京能集团

北京京能清洁能源電力股份有限公司

Beijing Jingneng Clean Energy Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00579)

CONNECTED TRANSACTION
DEEMED DISPOSAL OF 12.05% EQUITY INTEREST IN A SUBSIDIARY

THE CAPITAL INCREASE AGREEMENT

The Board announces that on 3 September 2026, the Company and the Target Company, a wholly owned subsidiary of the Company, entered into the Capital Increase Agreement with Jingxi Power Generation, pursuant to which, Jingxi Power Generation conditionally agreed to subscribe for the increased registered capital of the Target Company by contributing the land use right as consideration, which has been appraised at RMB279.53 million. Upon completion of the Proposed Subscription, the Company's equity interest in the Target Company will decrease from 100% to 87.95% and the Target Company will remain as a subsidiary of the Company. Jingxi Power Generation will hold a 12.05% equity interest in the Target Company.

LISTING RULES IMPLICATIONS

BEH is the controlling shareholder of the Company, directly and indirectly holding approximately 68.68% interest in the total issued share capital of the Company and is a connected person of the Company. Jingxi Power Generation, as a wholly-owned subsidiary of BEH, is an associate of BEH and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Proposed Subscription contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Subscription contemplated under the Capital Increase Agreement exceeds 0.1% but is less than 5%, the Proposed Subscription contemplated under the Capital Increase Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION

The Board is pleased to announce that on 3 September 2026, the Company, and the Target Company, a wholly owned subsidiary of the Company, entered into the Capital Increase Agreement with Jingxi Power Generation, pursuant to which, Jingxi Power Generation conditionally agreed to subscribe for the increased registered capital of the Target Company by contributing the land use right as consideration, which has been appraised at RMB279.53 million.

II. THE CAPITAL INCREASE AGREEMENT

The principal terms of the Capital Increase Agreement are set out below:

Date

3 September 2026

Parties

Target Company

The Company

Jingxi Power Generation

Effectiveness of the Capital Increase Agreement

The Capital Increase Agreement shall become effective upon being duly executed by the legal representatives (principal) or their authorized representatives of the parties and affixed with the official corporate seal or the specialized contract seal of each party.

Consideration

Pursuant to the Capital Increase Agreement, the consideration for the Proposed Subscription shall be satisfied by the contribution of the land use right of the Land, and no cash payment will be involved. The land proposed to be contributed pursuant to the Proposed Subscription is located in the Gaojing Power Plant Industrial Zone, Shijingshan District, Beijing, the PRC and has an appraised value of RMB279.53 million. The Land was acquired by Jingxi Power Generation through the grant of state-owned construction land use rights (industrial land) in December 2011 for a term of 50 years, with an original acquisition price of RMB22.61 million, and with an area of 109,690.27 square meters.

The consideration was determined after arm's length negotiations among the parties with reference to the audit report and valuation report of the Target Company as well as the valuation report of the Land. The valuation reports have been duly filed in accordance with the applicable PRC state-owned assets administration requirements, and accepted by all parties. According to the valuation report of the Target Company, the appraised value of the shareholders' equity of the Target Company was RMB2,039.83 million, and the appraised value of the land use right of the Land to be contributed by Jingxi Power Generation was RMB279.53 million. Based on the post-capital increase valuation of the Target Company, the value of the Land contribution entitles Jingxi Power Generation to approximately 12.05% of the enlarged equity interest in the Target Company upon completion of the Proposed Subscription. As of the date of this announcement, the registered capital of the Target Company is RMB1,030.01 million. Of the aforesaid amount of the land use right to be contributed by Jingxi Power Generation, RMB141.15 million will be applied towards the increased registered capital of the Target Company, while the balance of RMB138.38 million will be treated as capital premium and credited to the capital reserve of the Target Company.

Upon completion of the Proposed Subscription, the registered capital of the Target Company will increase from RMB1,030.01 million to RMB1,171.16 million.

The shareholding structure of the Target Company immediately before and after completion of the Proposed Subscription is as follows:

	Immediately Before Completion of the Proposed Subscription		Immediately After Completion of the Proposed Subscription	
	Registered Capital *(RMB)*	**Percentage of Shareholding**	**Registered Capital** *(RMB)*	**Percentage of Shareholding**
The Company	1,030,010,000	100%	1,030,010,000	87.95%
Jingxi Power Generation	–	–	141,147,974	12.05%
Total	1,030,010,000	100%	1,171,157,974	100%

Capital Contribution

Pursuant to the Capital Increase Agreement, Jingxi Power Generation's capital contribution obligation shall be deemed fulfilled upon completion of the registration procedures for the transfer of the land use right from Jingxi Power Generation to the Target Company and the obtaining of the real property ownership certificate by the Target Company.

