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大唐国际发电股份有限公司
DATANG INTERNATIONAL POWER GENERATION CO., LTD.

(a sino-foreign joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00991)

CONNECTED TRANSACTION ANNOUNCEMENT MERGER BY ABSORPTION OF TUOKETUO II POWER BY TUOKETUO POWER

MERGER BY ABSORPTION AGREEMENT

On 17 November 2026, Tuoketuo Power and Tuoketuo II Power entered into the Merger by Absorption Agreement, pursuant to which Tuoketuo Power shall absorb and merge Tuoketuo II Power. Upon completion of the Merger by Absorption, Tuoketuo Power shall continue to exist, while Tuoketuo II Power shall be deregistered in accordance with the law.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Tuoketuo Power is a subsidiary of the Company; Tuoketuo II Power is a subsidiary of the Company, 20% of whose equity interests are held by Datang Jingjinji, which is a wholly-owned subsidiary of CDC (the controlling shareholder of the Company). Accordingly, pursuant to Rule 14A.16 of the Listing Rules, Tuoketuo II Power is a connected subsidiary and also a connected person of the Company. As such, the Merger by Absorption constitutes a connected transaction of the Company.

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Merger by Absorption exceeds 0.1% but is less than 5%, the Merger by Absorption is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the independent Shareholders' approval requirement.

I. INTRODUCTION

On 17 November 2026, Tuoketuo Power and Tuoketuo II Power entered into the Merger by Absorption Agreement, pursuant to which Tuoketuo Power shall absorb and merge Tuoketuo II Power. Upon completion of the Merger by Absorption, Tuoketuo Power shall continue to exist, while Tuoketuo II Power shall be deregistered in accordance with the law.

II. MERGER BY ABSORPTION AGREEMENT

The main terms of the Merger by Absorption Agreement are set out below:

Date

17 November 2026

Parties

(i) Tuoketuo Power; and

(ii) Tuoketuo II Power.

Plan and Consideration of the Merger by Absorption

Tuoketuo Power proposes to absorb and merge Tuoketuo II Power by way of agreement. Upon completion of the Merger by Absorption, Tuoketuo Power, as the Merging Party, shall survive and retain its name, while Tuoketuo II Power, as the Merged Party, shall be deregistered. Tuoketuo Power shall be entitled to all assets, businesses, personnel, rights and interests formerly belonging to Tuoketuo II Power, and shall undertake all liabilities, responsibilities and obligations formerly belonging to Tuoketuo II Power.

According to the Valuation Reports prepared by TianYuan under the income approach with 31 December 2025 as the valuation benchmark date, the appraised value of the entire shareholders' equity of Tuoketuo Power was RMB10,017.00 million, and the appraised value of the entire shareholders' equity of Tuoketuo II Power was RMB3,599.00 million. For details of the Valuation Reports, please refer to Appendix I to this announcement.

The shareholding structure of Tuoketuo Power after the Merger by Absorption is converted based on the shareholding structures of Tuoketuo Power and Tuoketuo II Power prior to the Merger by Absorption and the appraised value of the entire shareholders' equity of Tuoketuo Power and Tuoketuo II Power, and the specific calculation methods are as follows:

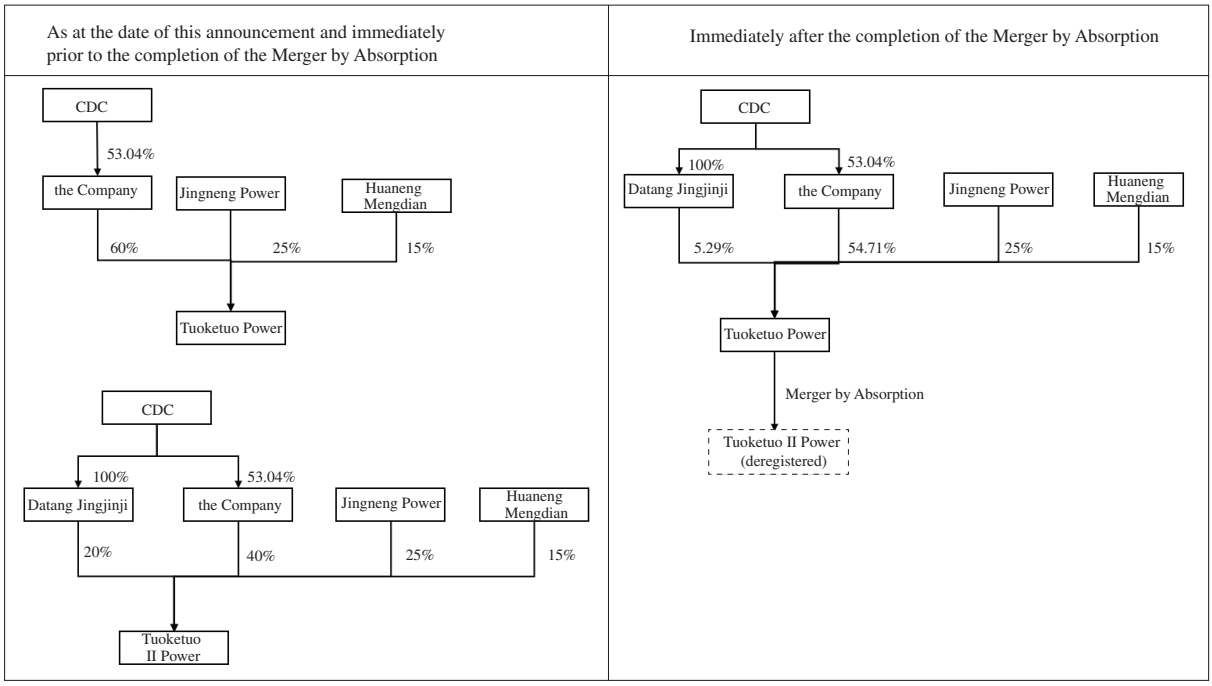
1. Shareholding ratio of Tuoketuo Power held by Datang Jingjinji after the Merger by Absorption = appraised value of the entire shareholders' equity of Tuoketuo II Power * shareholding ratio of Tuoketuo II Power held by Datang Jingjinji/(appraised value of the entire shareholders' equity of Tuoketuo Power + appraised value of the entire shareholders' equity of Tuoketuo II Power)

2. Shareholding ratio of Tuoketuo Power held by the Company after the Merger by Absorption = (appraised value of the entire shareholders' equity of Tuoketuo Power * shareholding ratio of Tuoketuo Power held by the Company + appraised value of the entire shareholders' equity of Tuoketuo II Power * shareholding ratio of Tuoketuo II Power held by the Company)/(appraised value of the entire shareholders' equity of Tuoketuo Power + appraised value of the entire shareholders' equity of Tuoketuo II Power)

Prior to the completion of the Merger by Absorption, Tuoketuo Power is held as to 60% by the Company, 25% by Jingneng Power and 15% by Huaneng Mengdian respectively; Tuoketuo II Power is a consolidated subsidiary of the Company, held as to 40% by the Company, 25% by Jingneng Power, 20% by Datang Jingjinji and 15% by Huaneng Mengdian respectively. Calculated based on the valuation results, upon completion of the Merger by Absorption, Tuoketuo Power will be held as to 54.71% by the Company, 25% by Jingneng Power, 15% by Huaneng Mengdian and 5.29% by Datang Jingjinji. The registered capital of Tuoketuo Power after the merger shall be RMB4,924.97 million.

Given that the Merger by Absorption constitutes a business combination under common control, Tuoketuo Power shall use its own equity interests as consideration, and Tuoketuo II Power shall contribute all of its assets, liabilities, businesses and personnel as consideration. The merger shall be recorded at book value, and no additional consideration shall be payable by either contracting party.

Set out below is the shareholding structure (i) as at the date of this announcement and immediately prior to the completion of the Merger by Absorption; and (ii) immediately after the completion of the Merger by Absorption:



Succession Arrangements for Rights and Obligations

With effect from the date of completion of the industrial and commercial change registration procedures in connection with the Merger by Absorption (the "**Completion Date**"), all assets, certificates, permits, businesses and personnel of Tuoketuo II Power, together with all rights and obligations attached to its assets, shall be unconditionally inherited by Tuoketuo Power. All debts of Tuoketuo II Power shall be borne by Tuoketuo Power after the Merger by Absorption, and all creditors' rights thereof shall be enjoyed by Tuoketuo Power. Tuoketuo II Power and its original shareholders shall bear joint and several repayment liabilities for liabilities and relevant legal disputes of Tuoketuo II Power arising prior to the Completion Date that are not set out in balance sheets and inventories of assets.

Effectiveness of the Agreement

The Merger by Absorption Agreement shall take effect upon being signed by the legal representatives or authorized representatives of both parties and affixed with the official seals or special contract seals of both parties, and upon the approval of the Merger by Absorption and related matters by CDC.

Personnel Arrangement

Upon the effectiveness of the Merger by Absorption Agreement, the labour contracts of all employees of Tuoketuo Power will remain unchanged. All rights and obligations of Tuoketuo II Power in respect of its existing employees shall be enjoyed and assumed by Tuoketuo Power.

III. PROFIT FORECAST

The income approach has been adopted in preparing the appraised values of the entire shareholders' equity of Tuoketuo Power and Tuoketuo II Power (the "**Appraised Values**"), and such Appraised Values constitute a profit forecast under Rule 14.61 of the Listing Rules (the "**Profit Forecast**"). For details of the principal assumptions underlying the Appraised Values and other relevant information required to be set out pursuant to Rule 14.60A of the Listing Rules, please refer to Appendix I to this announcement.

In addition, the Company is required to set out the letters issued respectively by the auditor and the Board in respect of the Profit Forecast pursuant to Rule 14.60A of the Listing Rules. As more time is required for the preparation, the Company expects to publish a separate announcement within 15 business days from the date of publication of this announcement to include the aforesaid letters.

