution;

(c) subject to the passing of each of the paragraphs (a) and (b) of this resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and

(d) for the purpose of this resolution:

"**Relevant Period**" means the period from the passing of this resolution until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws of the Cayman Islands to be held; or

(iii) the revocation or variation of the authority given under this resolution by ordinary resolution of the Shareholders in a general meeting."

7. "**THAT** conditional upon the passing of resolutions no. 5 and no. 6 set out in the notice convening the AGM, the aggregate number of Shares which are repurchased by the Company under the authority granted to the Directors as mentioned in the said resolution no. 6 shall be added to the aggregate number of Shares that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to the approval in the said resolution no. 5."

8. "**THAT** the Disposals referred to in the section headed "Very Substantial Disposals and Connected Transactions in Relation to 49% Equity Interest in Deneng and 100% Equity Interest in Jingxing" of the "Letter from the Board" contained in the circular of the Company (the "**Circular**", of which this notice forms part), the Equity Transfer Agreements dated 30 March 2026, and the transactions contemplated thereunder be and are hereby approved."

By order of the Board
Puxing Energy Limited
GUAN Dayuan
Chairman

Hong Kong, 9 June 2026

Principal place of business in Hong Kong
40/F, Dah Sing Financial Centre
248 Queen's Road East, Wanchai
Hong Kong

Registered office
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Notes:

(1) Any Shareholder entitled to attend and vote at the AGM is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a Shareholder.

(2) The form of proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

(3) Delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the AGM and in such event, the form of proxy shall be deemed to be revoked.

(4) Where there are joint Shareholders, any one of such joint Shareholders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint Shareholders be present at the above meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

(5) The form of proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than forty-eight (48) hours before the time appointed for the holding of the AGM or any adjournment thereof.

(6) The register of members of the Company will be closed from Thursday, 25 June 2026 to Tuesday, 30 June 2026 (both days inclusive), for the purpose of determining Shareholders' entitlement to attend and vote at the AGM, during which period no transfer of Shares will be registered. In order to eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Wednesday, 24 June 2026. The record date of the attending and voting at the AGM is Tuesday, 30 June 2026.

(7) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

As at the date of this notice, the Board comprises six Directors, of whom three are executive Directors, namely Mr. Guan Dayuan, Mr. Wei Junyong and Mr. Yuan Feng; and three are independent non-executive Directors, namely Mr. Wu Chongguo, Ms. Wu Ying and Mr. Yu Wayne W.