Registration requirements

Upon obtaining all requisite internal approvals and approvals from the relevant state-owned assets regulatory authorities, the Target Company shall complete all relevant registration and filing procedures relating to the Proposed Subscription, including the changes in its shareholders and registered capital and the filing of its new articles of association. The Target Company shall complete the registration procedures in respect of the change of state-owned property right.

III. VALUATION

1. Valuation of the Target Company

According to the valuation report dated 11 August 2026 issued by Beijing Tianyuankai Assets Appraisal Co., Ltd. (北京天圓開資產評估有限公司), a qualified independent valuer, the total shareholders' equity of the Target Company as at the valuation benchmark date (i.e. 31 December 2025), which was assessed using the asset-based approach, was RMB2,039.83 million, and the book value of the total shareholders' equity was RMB1,721.67 million, with a value-added rate of 18.48%, mainly due to the increase in the value of buildings and structures and intangible assets. The appreciation in the value of buildings and structures was mainly due to increases in material, labour and machinery costs since their construction, as well as the fact that the accounting depreciation period is shorter than their economic useful lives. The appreciation in the value of intangible assets was mainly attributable to the relatively low carrying value of software after amortisation, and the fact that the carrying value did not reflect the value of the research and development costs previously incurred for patents and software copyrights. Please refer to Appendix I of this announcement for a summary of the valuation report, including the valuation methods, key assumptions and key input parameters for valuation.

2. Valuation of the land use right

According to the valuation report dated 20 January 2026 issued by Beijing Huayuan Longtai Real Estate and Land Assets Valuation Co., Ltd. (北京華源龍泰房地產土地資產評估有限公司), a qualified independent valuer, the valuation of the land use right of the Land as at the valuation benchmark date (i.e. 31 December 2025), which was assessed using the cost approximation method, was RMB279.53 million, and the book value of the land use right was RMB16.27 million, with a value-added rate of 1,618.37%, mainly due to the relatively low acquisition cost as the Land was acquired more than a decade ago and the continued increase in regional land prices in recent years, resulting in a market value substantially higher than its carrying value as at the valuation benchmark date. Please refer to Appendix II of this announcement for a summary of the valuation report of the land use right, including the valuation methods, key assumptions and key input parameters for valuation.

The Board's View on the Fairness and Reasonableness of the Consideration

The Board has reviewed the valuation report of the Target Company and the valuation report of the Land, focusing on the methodology adopted, its key assumptions and the financial information. After consideration that (i) the scope of work carried out by the independent valuers is appropriate for the relevant assessments; and (ii) the valuation assumptions and methodology adopted by the independent valuers for the relevant assessments are fair and reasonable, the Board is of the view that the valuation of the Target Company and the valuation of the Land that formed the basis of the consideration under the Capital Increase Agreement is fair and reasonable.

IV. INFORMATION ON THE PARTIES

The Company

The Company is a leading wind power and photovoltaic power operator in China and the largest gas-fired heat and power supplier in Beijing as well as an industry-leading clean energy service provider, and involves in wind power, photovoltaic power, gas-fired power generation and heating supply, small-to-medium-sized hydropower, energy storage and other clean energy generation businesses. The Company was directly and indirectly held by BEH as to approximately 68.68%. BEH is a limited liability company incorporated in the PRC and wholly-owned by BSCOMC, which was established and wholly-owned by State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會). BEH is principally engaged in the businesses of heat, electricity, coal, health, culture and tourism.

The Target Company

The Target Company is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company before the completion of the Proposed Subscription. The Target Company is mainly engaged in gas-fired power and heat energy generation.

Jingxi Power Generation

Jingxi Power Generation is a limited liability company established in the PRC and a wholly-owned subsidiary of BEH. Jingxi Power Generation is mainly engaged in automobile repair services, general cargo transportation, the sale of beer and mineral water, electric power technology consulting and technical services.