Expert and Consent

Name	Qualification
TianYuan	Qualified PRC Valuer

To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, the abovementioned expert is the third party independent of the Group and its connected persons. As at the date of this announcement, the abovementioned expert does not hold any equity interests in any member of the Group, nor possess any right (whether legally enforceable or not) to subscribe for or nominate other persons to subscribe for any securities of any member of the Group. The abovementioned expert has issued its written consent to the publication of this announcement, consenting to the reproduction of its letter and/or references to its name (including its qualifications) and its opinions contained in this announcement in the form and context set out herein, and such written consent has not been withdrawn to date.

IV. REASONS FOR AND BENEFITS OF THE MERGER BY ABSORPTION

1. The Merger by Absorption can significantly cut down duplicated work through optimising resource allocation, effectively reduce workloads for staff, further stimulate internal impetus and value creation capacity and improve the management efficiency of the Company;

2. Advancing the Merger by Absorption to reduce the number of legal entities is fully in line with the development direction of state-owned enterprise reform, which can provide solid safeguards for the sustainable development of the Company.

The Directors (including independent non-executive Directors) are of the view that although the Merger by Absorption is not conducted in the ordinary course of business of the Group, the Merger by Absorption Agreement is entered into on normal commercial terms, the relevant terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

V. FINANCIAL IMPACT OF THE MERGER BY ABSORPTION

Calculated based on the shareholding structure upon completion of the Merger by Absorption and the projected net profits of Tuoketuo Power and Tuoketuo II Power for 2026, the net profit attributable to shareholders of the Company prior to the Merger by Absorption is approximately RMB818.89 million, and such figure will stand at approximately RMB813.45 million upon completion of the Merger by Absorption, representing a reduction of RMB5.44 million.

As the impact on the net profit attributable to shareholders of the Company before and after the Merger by Absorption is subject to changes in the net profits of Tuoketuo Power and Tuoketuo II Power, the above calculation is prepared based on the budgeted figures for 2026 and may differ from actual circumstances.

VI. INFORMATION ON THE RELEVANT PARTIES

The Company

The Company was established in December 1994 and is principally engaged in the construction and operation of power plants, the sale of electricity and thermal power, the repair and maintenance of power equipment and provision of power related technical services. The Company's major service area is in the PRC.

Datang Jingjinji

Datang Jingjinji was established in January 2018 and is principally engaged in wind power technical services; technical services, technology development, technical consultation, technical exchange, technology transfer and technology promotion; machinery and equipment leasing; and sales of coal and coal products. (Save for projects subject to approval in accordance with the law, it may independently carry out business activities in accordance with the law by virtue of its business licence.)

Tuoketuo Power

Tuoketuo Power was established in November 1995 and is principally engaged in power generation, power transmission, power supply and distribution; heat production and supply; accommodation services; catering services; bathing services; song and dance entertainment activities; bar services (excluding performance and entertainment activities); daily beauty services; hairdressing services; high-risk sports (swimming); car park services; retail of publications; retail of tobacco products; and alcohol operation. Set out below are the key financial data of Tuoketuo Power for the two financial years ended 31 December 2025 prepared in accordance with the PRC Accounting Standards for Business Enterprises:

	For the year ended 31 December 2024	**For the year ended 31 December 2025**
	(RMB'0,000)	*(RMB'0,000)*
	(Audited)	(Audited)
Profit before taxation	76,548.18	167,831.88
Profit after taxation	57,309.83	139,295.37

As of 31 December 2025, the audited total assets and net assets of Tuoketuo Power were approximately RMB10,461.2778 million and RMB5,849.7588 million respectively.

Tuoketuo II Power

Tuoketuo II Power was established in April 2007 and is principally engaged in power generation and sales, and urban heat supply. General business items: power technology consultation, services and comprehensive utilisation. In June 2020, CDC transferred its 20% equity interest in Tuoketuo II Power to Datang Jingjinji for a consideration of RMB234.87 million. Set out below are the key financial data of Tuoketuo II Power for the two financial years ended 31 December 2025 prepared in accordance with the PRC Accounting Standards for Business Enterprises:

	For the year ended 31 December 2024 *(RMB'0,000)* (Audited)	For the year ended 31 December 2025 *(RMB'0,000)* (Audited)
Profit before taxation	56,587.86	56,914.62
Profit after taxation	42,451.54	41,929.16

As of 31 December 2025, the audited total assets and net assets of Tuoketuo II Power were approximately RMB3,851.3392 million and RMB2,180.8766 million respectively.

VII. BOARD APPROVAL

The twentieth meeting of the twelfth session of the Board of the Company considered and approved "Resolution on the Merger by Absorption of Tuoketuo II Power into Tuoketuo Power", particulars of which are set out in the Overseas Regulatory Announcement of the Company dated 17 November 2026.

None of the Directors hold any material interest in the Merger by Absorption Agreement. Pursuant to the Listing Rules of the Shanghai Stock Exchange, Mr. Song Bo, Mr. Pang Xiaojin, Mr. Ma Jixian and Ms. Zhu Mei, being connected Directors by reason of their appointments within CDC, have abstained from voting on the relevant resolution matters.

VIII. LISTING RULES IMPLICATIONS

As at the date of this announcement, Tuoketuo Power is a subsidiary of the Company; Tuoketuo II Power is a subsidiary of the Company, 20% of whose equity interests are held by Datang Jingjinji, which is a wholly-owned subsidiary of CDC (the controlling shareholder of the Company). Accordingly, pursuant to Rule 14A.16 of the Listing Rules, Tuoketuo II Power is a connected subsidiary and also a connected person of the Company. As such, the Merger by Absorption constitutes a connected transaction of the Company.

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Merger by Absorption exceeds 0.1% but is less than 5%, the Merger by Absorption is only subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the independent Shareholders' approval requirement.

DEFINITIONS

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

"Board"	The board of Directors of the Company
"Company"	Datang International Power Generation Co., Ltd., a sino-foreign joint stock limited company incorporated in the PRC on 13 December 1994, whose H Shares are listed on the Stock Exchange and the London Stock Exchange and whose A Shares are listed on the Shanghai Stock Exchange. For details, please refer to the section headed "VI. INFORMATION ON THE RELEVANT PARTIES" in this announcement
"Tuoketuo Power"	Inner Mongolia Datang International Tuoketuo Power Generation Company Limited (內蒙古大唐國際托克托發電有限責任公司), for details, please refer to the section headed "VI. INFORMATION ON THE RELEVANT PARTIES" in this announcement
"Tuoketuo II Power"	Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited (內蒙古大唐國際托克托第二發電有限責任公司), for details, please refer to the section headed "VI. INFORMATION ON THE RELEVANT PARTIES" in this announcement
"CDC"	China Datang Corporation Ltd., a wholly state-owned company established under the laws of the PRC, whose ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, is a controlling shareholder of the Company
"the Merger by Absorption"	According to the Merger by Absorption Agreement, Tuoketuo Power shall absorb and merge Tuoketuo II Power. Upon completion of the Merger by Absorption, Tuoketuo Power shall continue to exist, while Tuoketuo II Power shall be deregistered in accordance with the law
"Merger by Absorption Agreement"	On 17 November 2026, Tuoketuo Power and Tuoketuo II Power entered into the Merger by Absorption Agreement, pursuant to which Tuoketuo Power shall absorb and merge Tuoketuo II Power
"TianYuan"	Tianyuan Appraisal Co., Ltd. (天源資產評估有限公司)

"Valuation Report(s)"	the Asset Valuation Report on the Value of the Entire Shareholders' Equity of Inner Mongolia Datang International Tuoketuo Power Generation Company Limited in connection with its Proposed Merger by Absorption of Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited by Inner Mongolia Datang International Tuoketuo Power Generation Company Limited (TYVBZ [2026] No. 0356) and the Asset Valuation Report on the Value of the Entire Shareholders' Equity of Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited in connection with the Proposed Merger by Absorption of Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited by Inner Mongolia Datang International Tuoketuo Power Generation Company Limited (TYVBZ [2026] No. 0357), both issued by TianYuan with 31 December 2025 as the valuation benchmark date
"Director(s)"	the director(s) of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

By order of the Board
Song Bo
Chairman

Beijing, the PRC, 17 November 2026

As at the date of this announcement, the Directors of the Company are:

Song Bo, Sun Yanwen, Jiang Jianhua, Han Xuwang, Zhu Mei, Wang Jianfeng, Zhao Xianguo, Li Zhongmeng, Han Fang, Jin Shengxiang, Zong Wenlong, Zhao Yi*, You Yong*, Pan Kunhua*, Xie Qiuye*.*

* *Independent non-executive Directors*

Summary of the Asset Valuation Report on the Value of the Entire Shareholders' Equity of Inner Mongolia Datang International Tuoketuo Power Generation Company Limited in connection with its Proposed Merger by Absorption of Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited by Inner Mongolia Datang International Tuoketuo Power Generation Company Limited

I. Purpose of the Valuation

Engaged by the Company and Tuoketuo Power, TianYuan conducted, in accordance with the relevant laws, administrative regulations and asset valuation standards, a valuation of the market value of the entire shareholders' equity of Tuoketuo Power as at 31 December 2025 in connection with the Merger by Absorption.

II. Subject and Scope of the Valuation

The subject of the valuation is the value of the entire shareholders' equity in Tuoketuo Power. The scope of the valuation covers all assets and liabilities declared by Tuoketuo Power, specifically including current assets, non-current assets, current liabilities and non-current liabilities.

III. Valuation Benchmark Date

31 December 2025

IV. Valuation Approaches

Based on a review of information on the domestic capital markets and equity transactions, as Tuoketuo Power is the world's largest thermal power plant, it is difficult to identify a sufficient number of listed companies similar or comparable to Tuoketuo Power in terms of asset scale and operating conditions, and it is also difficult to obtain information on comparable equity transactions conducted in the period close to the valuation benchmark date. Accordingly, the market approach is not appropriate.

Tuoketuo Power has been in operation for many years since its establishment. Its management and technical teams, electricity and heat sales and procurement channels have become substantially stable, and its production technology is relatively mature. It has accumulated certain sales networks, customer resources, production technologies and operating and management experience. Based on the historical operating data and future operating forecasts provided by Tuoketuo Power, together with interviews with its management, the income approach is applicable to this valuation.

Based on the financial audit as at the valuation benchmark date, the scope of assets and liabilities subject to valuation provided by Tuoketuo Power is clearly defined and can be verified and assessed item by item through financial information, acquisition and construction documentation, on-site inspection and other means. Accordingly, the asset-based approach is applicable to this valuation.

Based on the foregoing analysis, the income approach and the asset-based approach were adopted to value the entire shareholders' equity in Tuoketuo Power, and the valuation result under the income approach was ultimately adopted as the valuation conclusion.

V. Valuation Assumptions

(I) General Assumptions

1. Transaction Assumption

It is assumed that all assets subject to valuation are in the course of a transaction and that the valuation is conducted by simulating the market based on the transaction conditions of the assets subject to valuation.

2. Open Market Assumption

(1) There are willing sellers and buyers who are on an equal footing;

(2) Both the buyer and the seller have sufficient opportunity and time to obtain adequate market information, and the transaction is conducted voluntarily and rationally rather than under coercion or restriction;

(3) The assets subject to valuation can be freely transferred in the open market;

(4) No additional premium or discount offered by a special buyer is taken into consideration.

3. Assumption of a Relatively Stable Macroeconomic Environment

The value of any asset is directly related to the macroeconomic environment in which it is located. For the purpose of this valuation, it is assumed that the industrial policies, tax policies and macroeconomic environment remain relatively stable, with no material changes in interest rates or exchange rates, thereby ensuring that the valuation conclusion has a reasonable period of validity.

4. Going Concern Assumption

It is assumed that the business operations of Tuoketuo Power are lawful, that the business can remain a going concern in the future, and that the value of its assets can be recovered through normal operations thereafter.

5. It is assumed that the equipment assets included in the valuation scope will continue to be used in situ for their existing purposes.

6. It is assumed that the technology, structure and functions of the assets are substantially consistent with the conditions observed through visible physical inspection and their expected economic useful lives.

7. The relevant underlying information and financial information provided by the client and the appraised entity are true, accurate and complete.

(II) Assumptions for the Income Approach

1. It is assumed that the industry in which Tuoketuo Power operates will maintain a stable development trend, that there will be no material changes in the existing relevant laws, regulations and policies of the PRC or the national macroeconomic conditions, and that there will be no material changes in the political, economic and social environment in the regions where the parties to the transaction operate.

2. It is assumed that there will be no material changes in interest rates, exchange rates, tax bases and tax rates, policy-based charges or other relevant factors.

3. It is assumed that no other force majeure or unforeseen factors will have a material adverse impact on the enterprise.

4. It is assumed that Tuoketuo Power can remain a going concern and that all qualifications required for its production and operations can be successfully renewed upon expiry.

5. It is assumed that Tuoketuo Power will fully comply with all applicable laws and regulations.

6. It is assumed that the operators of Tuoketuo Power are responsible and that its management has the ability to perform its duties.

7. It is assumed that, based on the existing management practices and management level of Tuoketuo Power, the scope and mode of operations will remain consistent with the current direction.

8. It is assumed that the accounting policies to be adopted by Tuoketuo Power in the future will be substantially consistent in material respects with those adopted in preparing this report.

9. It is assumed that all cash flows related to operations of Tuoketuo Power will arise evenly within the same year in which the relevant revenue, costs and expenses are incurred.

10. It is assumed that Tuoketuo Power will be able to obtain the funds required for normal operations.

11. It is assumed that the capital structure of Tuoketuo Power will converge towards the target capital structure.

12. It is assumed that the existing production scale of Tuoketuo Power will be maintained, without considering production capacity resulting from subsequent additional investment.

In accordance with the requirements of the asset valuation standards, the asset valuation institution and the valuation professionals consider that the foregoing premises and assumptions were valid as at the valuation benchmark date. In the event of a material change in the future economic environment, they shall not be responsible for any different valuation conclusion resulting from changes in such premises or assumptions.

VI. Key Valuation Inputs and Calculation Process

(I) Valuation Model

The subject of this valuation is the value of the entire shareholders' equity of Tuoketuo Power. Taking into account its operating conditions and asset and liability structure, the discounted cash flow model based on free cash flow to the firm ("FCFF") was adopted. The calculation formulas are as follows:

Formula 1: Value of the Entire Shareholders' Equity = Total Enterprise Value – Interest-bearing Debt Value

Formula 2: Total Enterprise Value = Present Value of FCFF + Value of Surplus and Non-operating Assets – Value of Non-operating Liabilities

Formula 3: FCFF = Earnings before Interest and Tax ("EBIT") × (1 – Income Tax Rate) + Depreciation and Amortisation – Capital Expenditure – Net Increase in Working Capital

Based on an analysis by the asset valuation professionals of the characteristics of the industry in which the subject of the valuation operates, its competitive strengths and weaknesses and its future development prospects, the subject of the valuation is considered to have strong market competitiveness and the ability to continue as a going concern. Accordingly, the operating period for this valuation is assumed to be infinite on a going concern basis. On this basis, the cash flows are forecast using the phased approach, whereby the future net cash flows of the company during the forecast period are divided into net cash flows during the detailed forecast period and net cash flows during the stable period.

Accordingly, based on Formulas 1 to 3 above, the model formula adopted for this valuation is set out as follows:

Formula 4:

$$P = \sum_{t=1}^{n} \frac{F_t}{(1+r)^{i_t}} + \frac{F_{n+1}}{r(1+r)^{i_n}} + \sum C - D$$

Where: P: Valuation value

F_t: Expected FCFF for the t-th future income period

r: Discount rate

t: Income forecast period

i_t: Discount period for the t-th future income period

n: Number of years in the detailed forecast period

∑C: Value of surplus assets and non-operating assets (liabilities) existing as at the benchmark date

D: Value of interest-bearing debt as at the benchmark date

(II) Brief Description of the Determination of Parameters

1. The FCFF is primarily forecast based on an analysis of the historical performance of Tuoketuo Power, the operating conditions of relevant products, and relevant economic factors and development prospects of the industry in which it operates.

2. The income approach requires consistency among the nature of enterprise value being valued, the type of income applied and the basis of the discount rate. The discount rate adopted for this valuation is the weighted average cost of capital (WACC).

(III) Determination of the Detailed Forecast Period

Based on interviews with the management of Tuoketuo Power and the earnings forecasts provided by them, together with market research conducted by the asset valuation professionals, and taking into account the current production and operating conditions, operating capabilities and industry development of the appraised entity, a five-year detailed forecast period is adopted, followed by a stable earnings period. Accordingly, the detailed forecast period ends in 2030, followed by a perpetual forecast period.

(IV) Valuation Calculation and Analysis Process

1. Forecasting Process for FCFF

(1) Forecast of Operating Revenue

The principal businesses of Tuoketuo Power are coal-fired generation and the sale of electricity and heat, with revenue comprising electricity sales, heat sales and other business revenue.

1) The basic formula for forecasting revenue from power generation is as follows: Power generation revenue = On-grid electricity volume × On-grid electricity tariff

A. Forecast of On-grid Electricity Volume

The key indicators for forecasting on-grid electricity volume include power generation capacity, utilization hours of power generation facilities, auxiliary power consumption rate and transformation loss rate.

For this valuation, based on historical data, interviews and discussions with the production and operations departments of the appraised entity, and an analysis of the annual budget targets, the annual utilization hours for power generation are determined to be 3,555.56 hours, while the transformation loss rate is determined with reference to historical annual data at 1.82%.

B. Forecast of Electricity Tariff

For 2026, the actual on-grid electricity tariff for January to February 2026 of Tuoketuo Power is multiplied by the actual on-grid electricity tariff for the full year of 2025 and divided by the actual on-grid electricity tariff for January to February 2025, resulting in a tariff of RMB409.45/MWh (including tax) or RMB362.35/MWh (excluding tax); as future electricity tariff trends are difficult to forecast due to the impact of policies and other factors, it is assumed for this valuation that there will be no material changes in the laws, regulations and policies currently in force in the PRC or in the national macroeconomic conditions, and no change in electricity tariffs is taken into consideration. For 2027 and subsequent years, reference is made to the average on-grid electricity tariff for 2023 to 2025, resulting in RMB417.80/MWh (including tax) or RMB369.73/MWh (excluding tax).

2) The basic formula for forecasting revenue from heat supply is as follows: Heat supply revenue = Heat sold volume × Unit selling price of heat

A. Heat Sold Volume

Based on the current demand for heat supply and comprehensive forecasts following discussions with the enterprise, the estimated industrial heat supply volume is 180,000 GJ and the estimated residential heat supply volume is 11.25 million GJ for 2026. For 2027 and subsequent years, taking into consideration the completion of the long-distance heat supply renovation, the estimated industrial heat supply volume is 180,000 GJ and the estimated residential heat supply volume is 15.87 million GJ.

B. Unit Selling Price of Heat

Taking into account the competitive landscape of the heat market in Hohhot and historical sales, and based on the heat prices under contracts entered into by the enterprise, the unit selling price for industrial heat supply is RMB67.16/GJ (including tax) or RMB61.61/GJ (excluding tax), and that for residential heat supply is RMB22.00/GJ (including tax) or RMB20.18/GJ (excluding tax).

3) Other Business Revenue

Other business revenue mainly comprises sales of materials and equipment, operation and maintenance services and leasing of movable assets. Future revenue is determined based on historical amounts and interviews with the management of the enterprise.