Set out below is the net profit attributable to the equity deemed to be disposed, that is, 12.05% equity interest in the Target Company prepared in accordance with the PRC Accounting Standards for Business Enterprises:

	Year ended 31 December 2024 *(RMB)*	**Year ended 31 December 2025** *(RMB)*
Net profit attributable to the equity deemed to be disposed before taxation	41,738,074.08	40,708,311.30
Net profit attributable to the equity deemed to be disposed after taxation	31,193,046.41	30,094,044.66

The audited total assets and net assets of the Target Company as at 31 December 2025, prepared under the PRC Accounting Standards for Business Enterprises, were approximately RMB2,786.60 million and RMB1,721.67 million, respectively. The valuation amount of the total shareholders' equity of the Target Company as at 31 December 2025 as appraised by the independent valuer was approximately RMB2,039.83 million.

V. FINANCIAL EFFECT OF THE DEEMED DISPOSAL

Upon completion of the Proposed Subscription, the Company's direct beneficial interest in the Target Company will be diluted from 100% to 87.95%.

It is expected that no material gain or loss arising from the deemed disposal of the Company's equity interest in the Target Company under the Capital Increase Agreement will be recognised in the consolidated statement of profit or loss and other comprehensive income of the Company given that the Target Company will remain as a subsidiary of the Company immediately upon completion of the Proposed Subscription.

VI. REASONS FOR AND BENEFITS OF THE PROPOSED SUBSCRIPTION AND USE OF PROCEEDS

Historically, due to certain matters relating to the boundaries of the construction land, the Target Company had therefore conducted its operations on the Land primarily through a lease arrangement with Jingxi Power Generation which holds the land use right of the Land. The Target Company owns and operates the facilities on the Land but with no land use right. Upon completion of the Proposed Subscription, the land use right of the Land will be transferred to and held by the Target Company, thereby aligning the holder of the land use right with the ownership and operation of the relevant facilities on the Land. The Proposed Subscription, which will be satisfied by the contribution of the relevant land use right as capital contribution, will enable the Target Company to consolidate the ownership of the land use right and the relevant properties on the Land and further regularize the ownership structure of the relevant assets. The Target Company proposed to proceed the waste heat utilisation project which will involve construction works on the Land, comprising the installation of a flue gas waste heat recovery system at the rear of the Target Company's vertical waste heat boiler in its combined cycle unit to recover flue gas waste heat, thereby enhancing heating capacity, optimising the heating structure, reducing gas consumption and improving the operating performance of the Target Company. The Proposed Subscription will facilitate the subsequent project approval and other relevant procedures for the proposed waste heat utilisation project of the Target Company, and provide a more appropriate asset and ownership structure for the continued development and operation of such project.

The Proposed Subscription will facilitate the effective utilisation of the relevant resources, enhance the Target Company's ability to further develop and realise the economic benefits arising from the waste heat utilisation project, and mitigate the potential risks arising from the historical separation between the land use right and the relevant properties on the Land.

The Company will not receive any proceeds from the Proposed Subscription.

The Board has resolved and approved the Capital Increase Agreement and the transaction contemplated thereunder. Due to Mr. Zhou Jianyu's position at BEH and Mr. Guo Yao's position at BSCOMC, the sole shareholder of BEH, they have all abstained from voting on the Board resolution approving the Capital Increase Agreement and the transaction contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Capital Increase Agreement and the Proposed Subscription contemplated thereunder.

The Directors (including the independent non-executive Directors, but other than Mr. Zhou Jianyu and Mr. Guo Yao who have abstained from expressing views for reasons as mentioned above) are of the view that, although the Capital Increase Agreement and the transaction contemplated thereunder are not in the ordinary and usual course of business of the Group, the terms of the Capital Increase Agreement are fair and reasonable and the transaction contemplated under the Capital Increase Agreement is on normal commercial terms and in the interests of the Company and its shareholders as a whole.