See the "Operating Revenue Forecast Table" for details.

Operating Revenue Forecast Table

Currency Unit: RMB'0,000

Item/Year	2026	2027	2028	2029	2030	Perpetual Period
Revenue from principal businesses	455,735.39	472,901.17	472,901.17	472,901.17	472,901.17	472,901.17
Of which: electricity sales revenue	431,919.90	439,760.91	439,760.91	439,760.91	439,760.91	439,760.91
heat sales revenue	23,815.49	33,140.26	33,140.26	33,140.26	33,140.26	33,140.26
Other business revenue	39,291.61	40,436.57	41,615.90	42,830.60	44,081.75	44,081.75
Of which: sales of materials and equipment	22,063.37	22,725.27	23,407.03	24,109.24	24,832.52	24,832.52
Operation and maintenance	13,228.47	13,625.32	14,034.08	14,455.10	14,888.75	14,888.75
Leasing of immovable property	845.53	870.89	897.02	923.93	951.65	951.65
Leasing of movable property	2,028.42	2,089.27	2,151.95	2,216.51	2,283.01	2,283.01
Other	1,125.82	1,125.82	1,125.82	1,125.82	1,125.82	1,125.82
Total	**495,027.00**	**513,337.74**	**514,517.07**	**515,731.77**	**516,982.92**	**516,982.92**

(2) Forecast of Operating Costs

Operating costs mainly comprise fuel costs, employee remuneration, depreciation and amortisation, environmental protection fees, repair expenses, work safety expenses, other expenses and other business costs.

1) Fuel Costs:

The basic formula for forecasting fuel costs is as follows:

Fuel Costs = Standard Coal Consumption for Power Generation × Standard Coal Unit Price for Power Generation (excluding tax) + Standard Coal Consumption for Heat Supply × Standard Coal Unit Price for Heat Supply (excluding tax)

Standard Coal Consumption for Power Generation = Standard Coal Consumption Rate for Power Generation × Power Generation Volume

Standard Coal Consumption for Heat Supply = Standard Coal Consumption Rate for Heat Supply × Heat Sold Volume

A. Forecast of Coal Prices

For 2026, the average unit price of standard coal for power generation for 2025 is adopted based on market conditions. For 2027 and subsequent years, coal prices are forecast based on the three-year average unit price for 2023 to 2025, taking into account fluctuations in coal prices.

B. Forecast of Coal Consumption

Based on historical standard coal consumption for power generation and heat supply and an analysis of trends in coal consumption for power generation and heat supply, the standard coal consumption rate for power generation is assumed at 308.12 g/kWh and that for heat supply at 41.23 kg/GJ.

2) Employee remuneration: it mainly comprises employee salaries, social security contributions and other salary-related expenses, and is forecast based on the current headcount and the growth in salary standards in Hohhot;

3) Depreciation and amortisation: depreciation is determined based on the current depreciation basis and taking into account future asset replacement expenditures; amortisation is determined based on the original cost of current operating intangible assets and long-term deferred expenses and the applicable amortisation policies;

4) Work safety expenses: forecast based on the extraction standards applicable to power generation enterprises under the Administrative Measures for the Extraction and Use of Work Safety Expenses of Enterprises (Cai Zi [2022] No. 136), with the amount to be provided for the current year determined based on the preceding year's operating revenue using the excess regressive method;

5) Environmental protection fees: forecast with reference to historical amounts and based on the proportion of historical expenses to historical revenue;

6) Repair expenses: based on statistics of historical repair frequency, major repairs are generally conducted once every four to five years, medium repairs once every two years and minor repairs as needed; accordingly, the average of the most recent five years is adopted;

7) Material expenses: based on historical amounts, using the average of the most recent three years;

8) Sales of materials and equipment: forecast with reference to historical amounts and based on the proportion of historical amounts to the amount of sales of materials and equipment in historical other business revenue.

See the "Operating Cost Forecast Table" for details.

Operating Cost Forecast Table

Currency Unit: RMB'0,000

Item/Year	2026	2027	2028	2029	2030	Perpetual Period
Cost of principal businesses	374,726.07	413,599.15	419,489.04	423,690.10	427,107.48	456,446.50
Of which: fuel costs	235,815.56	274,466.18	274,466.18	274,466.18	274,466.18	274,466.18
Environmental protection fees	36,322.11	37,690.22	37,690.22	37,690.22	37,690.22	37,690.22
Material expenses	2,668.63	2,668.63	2,668.63	2,668.63	2,668.63	2,668.63
Employee remuneration	48,835.53	52,254.02	55,911.80	59,825.62	64,013.42	64,013.42
Depreciation	37,708.71	33,425.28	35,520.06	35,807.30	35,036.88	64,375.90
Repair expenses	9,183.94	9,183.94	9,183.94	9,183.94	9,183.94	9,183.94
Work safety expenses	4,191.59	3,910.88	4,048.21	4,048.21	4,048.21	4,048.21
Other business costs	7,905.31	8,142.46	8,386.74	8,638.34	8,897.49	8,897.49
Of which: sales of materials and equipment	7,905.31	8,142.46	8,386.74	8,638.34	8,897.49	8,897.49
Total	**382,631.38**	**421,741.61**	**427,875.78**	**432,328.44**	**436,004.97**	**465,343.99**

(3) Estimation of Taxes and Surcharges

Taxes and surcharges include vehicle and vessel tax, property tax, environmental protection tax, water resources tax, land use tax, stamp duty, water conservancy construction fund and surcharges on value-added tax. The rates of the VAT surcharges, namely urban construction tax, education surcharge and local education surcharge, are 5%, 3% and 2%, respectively; stamp duty is calculated based on its proportion to operating revenue in 2025; other taxes and surcharges are determined based on the actual amounts payable by the enterprise.

(4) Forecast of Administrative Expenses

Administrative Expense Forecast Table

Currency Unit: RMB'0,000

Item/Year	2026	2027	2028	2029	2030	Perpetual Period
Office expenses	95.90	98.78	101.74	104.79	107.94	107.94
Water and electricity expenses	31.30	32.24	33.21	34.21	35.23	35.23
Travel expenses	264.49	272.43	280.60	289.02	297.69	297.69
Amortisation of low-value consumables	49.25	50.73	52.25	53.82	55.43	55.43
Transportation expenses	549.73	566.22	583.21	600.70	618.72	618.72
Insurance expenses	757.45	818.04	883.49	954.16	1,030.50	1,030.50
Lease expenses	113.28	116.68	120.18	123.79	127.50	127.50
Landscaping expenses	60.52	62.33	64.20	66.13	68.11	68.11
Research and development expenses	47.14	48.55	50.01	51.51	53.06	53.06
Conference expenses	16.64	17.14	17.65	18.18	18.73	18.73
Party and Youth league activity expenses	181.58	187.03	192.64	198.42	204.37	204.37
Board fees	1.52	1.57	1.61	1.66	1.71	1.71
Business entertainment expenses	2.06	2.12	2.19	2.25	2.32	2.32
Business promotion expenses	47.68	49.11	50.59	52.10	53.67	53.67
Intermediary fees	295.19	304.04	313.16	322.56	332.23	332.23
Outsourcing expenses	814.82	839.26	864.44	890.37	917.09	917.09
Amortisation of intangible assets	2,348.35	2,345.67	2,341.76	2,309.66	2,303.77	1,081.56
Amortisation of long-term prepaid expenses	698.85	447.95	356.21	371.22	371.22	396.15
Property management fees	617.69	636.22	655.31	674.97	695.22	695.22
Information expenses	28.30	29.15	30.02	30.92	31.85	31.85
Public security fire fees	373.10	384.30	395.82	407.70	419.93	419.93
Group membership fees	6.49	6.68	6.88	7.09	7.30	7.30
Disabled security fund	272.19	280.35	288.76	297.43	306.35	306.35
Water condition monitoring fees	24.15	24.15	24.15	24.15	24.15	24.15
Inspection fees	27.76	28.59	28.59	28.59	28.59	28.59
Carbon asset management service fees	37.74	37.74	37.74	37.74	37.74	37.74
Research and development expenditure	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00
Total	**10,763.17**	**10,687.07**	**10,776.41**	**10,953.14**	**11,150.42**	**9,953.14**

(5) Forecast of Income Tax

The income tax rate of Tuoketuo Power is 25%, and income tax for future years is forecast based on the estimated total profit and the actual income tax rate.

For the forecast results of income tax, please refer to the "FCFF Forecast Table".

(6) Forecast of Depreciation and Amortisation

Depreciation and Amortisation Forecast Table

Currency Unit: RMB'0,000

Item/Year	2026	2027	2028	2029	2030	Perpetual Period
Depreciation and amortisation	40,755.92	36,218.90	38,218.02	38,488.17	37,711.87	65,853.61

(7) Forecast of Capital Expenditure

Capital expenditure refers to long-term capital investments with a useful life of more than one year that the appraised entity needs to make to maintain its going concern without changing its current business operations, mainly including capital investments required for expansion of operating scale and asset replacements necessary for continuing operations.

See the "Capital Expenditure Forecast Table" for details of the capital expenditure forecast.

Capital Expenditure Forecast Table

Currency Unit: RMB'0,000

Item/Year	2026	2027	2028	2029	2030	Perpetual Period
Additional capital expenditure	11,085.81	13,071.56	3,807.34	4,116.97	2,889.91	–
Replacement capital expenditure	15,928.26	18,355.58	23,704.75	21,485.67	27,311.39	34,880.50
Total	**27,014.07**	**31,427.14**	**27,512.09**	**25,602.64**	**30,201.30**	**34,880.50**

(8) Forecast of Working Capital and Determination of Increase in Working Capital

The increase in working capital as defined in this report is as follows:

Increase in Working Capital = Current Period Working Capital – Prior Period Working Capital

Based on statistical analysis of the historical assets, operating revenue and costs and expenses of Tuoketuo Power and estimates of annual revenue and costs during the future operating period, the increase in working capital for each future operating year is forecast.

(9) Forecast of FCFF

Based on the foregoing forecasts, the FCFF during the forecast period is aggregated. See the "FCFF Forecast Table" for details.

FCFF Forecast Table

Currency Unit: RMB'0,000

Item/Year	2026	2027	2028	2029	2030	Perpetual Period
I. Operating revenue	**495,027.00**	**513,337.74**	**514,517.07**	**515,731.77**	**516,982.92**	**516,982.92**
Less: operating costs	382,631.38	421,741.61	427,875.78	432,328.44	436,004.97	465,343.99
taxes and surcharges	9,168.78	9,076.08	9,105.46	9,147.56	9,099.38	9,085.78
selling expenses	–	–	–	–	–	–
administrative expenses	10,763.17	10,687.07	10,776.41	10,953.14	11,150.42	9,953.14
research and development expenses	–	–	–	–	–	–
finance costs	–	–	–	–	–	–
Add: other gains	–	–	–	–	–	–
II. Operating profit before interest	**92,463.67**	**71,832.98**	**66,759.42**	**63,302.63**	**60,728.15**	**32,600.01**
Add: non-operating income	–	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–	–
III. Total earnings before interest and tax	**92,463.67**	**71,832.98**	**66,759.42**	**63,302.63**	**60,728.15**	**32,600.01**
Less: income tax expense	23,116.12	17,958.46	16,690.07	15,825.88	15,182.27	8,150.23
IV. Net profit after tax before interest	**69,347.55**	**53,874.52**	**50,069.35**	**47,476.75**	**45,545.88**	**24,449.78**
Add: depreciation and amortisation	40,755.92	36,218.90	38,218.02	38,488.17	37,711.87	65,853.61
After-tax interest expense	–	–	–	–	–	–
Less: capital expenditure (additional)	11,085.81	13,071.56	3,807.34	4,116.97	2,889.91	–
Less: capital expenditure (replacement)	15,928.26	18,355.58	23,704.75	21,485.67	27,311.39	34,880.50
Increase in working capital	-2,155.31	6,363.76	405.14	296.04	331.73	–
V. FCFF	**85,244.71**	**52,302.52**	**60,370.14**	**60,066.24**	**52,724.72**	**55,422.89**

2. Determination of Discount Rate

The discount rate, also known as the expected investment return rate, fundamentally depends on the level of risk embedded in future cash flows. The income approach requires consistency among the nature of enterprise value being valued, the type of income applied and the basis of the discount rate. The discount rate adopted for this valuation is the weighted average cost of capital (WACC).

The calculation formula is as follows:

Formula 5:

$$WACC = K_e \times \frac{E}{E+D} + K_d \times (1 - T) \times \frac{D}{E+D}$$

Where: WACC: Weighted average cost of capital

K_e: Cost of equity capital

K_d: Cost of debt capital

T: Income tax rate

D/E: Capital structure

(1) Ratio of D to E

Based on discussions with the management of Tuoketuo Power and the analysis of Tuoketuo Power's assets, equity capital and existing financing channels, its capital structure is expected to converge towards the target capital structure. Accordingly, the capital structure of comparable listed companies in the same industry has been adopted as the target capital structure of the appraised entity in this valuation.

(2) Cost of Equity Capital (Ke)

The cost of equity capital (Ke) is determined using the CAPM model commonly used internationally, with the following calculation formula:

Formula 6:

$$K_e = R_f + Beta \times ERP + R_c = R_f + \beta(R_m - R_f) + R_c$$

Where: K_e: Cost of equity capital

R_f: Risk-free rate of return

R_m: Market rate of return

β: System risk coefficient of equity

ERP: Market risk premium

R_c: Enterprise specific risk adjustment coefficient

(3) Cost of Debt Capital (Kd)

The cost of debt capital is determined with reference to the Loan Prime Rate (5-year LPR) published by the National Interbank Funding Center authorised by the People's Bank of China, and accordingly the cost of debt capital is determined at 3.50%.

(4) Discount Rate

By inputting the above calculated parameters into Formula 5, the weighted average cost of capital (WACC) of Tuoketuo Power is calculated as 7.01%.

3. Calculation of Value of the Entire Shareholders' Equity

(1) Net Surplus Assets and Non-operating Assets (Liabilities) (C)

Surplus assets and non-operating assets (liabilities) refer to the assets (liabilities) identified and segregated through analysis as having no direct relationship with the principal business of the appraised entity. As these assets (liabilities) make no direct contribution to the principal business of the appraised entity, and their contribution was not taken into account in the estimation under the income approach, the appraisal results derived from the income approach do not include the aforementioned assets. Nevertheless, these assets (liabilities) still constitute assets (liabilities) of the appraised entity. Accordingly, the surplus assets and non-operating assets (liabilities) identified and segregated through analysis are appraised separately at their respective market values and then added back to the conclusion of the income approach valuation.

(2) Value of Interest-bearing Debt (D)

Based on analysis, the interest-bearing debt as at the valuation benchmark date amounted to RMB3,468.00 million.

(3) Value of the Entire Shareholders' Equity

The calculated FCFF for the forecast period, perpetual growth rate, discount rate, value of surplus and non-operating assets (liabilities) and value of interest-bearing debt are substituted into Formula 4 to calculate the value of the entire shareholders' equity of Tuoketuo Power as at the valuation benchmark date, as set out in the table below:

Table for Calculation of Value of the Entire Shareholders' Equity

Currency Unit: RMB'0,000

Item	2026	2027	2028	2029	2030
FCFF	85,244.71	52,302.52	60,370.14	60,066.24	52,724.72
Discount rate	7.01%	7.01%	7.01%	7.01%	7.01%
Discount period	0.50	1.50	2.50	3.50	4.50
Discount factor	0.9667	0.9034	0.8442	0.7889	0.7372
Present value of forecast-period cash flows	82,406.06	47,250.09	50,964.47	47,386.25	38,868.66
Present value of perpetual-period cash flows	582,849.13				
Net surplus and non-operating assets (liabilities)	498,806.22				
Total enterprise value	1,348,500.00				
Value of interest-bearing debt	346,800.00				
Value of the entire shareholders' equity	1,001,700.00				

Note: The discount period is calculated based on the assumption that cash flows during the forecast period arise evenly; the calculation results are rounded to the nearest RMB million.

VII. Valuation Conclusion

Both the asset-based approach and the income approach were adopted in this valuation to assess the market value of the subject of the valuation. The valuation results are as follows:

(I) Asset-based Approach

Under the assumptions disclosed in this report, the valuation result of the subject of the valuation as at the valuation benchmark date was RMB9,891.4386 million, as follows:

Summary Table of Valuation Results

Currency Unit: RMB'0,000

Item	Carrying Amount A	Appraised Value B	Appreciation Amount C=B-A	Appreciation Rate (%) D=C/A×100
Current assets	219,122.07	219,965.14	843.07	0.38
Non-current assets	827,005.71	1,230,330.62	403,324.91	48.77
Long-term equity investments	203,656.00	295,683.60	92,027.60	45.19
Investment properties	15,969.43	23,505.00	7,535.57	47.19
Fixed assets	451,895.47	622,652.74	170,757.27	37.79
Construction in progress	9,585.00	9,733.16	148.16	1.55
Intangible assets	28,358.91	161,084.35	132,725.44	468.02
Of which: land use rights	10,427.54	143,134.69	132,707.15	1,272.66
Other non-current assets	117,540.90	117,671.77	130.87	0.11
Total assets	**1,046,127.78**	**1,450,295.76**	**404,167.98**	**38.63**
Current liabilities	400,340.12	400,340.12	–	–
Non-current liabilities	60,811.78	60,811.78	–	–
Total liabilities	**461,151.90**	**461,151.90**	–	–
Owners' equity (net assets)	**584,975.88**	**989,143.86**	**404,167.98**	**69.09**

(II) Income Approach

Under the assumptions disclosed in this report, the market value of the subject of the valuation as at the valuation benchmark date was RMB10,017.00 million, representing an appreciation of RMB3,941.7677 million, or 64.88%, compared with the equity attributable to owners of the parent in the consolidated financial statements, and an appreciation of RMB4,167.2412 million, or 71.24%, compared with the owners' equity in the parent company's separate financial statements.

(III) Analysis of Valuation Results

The difference between the valuation result under the income approach and that under the asset-based approach was RMB125.5614 million, representing a difference rate of 1.25%.

Upon analysis, the implementation processes and parameter selection of both valuation methods are considered reasonable. In general, the asset-based approach can only reflect the standalone value of each asset and cannot fully and reasonably reflect the overall value of Tuoketuo Power, while the income approach focuses primarily on cash flow, which is the core of the enterprise's operations. Forecasting changes in future cash flows enables a better understanding of the profitability and sustainability of the business. Based on an investigation of Tuoketuo Power's financial condition and an analysis of its historical operating performance, and in accordance with the valuation standards and taking into account the subject, purpose and applicable value type of this valuation, the asset valuation professionals, after comparative analysis, consider that the valuation result under the income approach can more fully and reasonably reflect the value of the entire shareholders' equity of Tuoketuo Power, and therefore adopted the valuation result under the income approach as the value of the entire shareholders' equity of Tuoketuo Power.

Summary of the Asset Valuation Report on the Value of the Entire Shareholders' Equity of Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited in connection with the Proposed Merger by Absorption of Inner Mongolia Datang International Tuoketuo II Power Generation Company Limited by Inner Mongolia Datang International Tuoketuo Power Generation Company Limited

I. Purpose of the Valuation

Engaged by the Company and Tuoketuo II Power, TianYuan conducted, in accordance with the relevant laws, administrative regulations and asset valuation standards, a valuation of the market value of the entire shareholders' equity of Tuoketuo II Power as at 31 December 2025 in connection with the Merger by Absorption.