VII. LISTING RULES IMPLICATIONS

BEH is the controlling shareholder of the Company, directly and indirectly holding approximately 68.68% interest in the total issued share capital of the Company and is a connected person of the Company. Jingxi Power Generation, as a wholly-owned subsidiary of BEH, is an associate of BEH and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Proposed Subscription contemplated under the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Subscription contemplated under the Capital Increase Agreement exceeds 0.1% but is less than 5%, the Proposed Subscription contemplated under the Capital Increase Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

"BEH"	北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd.), a limited liability company established in the PRC and a controlling shareholder of the Company
"Board"	the board of Directors of the Company
"BSCOMC"	北京國有資本運營管理有限公司 (Beijing State-owned Capital Operation Management Co., Ltd.), which was established and wholly-owned by State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會)
"Capital Increase Agreement"	the capital increase agreement dated 3 September 2026 entered into among the Company, the Target Company and Jingxi Power Generation in relation to the capital increase and subscription of the increased registered capital of the Target Company by Jingxi Power Generation
"Company"	北京京能清潔能源電力股份有限公司(Beijing Jingneng Clean Energy Co., Limited), a joint stock company incorporated in the PRC with limited liability and the H shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 00579)
"Director(s)"	the directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jingxi Power Generation"	北京京西發電有限責任公司 (Beijing Jingxi Power Generation Co., Ltd.), a limited liability company established under the laws of the PRC on 24 August 2000 and a wholly-owned subsidiary of BEH

"Land"	the land to be transferred from Jingxi Power Generation to the Target Company pursuant to the Capital Increase Agreement
"Target Company"	北京京西燃氣熱電有限公司 (Beijing Jingxi Gas-fired Power Co., Ltd.), a limited liability company established under the laws of the PRC on 11 April 2012 and a wholly-owned subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Proposed Subscription"	the subscription of the increased registered capital of the Target Company by Jingxi Power Generation according to the Capital Increase Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"%"	percentage

By order of the Board
Beijing Jingneng Clean Energy Co., Limited
CHEN Dayu
Chairman

Beijing, the PRC
3 September 2026

As at the date of this announcement, the executive Directors of the Company are Mr. Chen Dayu, Mr. Li Minghui and Mr. Zhang Wei; the non-executive Directors are Mr. Zhou Jianyu, Mr. Guo Yao and Ms. Wang Jing; the independent non-executive Directors are Ms. Zhao Jie, Mr. Wang Hongxin, Mr. Qin Haiyan and Ms. Hu Zhiying.

APPENDIX I – SUMMARY OF THE VALUATION REPORT OF THE TARGET COMPANY

Beijing Tianyuankai Asset Appraisal Co., Ltd. (北京天圓開資產評估有限公司), commissioned by the Company, Jingxi Power Generation, and the Target Company, conducted a valuation of the value of the Target Company's total shareholders' equity and issued a valuation report. The two signing valuers for this valuation, Cui Liwei and Guo Yaxin, are both full members of the China Appraisal Society and hold professional practice qualifications, which the membership number is 11190115 for Cui Liwei and 11200197 for Guo Yaxin. Beijing Tianyuankai Asset Appraisal Co., Ltd. is independent of the Company, Jingxi Power Generation, the Target Company, and their respective related parties. Beijing Tianyuankai Asset Appraisal Co., Ltd. has no existing or anticipated interests in the Proposed Subscription, nor does it have any existing or potential conflicts of interest with any party to the transaction, and shows no bias toward any relevant party.

Valuation Report of the Target Company

According to the valuation report issued by Beijing Tianyuankai Asset Appraisal Co., Ltd. on 11 August 2026, as at the valuation benchmark date (i.e. 31 December 2025), the value of the total shareholders' equity of the Target Company appraised using the asset-based approach was RMB2,039.83 million, and the book value of the total shareholders' equity was approximately RMB1,721.67 million, representing an appreciation rate of 18.48%, which was mainly due to the appreciation of buildings and structures as well as intangible assets. Among which, buildings and structures appreciated due to the increase in material, labor and machinery costs since construction, as well as the accounting depreciation period being shorter than the economic useful life; intangible assets appreciated due to the lower book value of software after amortization, as well as the early-stage research and development costs of patents and software copyrights not being reflected in the book value. The valuation conclusion shall be valid for a period of one year from the valuation benchmark date.

1. Valuation Target and Valuation Scope

The valuation target is the total shareholders' equity of the Target Company. The valuation scope is all the assets and liabilities of the Target Company, including current assets, non-current assets, current liabilities, non-current liabilities, etc.