II. Subject and Scope of the Valuation

The subject of the valuation is the value of the entire shareholders' equity in Tuoketuo II Power. The scope of the valuation covers all assets and liabilities declared by Tuoketuo II Power, specifically including current assets, non-current assets, current liabilities and non-current liabilities.

III. Valuation Benchmark Date

31 December 2025

IV. Valuation Approaches

Based on a review of information on the domestic capital markets and equity transactions, it is difficult to identify a sufficient number of listed companies similar or comparable to Tuoketuo II Power in terms of industry, stage of development, asset scale and operating conditions, and it is also difficult to obtain information on comparable equity transactions conducted in the period close to the valuation benchmark date. Accordingly, the market approach is not appropriate.

Based on the historical operating data and future operating forecasts provided by Tuoketuo II Power, together with interviews with its management, it is expected that Tuoketuo II Power will be able to maintain sustainable operations and stable development in the future, and that the expected returns arising from its overall profitability can be measured in monetary terms. Meanwhile, the industry risks, operating risks, financial risks, policy risks and other risks associated with the assets relating to the valuation subject can generally be quantified, and the discount rate can be reasonably determined. Accordingly, the income approach is applicable to this valuation.

Based on the financial audit as at the valuation benchmark date, the scope of assets and liabilities subject to valuation provided by Tuoketuo II Power is clearly defined and can be verified and assessed item by item through financial information, acquisition and construction documentation, on-site inspection and other means. Accordingly, the asset-based approach is applicable to this valuation.

Based on the foregoing analysis, the income approach and the asset-based approach were adopted to value the entire shareholders' equity in Tuoketuo II Power, and the valuation result under the income approach was ultimately adopted as the valuation conclusion.

V. Valuation Assumptions

(I) General Assumptions

1. Transaction Assumption

It is assumed that all assets subject to valuation are in the course of a transaction and that the valuation is conducted by simulating the market based on the transaction conditions of the assets subject to valuation.

2. Open Market Assumption

(1) There are willing sellers and buyers who are on an equal footing;

(2) Both the buyer and the seller have sufficient opportunity and time to obtain adequate market information, and the transaction is conducted voluntarily and rationally rather than under coercion or restriction;

(3) The assets subject to valuation can be freely transferred in the open market;

(4) No additional premium or discount offered by a special buyer is taken into consideration.

3. Assumption of a Relatively Stable Macroeconomic Environment

The value of any asset is directly related to the macroeconomic environment in which it is located. For the purpose of this valuation, it is assumed that the industrial policies, tax policies and macroeconomic environment remain relatively stable, with no material changes in interest rates or exchange rates, thereby ensuring that the valuation conclusion has a reasonable period of validity.

4. Going Concern Assumption

It is assumed that the business operations of Tuoketuo II Power are lawful, that the business can remain a going concern in the future, and that the value of its assets can be recovered through normal operations thereafter.

5. It is assumed that the equipment assets included in the valuation scope will continue to be used in situ for their existing purposes.

6. It is assumed that the technology, structure and functions of the assets are substantially consistent with the conditions observed through visible physical inspection and their expected economic useful lives.

7. The relevant underlying information and financial information provided by the client and the appraised entity are true, accurate and complete.

(II) Assumptions for the Income Approach

1. It is assumed that the industry in which Tuoketuo II Power operates will maintain a stable development trend, that there will be no material changes in the existing relevant laws, regulations and policies of the PRC or the national macroeconomic conditions, and that there will be no material changes in the political, economic and social environment in the regions where the parties to the transaction operate.

2. It is assumed that there will be no material changes in interest rates, exchange rates, tax bases and tax rates, policy-based charges or other relevant factors.

3. It is assumed that no other force majeure or unforeseen factors will have a material adverse impact on the enterprise.

4. It is assumed that Tuoketuo II Power can remain a going concern and that all qualifications required for its production and operations can be successfully renewed upon expiry.

5. It is assumed that Tuoketuo II Power will fully comply with all applicable laws and regulations.

6. It is assumed that the operators of Tuoketuo II Power are responsible and that its management has the ability to perform its duties.

7. It is assumed that, based on the existing management practices and management level of Tuoketuo II Power, the scope and mode of operations will remain consistent with the current direction.

8. It is assumed that the accounting policies to be adopted by Tuoketuo II Power in the future will be substantially consistent in material respects with those adopted in preparing this report.

9. It is assumed that all cash flows related to operations of Tuoketuo II Power will arise evenly within the same year in which the relevant revenue, costs and expenses are incurred.

10. It is assumed that Tuoketuo II Power will be able to obtain the funds required for normal operations.

11. It is assumed that the capital structure of Tuoketuo II Power will converge towards the target capital structure.

In accordance with the requirements of the asset valuation standards, the asset valuation institution and the valuation professionals consider that the foregoing premises and assumptions were valid as at the valuation benchmark date. In the event of a material change in the future economic environment, they shall not be responsible for any different valuation conclusion resulting from changes in such premises or assumptions.

VI. Key Valuation Inputs and Calculation Process

(I) Valuation Model

The subject of this valuation is the value of the entire shareholders' equity of Tuoketuo II Power. Taking into account its operating conditions and asset and liability structure, the discounted cash flow model based on free cash flow to the firm ("FCFF") was adopted. The calculation formulas are as follows:

Formula 1: Value of the Entire Shareholders' Equity = Total Enterprise Value – Interest-bearing Debt Value

Formula 2: Total Enterprise Value = Present Value of FCFF + Value of Surplus and Non-operating Assets – Value of Non-operating Liabilities

Formula 3: FCFF = EBIT × (1 – Income Tax Rate) + Depreciation and Amortisation – Capital Expenditure – Net Increase in Working Capital

Based on an analysis by the asset valuation professionals of the characteristics of the industry in which the subject of the valuation operates, its competitive strengths and weaknesses and its future development prospects, the subject of the valuation is considered to have high market competitiveness and the ability to continue as a going concern. Accordingly, the operating period for this valuation is assumed to be infinite on a going concern basis. On this basis, the cash flows are forecast using the phased approach, whereby the future net cash flows of the company during the forecast period are divided into net cash flows during the detailed forecast period and net cash flows during the stable period.

Accordingly, based on Formulas 1 to 3 above, the model formula adopted for this valuation is set out as follows:

Formula 4:

$$P = \sum_{t=1}^{n} \frac{F_t}{(1+r)^{i_t}} + \frac{F_{n+1}}{r(1+r)^{i_n}} + \sum C - D$$

Where: P: Valuation value

F_t: Expected FCFF for the t-th future income period

r: Discount rate

t: Income forecast period

i_t: Discount period for the t-th future income period

n: Number of years in the detailed forecast period

∑C: Value of surplus assets and non-operating assets (liabilities) existing as at the benchmark date

D: Value of interest-bearing debt as at the benchmark date

(II) Brief Description of the Determination of Parameters

1. The FCFF is primarily forecast based on an analysis of the historical performance of Tuoketuo II Power, the operating conditions of relevant products, and relevant economic factors and development prospects of the industry in which it operates.

2. The income approach requires consistency among the nature of enterprise value being valued, the type of income applied and the basis of the discount rate. The discount rate adopted for this valuation is the weighted average cost of capital (WACC).

(III) Determination of the Detailed Forecast Period

Based on interviews with the management of Tuoketuo II Power and the earnings forecasts provided by them, together with market research conducted by the asset valuation professionals, and taking into account the current production and operating conditions, operating capabilities and industry development of the appraised entity, a five-year detailed forecast period is adopted, followed by a stable earnings period. Accordingly, the detailed forecast period ends in 2030, followed by a perpetual forecast period.

(IV) Valuation Calculation and Analysis Process

1. Forecasting Process for FCFF

(1) Forecast of Operating Revenue

The principal businesses of Tuoketuo II Power are coal-fired generation and the sale of electricity and heat, with its revenue derived from electricity and heat charges. Revenue from other businesses includes sales of materials and equipment, operation and maintenance services, sales of scrap and other items.

1) The basic formula for forecasting revenue from power generation is as follows: Power generation revenue = On-grid electricity volume × On-grid electricity tariff

A. Forecast of On-grid Electricity Volume

The key indicators for forecasting on-grid electricity volume include power generation capacity, utilization hours of power generation facilities, auxiliary power consumption rate and transformation loss rate.

Based on interviews and discussions with the production and operation department of the appraised entity, and taking into consideration factors such as the future peak-shaving requirements of the generating units and the accommodation of new energy, as well as an analysis of the annual budget targets, the annual utilization hours for power generation are determined to be 3,888.89 hours. As the historical transformation loss rate has remained relatively stable, the rate is determined to be 1.30% with reference to the historical levels.

B. Forecast of Electricity Tariff

For 2026, the actual on-grid electricity tariff for January to February 2026 of Tuoketuo II Power is multiplied by the actual on-grid electricity tariff for the full year of 2025 and divided by the actual on-grid electricity tariff for January to February 2025, resulting in a tariff of RMB401.38/MWh (including tax) or RMB355.20/MWh (excluding tax); as future electricity tariff trends are difficult to forecast due to the impact of policies and other factors, it is assumed for this valuation that there will be no material changes in the laws, regulations and policies currently in force in the PRC or in the national macroeconomic conditions, and no change in electricity tariffs is taken into consideration. For 2027 and subsequent years, reference is made to the average on-grid electricity tariff for 2023 to 2025, resulting in RMB412.91/MWh (including tax) or RMB365.41/MWh (excluding tax).

2) The basic formula for forecasting revenue from heat supply is as follows: Heat supply revenue = Heat sold volume × Unit selling price of heat

A. Heat Sold Volume

Based on the current demand for heat supply and comprehensive forecasts following discussions with the enterprise, the estimated industrial heat supply volume is 1.62 million GJ and the estimated residential heat supply volume is 10.25 million GJ for 2026. For 2027 and subsequent years, taking into consideration the completion of the long-distance heat supply renovation, the estimated industrial heat supply volume is 1.62 million GJ and the estimated residential heat supply volume is 13.33 million GJ.

B. Unit Selling Price of Heat

Taking into account the competitive landscape of the heat market in Hohhot and historical sales, and based on the heat prices under contracts entered into by the enterprise, the unit selling price for industrial heat supply is RMB48.72/GJ (including tax) or RMB44.70/GJ (excluding tax), and that for residential heat supply is RMB22/GJ (including tax) or RMB20.18/GJ (excluding tax).

3) Other Business Revenue

Other business revenue mainly comprises sales of materials and equipment to related parties, operation and maintenance services, sales of scrap and other items, and is determined with reference to historical amounts.

For details, please refer to "Operating Revenue Forecast Table".

Operating Revenue Forecast Table

Currency Unit: RMB'0,000

Item/Year	2026	2027	2028	2029	2030	Perpetual Period
Revenue from principal businesses	352,857.04	368,834.25	368,834.25	368,834.25	368,834.25	368,834.25
Of which: electricity sales revenue	324,928.01	333,656.90	333,656.90	333,656.90	333,656.90	333,656.90
heat sales revenue	27,929.03	35,177.35	35,177.35	35,177.35	35,177.35	35,177.35
Other business revenue	6,684.50	6,884.11	7,089.70	7,301.46	7,519.58	7,519.58
Of which: sales of materials and equipment	5,971.55	6,150.70	6,335.22	6,525.28	6,721.04	6,721.04
Sales of scrap	13.72	13.72	13.72	13.72	13.72	13.72
Fly ash	8.75	8.75	8.75	8.75	8.75	8.75
Construction electricity expenses	8.52	8.52	8.52	8.52	8.52	8.52
Operation and maintenance	681.96	702.42	723.49	745.19	767.55	767.55
Total	**359,541.54**	**375,718.36**	**375,923.95**	**376,135.71**	**376,353.83**	**376,353.83**

(2) Forecast of Operating Costs

Operating costs mainly comprise fuel costs, employee remuneration, depreciation and amortisation, environmental protection fees, repair expenses, work safety expenses, other expenses and other business costs.

1) Fuel Costs:

The basic formula for forecasting fuel costs is:

Fuel Costs = Standard Coal Consumption for Power Generation × Standard Coal Unit Price for Power Generation (excluding tax) + Standard Coal Consumption for Heat Supply × Standard Coal Unit Price for Heat Supply (excluding tax)

Standard Coal Consumption for Power Generation = Standard Coal Consumption Rate for Power Generation × Power Generation Volume

Standard Coal Consumption for Heat Supply = Standard Coal Consumption Rate for Heat Supply × Heat Sold Volume

A. Forecast of Coal Prices

For 2026, the 2025 full-year average unit price of standard coal for power generation is adopted based on market conditions. For 2027 and subsequent years, coal prices are forecast based on the three-year average unit price for 2023 to 2025, taking into account fluctuations in coal prices;

B. Forecast of Coal Consumption

Based on historical standard coal consumption for power generation and heat supply and an analysis of trends in coal consumption for power generation and heat supply, the standard coal consumption rate for power generation is assumed at 293.22 g/kWh and that for heat supply at 41.22 kg/GJ;

2) Employee remuneration: it mainly comprises employee salaries, social security contributions and other salary-related expenses, and is forecast based on the current headcount and the growth in salary standards in Hohhot;

3) Depreciation and amortisation: depreciation is determined based on the current depreciation basis and taking into account future asset replacement expenditures; amortisation is determined based on the original cost of current operating intangible assets and long-term deferred expenses and the applicable amortisation policies;

4) Work safety expenses: forecast based on the extraction standards applicable to power generation enterprises under the Administrative Measures for the Extraction and Use of Work Safety Expenses of Enterprises (Cai Zi [2022] No. 136), with the amount to be provided for the current year determined based on the preceding year's operating revenue using the excess regressive method;

5) Environmental protection fees: forecast with reference to historical amounts and based on the proportion of historical expenses to historical revenue;

6) Repair expenses: based on statistics of historical repair frequency, major repairs are generally conducted once every four to five years, medium repairs once every two years and minor repairs as needed; accordingly, the average of the most recent five years is adopted;

7) Material expenses, water costs and water resource fees: based on historical amounts, using the average of the most recent three years;

8) Repair and maintenance: based on historical amounts incurred, a fixed annual growth rate is assumed.

See the "Operating Cost Forecast Table" for details.

Operating Cost Forecast Table

Currency Unit: RMB'0,000

Item/Year	2026	2027	2028	2029	2030	Perpetual Period
Cost of principal businesses	308,856.18	334,538.95	335,276.86	337,914.35	341,732.16	346,227.28
Of which: fuel costs	183,567.21	218,349.49	218,349.49	218,349.49	218,349.49	218,349.49
Environmental protection fees	42,095.84	44,001.93	44,001.93	44,001.93	44,001.93	44,001.93
Water fee and water resource fee	759.74	759.74	759.74	759.74	759.74	759.74
Material expenses	1,448.90	1,448.90	1,448.90	1,448.90	1,448.90	1,448.90
Employee remuneration	31,122.74	33,300.51	35,630.90	38,125.65	40,796.50	40,796.50
Depreciation	41,357.27	28,355.01	26,634.72	26,777.46	27,924.42	32,419.54
Repair expenses	5,235.51	5,235.51	5,235.51	5,235.51	5,235.51	5,235.51
Work safety expenses	3,268.97	3,087.86	3,215.67	3,215.67	3,215.67	3,215.67
Other business costs	207.59	213.82	220.23	226.84	233.64	233.64
Of which: repair and maintenance	207.59	213.82	220.23	226.84	233.64	233.64
Total	**309,063.77**	**334,752.77**	**335,497.09**	**338,141.19**	**341,965.80**	**346,460.92**

(3) Estimation of Taxes and Surcharges

Taxes and surcharges include vehicle and vessel tax, property tax, environmental protection tax, land use tax, stamp duty, water conservancy construction fund and surcharges on value-added tax. The rates of the VAT surcharges, namely urban construction tax, education surcharge and local education surcharge, are 5%, 3% and 2%, respectively; stamp duty is calculated based on its proportion to operating revenue in 2025; other taxes and surcharges are determined based on the actual amounts payable by the enterprise.

(4) Forecast of Administrative Expenses

For details of the forecast results of administrative expenses, please refer to the "Administrative Expense Forecast Table".

Administrative Expense Forecast Table

Currency Unit: RMB'0,000

Item/Year	2026	2027	2028	2029	2030	Perpetual Period
Office expenses	42.40	43.67	44.98	46.33	47.72	47.72
Water and electricity expenses	16.99	17.50	18.02	18.56	19.12	19.12
Travel expenses	143.39	147.70	152.13	156.69	161.39	161.39
Amortisation of low-value consumables	29.50	30.39	31.30	32.24	33.20	33.20
Transportation expenses	346.84	357.24	367.96	379.00	390.37	390.37
Insurance expenses	357.49	368.22	379.27	390.64	402.36	402.36
Lease expenses	5.05	5.20	5.35	5.51	5.68	5.68
Landscaping expenses	56.29	57.97	59.71	61.50	63.35	63.35
Conference expenses	13.54	13.95	14.36	14.80	15.24	15.24
Party and Youth league activity expenses	29.34	30.23	31.13	32.07	33.03	33.03
Board fees	0.39	0.40	0.42	0.43	0.44	0.44
Business promotion expenses	24.25	24.98	25.73	26.50	27.29	27.29
Intermediary fees	49.89	51.39	52.93	54.52	56.16	56.16
Outsourcing expenses	501.74	536.86	574.44	614.65	657.67	657.67
Amortisation of intangible assets	119.20	112.01	104.18	103.91	100.89	38.16
Property management fees	480.40	494.81	509.66	524.95	540.69	540.69
Information expenses	6.05	6.23	6.42	6.61	6.81	6.81
Public security fire fees	248.74	256.20	263.88	271.80	279.95	279.95
Group membership fees	0.31	0.32	0.33	0.34	0.35	0.35
Disabled security fund	140.43	144.64	148.98	153.45	158.05	158.05
Inspection fees	6.22	6.41	6.60	6.80	7.00	7.00
Carbon asset management service fees	38.87	40.03	41.23	42.47	43.75	43.75
Total	**2,657.32**	**2,746.35**	**2,839.01**	**2,943.77**	**3,050.51**	**2,987.78**

(5) Non-operating Income and Expenses

Given the significant uncertainties associated with non-operating income and expenses, no reliable forecast can be made. Accordingly, no forecast has been made for non-operating income and expenses.

(6) Forecast of Income Tax

For the forecast results of income tax, please refer to the "FCFF Forecast Table".

(7) Forecast of Depreciation and Amortisation

Depreciation and Amortisation Forecast Table

Currency Unit: RMB'0,000

Item/Year	2026	2027	2028	2029	2030	Perpetual Period
Administrative expenses – depreciation and amortisation	119.20	112.01	104.18	103.91	100.89	38.16
Manufacturing overheads – depreciation and amortisation	41,357.27	28,355.01	26,634.72	26,777.46	27,924.42	32,419.54
Total	**41,476.47**	**28,467.02**	**26,738.90**	**26,881.37**	**28,025.31**	**32,457.70**

(8) Forecast of Capital Expenditure

Capital expenditure refers to long-term capital investments with a useful life of more than one year that the appraised entity needs to make to maintain its going concern without changing its current business operations, mainly including capital investments required for expansion of operating scale and asset replacements necessary for continuing operations.