Amount Unit: RMB

Account Name	Book Value
I. Total current assets	**784,635,636.86**
Cash	134,262,630.28
Account receivable	616,123,544.87
Prepayments	25,787,805.64
Other receivable	32,082.44
Inventory	8,421,718.90
Other current assets	7,854.73
II. Total non-current assets	**2,001,964,839.63**
Fixed assets	1,897,387,518.43
Construction in progress	10,370,109.75
Intangible assets	87,276,008.04
Development expenses	6,602,103.01
Deferred income tax assets	329,100.40
III. Total assets	**2,786,600,476.49**
IV. Total current liabilities	**1,062,433,067.05**
Account payable	729,104,230.65
Employee salary payable	7,343,643.36
Tax payable	90,694,851.53
Other payables	235,290,341.51
V. Total non-current liabilities	**2,500,000.00**
Deferred revenue	2,500,000.00
VI. Total liabilities	**1,064,933,067.05**
VII. Net assets	**1,721,667,409.44**

The valuation target and valuation scope of the commissioned valuation are consistent with those of the valuation related to the economic behaviours. The book values of the assets and liabilities within the scope of the valuation have been audited by Baker Tilly International Certified Public Accountants (Special General Partnership), which issued an unqualified audit report.

2. Selection of Valuation Methods and Reasons

According to the valuation report, the basic methods for enterprise value valuation mainly include the income approach, the market approach and the asset-based approach. The asset-based approach and the income approach were selected for the valuation of the Target Company in this valuation. The reasons of the valuation methods are as follows:

Reasons for using the asset-based approach in the valuation: as the relevant data on the valuation entity's assets and liabilities as at the valuation benchmark date can be collected for this valuation, the asset-based approach is adopted.

Reasons for using the income approach in the valuation: as the valuation entity is capable of generating profits independently, there is a relatively stable relationship between its revenue, costs and expenses, and future earnings can be predicted and quantified. The risks associated with generating such revenue can also be predicted and quantified, therefore the income approach is adopted for this valuation.

As it is difficult to find listed companies or transaction cases in the open market that are comparable to the business scope of the valuation target, as well as sufficient data for making corresponding comparative adjustments under the market approach, the market approach was not adopted for this valuation.

The asset-based approach in corporate valuation refers to a valuation method that uses the balance sheet of the valuation entity as of the valuation benchmark date as a basis to reasonably value the entity's on-balance-sheet and identifiable off-balance-sheet assets and liabilities, thereby determining the value of the valuation target.

The specific model is as follows: valuation of total shareholders' equity = Σ valuation of each asset – Σ valuation of each liability

Based on the above analysis, the conclusion of this valuation report adopts the result evaluated under the asset-based approach, that is, the value of total shareholders' equity of the Target Company is RMB2,039.83 million.

3. Type of Valuation

According to various factors such as the valuation purpose, market conditions and the characteristics of the valuation target, the type of value is defined as market value. Market value means the estimated amount for which a valuation target should be traded on the valuation benchmark date between a willing buyer and a willing seller acting knowledgeably, prudently and without compulsion, in an arm's length transaction.

4. Basis of Valuation – Asset Ownership Basis

(1) Certificate for Registration of Title of State-owned Assets;

(2) Motor Vehicle Operating License;

(3) Patent certificates or application notices;

(4) Copyright Certificate;

(5) Trademark Registration Certificate;

(6) Significant contracts or accounting vouchers for asset purchases;

(7) Other title documents provided by the entity being evaluated.

5. Principal Assumptions Adopted in the Valuation Report

The principal assumptions used in the valuation report are set out below:

(I) General Assumptions

1. Open market assumption: it is assumed that for assets traded or intended to be traded in the market, both parties to the asset transaction have equal standing and have sufficient opportunities and time to obtain market information, so as to make rational judgments on the functions, uses and transaction prices of the assets. The open market assumption is based on the condition that assets can be publicly bought and sold in the market.

2. Transaction assumption: it is assumed that all assets to be evaluated are already in the process of transaction, and the valuer performs valuation by simulating the market according to the transaction conditions of the valuation target.

3. Continuous asset use assumption: the valuation is conducted based on the continued use of the appraised assets in accordance with their current uses, usage modes, scales, frequencies, environment and other circumstances, and the valuation methods, parameters and basis are determined accordingly.

(II) Special Assumptions

1. There are no material changes in the relevant laws, regulations and policies currently in force in the country, the national macroeconomic situation, as well as the political, economic and social environment of the region where the enterprise is located.

2. Based on the actual conditions of the assets as at the valuation benchmark date, it is assumed that the enterprise will operate as a going concern.

3. It is assumed that the operators of the company are responsible, and the management of the company is capable of performing their duties.

4. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations.