See the "Capital Expenditure Forecast Table" for details of the capital expenditure forecast.

Capital Expenditure Forecast Table

Currency Unit: RMB'0,000

Item/Year	2026	2027	2028	2029	2030	Perpetual Period
Additional capital expenditure	789.12	3,486.24	–	–	–	–
Replacement capital expenditure	13,616.94	11,236.68	23,797.67	21,783.60	21,558.25	23,802.17
Total	**14,406.06**	**14,722.92**	**23,797.67**	**21,783.60**	**21,558.25**	**23,802.17**

(9) Forecast of Working Capital and Determination of Increase in Working Capital

The increase in working capital as defined in this report is as follows:

Increase in Working Capital = Current Period Working Capital – Prior Period Working Capital

Based on statistical analysis of the historical assets, operating revenue and costs and expenses of Tuoketuo II Power and estimates of annual revenue and costs during the future operating period, the increase in working capital for each future operating year is forecast.

(10) Forecast of FCFF

Based on the foregoing forecasts, the FCFF during the forecast period is aggregated. See the "FCFF Forecast Table" for details.

FCFF Forecast Table

Currency Unit: RMB'0,000

Item	2026	2027	2028	2029	2030	Perpetual Period
I. Operating revenue	**359,541.54**	**375,718.36**	**375,923.95**	**376,135.71**	**376,353.83**	**376,353.83**
Less: operating costs	309,063.77	334,752.77	335,497.09	338,141.19	341,965.80	346,460.92
taxes and surcharges	3,714.28	3,805.97	3,675.85	3,703.86	3,708.70	3,692.26
selling expenses	–	–	–	–	–	–
administrative expenses	2,657.32	2,746.35	2,839.01	2,943.77	3,050.51	2,987.78
research and development expenses	–	–	–	–	–	–
finance costs	–	–	–	–	–	–
Add: other gains	–	–	–	–	–	–
II. Operating profit before interest	**44,106.17**	**34,413.27**	**33,912.00**	**31,346.89**	**27,628.82**	**23,212.87**
Add: non-operating income	–	–	–	–	–	–
Less: non-operating expenses	–	–	–	–	–	–
III. Total earnings before interest and tax	**44,106.17**	**34,413.27**	**33,912.00**	**31,346.89**	**27,628.82**	**23,212.87**
Less: income tax expense	11,026.54	8,603.32	8,478.00	7,836.73	6,907.20	5,803.21
IV. Net profit after tax before interest	**33,079.63**	**25,809.95**	**25,434.00**	**23,510.16**	**20,721.62**	**17,409.66**
Add: depreciation and amortisation	41,476.47	28,467.02	26,738.90	26,881.37	28,025.31	32,457.70
After-tax interest expense	–	–	–	–	–	–
Less: capital expenditure	14,406.06	14,722.92	23,797.67	21,783.60	21,558.25	23,802.17
Increase in working capital	-4,087.28	-3,852.34	-201.14	-222.07	121.30	–
V. FCFF	**64,237.32**	**43,406.39**	**28,576.37**	**28,830.00**	**27,067.38**	**26,065.19**

3. Determination of Discount Rate

The discount rate, also known as the expected investment return rate, fundamentally depends on the level of risk embedded in future cash flows. The income approach requires consistency among the nature of enterprise value being valued, the type of income applied and the basis of the discount rate. The discount rate adopted for this valuation is the weighted average cost of capital (WACC).

The calculation formula is as follows:

Formula 5:

$$WACC = K_e \times \frac{E}{E+D} + K_d \times (1 - T) \times \frac{D}{E+D}$$

Where: WACC: Weighted average cost of capital

K_e: Cost of equity capital

K_d: Cost of debt capital

T: Income tax rate

D/E: Target capital structure

(1) Ratio of D to E

Based on discussions with the management of Tuoketuo II Power and the analysis of Tuoketuo II Power's assets, equity capital and existing financing channels, its capital structure is expected to converge towards the target capital structure. Accordingly, the capital structure of comparable listed companies in the same industry has been adopted as the target capital structure of the appraised entity in this valuation.

(2) Cost of Equity Capital (Ke)

The cost of equity capital (Ke) is determined using the CAPM model commonly used internationally, with the following calculation formula:

Formula 6:

$$K_e = R_f + Beta \times ERP + R_c = R_f + \beta(R_m - R_f) + R_c$$

Where: K_e: Cost of equity capital

R_f: Risk-free rate of return

R_m: Market rate of return

β: System risk coefficient of equity

ERP: Market risk premium

R_c: Enterprise specific risk adjustment coefficient

(3) Cost of Debt Capital (Kd)

The cost of debt capital is determined based on the Loan Prime Rate (LPR) published by the National Interbank Funding Center under the authorization of the People's Bank of China as at the valuation benchmark date. Accordingly, the cost of debt capital is determined to be 3.50%.

(4) Discount Rate

By inputting the above calculated parameters into Formula 5, the weighted average cost of capital (WACC) of Tuoketuo II Power is calculated as 7.01%.

4. Calculation of the Entire Shareholders' Equity

(1) Net Surplus Assets and Non-operating Assets (Liabilities) (C)

Surplus assets and non-operating assets (liabilities) refer to the assets (liabilities) identified and segregated through analysis as having no direct relationship with the principal business of the appraised entity. As these assets (liabilities) make no direct contribution to the principal business of the appraised entity, and their contribution was not taken into account in the estimation under the income approach, the appraisal results derived from the income approach do not include the aforementioned assets. Nevertheless, these assets (liabilities) still constitute assets (liabilities) of the appraised entity. Accordingly, the surplus assets and non-operating assets (liabilities) identified and segregated through analysis are appraised separately at their respective market values and then added back to the conclusion of the income approach valuation.

(2) Value of Interest-bearing Debt (D)

Based on analysis, the interest-bearing debt as at the valuation benchmark date amounted to RMB821.00 million.

(3) Value of the Entire Shareholders' Equity

The calculated FCFF for the forecast period, perpetual growth rate, discount rate, value of surplus and non-operating assets (liabilities) and value of interest-bearing debt are substituted into Formula 4 to calculate the value of the entire shareholders' equity of Tuoketuo II Power as at the valuation benchmark date, as set out in the table below:

Table for Calculation of Value of the Entire Shareholders' Equity

Currency Unit: RMB'0,000

Item	2026	2027	2028	2029	2030
FCFF	64,237.32	43,406.39	28,576.37	28,830.00	27,067.38
Discount rate	7.01%	7.01%	7.01%	7.01%	7.01%
Discount period	0.50	1.50	2.50	3.50	4.50
Discount factor	0.9667	0.9034	0.8442	0.7889	0.7372
Present value of forecast-period cash flows	62,098.22	39,213.35	24,124.16	22,744.00	19,954.06
Present value of perpetual-period cash flows	274,111.84				
Net surplus and non-operating assets (liabilities)	255.73				
Total enterprise value	442,000.00				
Value of interest-bearing debt	82,100.00				
Value of the entire shareholders' equity	359,900.00				

Note: The discount period is calculated based on the assumption that cash flows during the forecast period arise evenly; the calculation results are rounded to the nearest RMB million.

VII. Valuation Conclusion

Both the asset-based approach and the income approach were adopted in this valuation to assess the market value of the subject of the valuation. The valuation results are as follows:

(I) Asset-based Approach

Summary Table of Valuation Results

Currency Unit: RMB'0,000

Item	Carrying Amount A	Appraised Value B	Appreciation Amount C=B-A	Appreciation Rate (%) D=C/A×100
Current assets	75,091.13	74,191.50	-899.63	-1.20
Non-current assets	310,042.79	345,934.33	35,891.54	11.58
Long-term equity investments	–	–	–	–
Investment properties	–	–	–	–
Fixed assets	307,101.88	330,625.11	23,523.23	7.66
Construction in progress	802.79	803.65	0.86	0.11
Intangible assets	1,306.56	13,693.64	12,387.08	948.07
Of which: land use rights	–	928.79	928.79	–
Other non-current assets	831.56	811.93	-19.63	-2.36
Total assets	**385,133.92**	**420,125.83**	**34,991.91**	**9.09**

Item	Carrying Amount A	Appraised Value B	Appreciation Amount C=B-A	Appreciation Rate (%) D=C/A×100
Current liabilities	157,251.51	157,251.51	–	–
Non-current liabilities	9,794.75	9,794.75	–	–
Total liabilities	**167,046.26**	**167,046.26**	**–**	**–**
Owners' equity (net assets)	**218,087.66**	**253,079.57**	**34,991.91**	**16.04**

(II) Income Approach

Under the assumptions set out in this report, the market value of the subject of the valuation as at the valuation benchmark date is as follows:

The carrying amount of the entire shareholders' equity was RMB2,180.8766 million, while the appraised value was RMB3,599.00 million, representing an appreciation of RMB1,418.1234 million, or 65.03%.

(III) Analysis of Valuation Results

The difference between the valuation result under the income approach and that under the asset-based approach was RMB1,068.2043 million, representing a difference rate of 29.68%. Upon analysis, the implementation processes and parameter selection of both valuation methods are considered reasonable.

In general, the asset-based approach can only reflect the value of the individual assets of Tuoketuo II Power and cannot fully and reasonably reflect its overall value. Moreover, this approach cannot capture the value of intangible assets such as regional advantages, resource advantages, management capabilities and operating qualifications. Based on an investigation of Tuoketuo II Power's financial condition and an analysis of its historical operating performance, and in accordance with the valuation standards and taking into account the subject, purpose and applicable value type of this valuation, the asset valuation professionals, after comparative analysis, consider that the valuation result under the income approach can more fully and reasonably reflect the value of the entire shareholders' equity of Tuoketuo II Power, and therefore adopted the valuation result under the income approach as the value of the entire shareholders' equity of Tuoketuo II Power.