5. It is assumed that the accounting policies to be adopted by the company in the future will be substantially consistent in all material respects with those adopted when preparing this report.

6. It is assumed that on the basis of the existing management mode and management level of the company, its scope and mode of operation will remain consistent with its current direction.

7. There are no material changes in relevant interest rates, exchange rates, tax bases and tax rates, policy-based fee levies, etc.

8. There are no other force majeure and unforeseeable factors that would cause material adverse impacts on the enterprise.

9. It is assumed that after the valuation benchmark date, the cash inflows and cash outflows of the Target Company will occur evenly.

10. The basic data and financial data relevant to the valuation provided by the Target Company are true, accurate and complete. The valuation conclusion of this asset valuation report is established as at the valuation benchmark date under the above assumptions. If significant changes occur in the above assumptions, the signing asset valuers and this valuation institution shall not bear any responsibility for deriving different valuation conclusions due to changes in such assumptions.

6. Key Input Parameters and Calculation Process

(1) Asset-based Approach

The asset-based approach in enterprise value valuation refers to the valuation method that, based on the balance sheet of the Target Company as at the valuation benchmark date, reasonably evaluates the value of various on-balance-sheet and identifiable off-balance-sheet assets and liabilities of the enterprise to determine the value of the valuation target.

The specific model is as follows:

Appraised value of total shareholders' equity = Appraised value of total assets – Appraised value of total liabilities

In the valuation process, valuers adopted different valuation methods respectively according to the specific circumstances of each asset and liability. Brief descriptions of the valuation methods for various assets are as follows:

1. Monetary funds: for monetary funds denominated in RMB, the verified book value was adopted as the appraised value.

2. Accounts receivable: a combination of individual identification and aging analysis was adopted to comprehensively analyse the recoverable amount of accounts receivable and the valuation risk loss of the future recoverable amount to determine the appraised value of accounts receivable.

3. Prepayments: for prepayments where corresponding goods can be received or rights and interests can be formed as agreed in contracts, the verified book value was adopted as the appraised value.

4. Other receivables: a combination of individual identification and aging analysis was adopted to comprehensively analyse the recoverable amount of other receivables and the valuation risk loss of the future recoverable amount to determine the appraised value of other receivables.

5. Inventories: the inventories included in the valuation scope were raw materials. As there was no significant fluctuation in the recent market price of raw materials, the verified book value was adopted as the appraised value.

6. Other current assets: the remaining beneficial rights of the enterprise under other current assets were consistent with their book value. The verified book value was adopted as the appraised value for other current assets.

7. Fixed assets – buildings and structures: based on the characteristics of various building and structure assets, valuation value type, data collection conditions and other relevant factors, the valuation method selected for buildings and structures was: cost approach.

The calculation formulas under the cost approach are as follows:

Appraised value = Replacement cost × Condition rate

Replacement cost = Construction and installation engineering cost + Preliminary expenses and other expenses + Cost of capital – Deductible VAT

Condition rate = Remaining useful life ÷ (Remaining useful life + Used life) * 100%

8. Fixed Assets – Machinery and Equipment

Based on the characteristics of various machinery and equipment assets, valuation value type, data collection conditions and other relevant factors, machinery and equipment were mainly evaluated using the cost approach, while certain vehicles, office equipment and idle equipment with longer service lives were evaluated using the market approach.

(1) Cost Approach

The calculation formulas under the cost approach are as follows:

Appraised value = Replacement cost * Condition rate

Replacement cost = Equipment purchase price + Transportation and miscellaneous fees + Installation and commissioning fees + Foundation fees + Preliminary expenses and other expenses + Cost of capital – Deductible VAT

Condition rate = Remaining useful life ÷ (Remaining useful life + Used life) × 100%

Electronic equipment

Replacement cost = Purchase price of electronic equipment

Condition rate = Remaining useful life ÷ (Remaining useful life + Used life) × 100%

(2) Market Approach

For certain vehicles, office equipment and discarded equipment with longer service lives, the market approach was adopted for valuation based on second-hand market prices or scrap prices as at the valuation benchmark date. The calculation formula under the market approach is as follows:

Adjusted price = Price of comparable transaction case × Transaction Circumstances Adjustment Factor * Transaction Date Adjustment Factor × Location Factors Adjustment Factor * Physical Factors Adjustment Factor * Rights and Interests Status Adjustment Factor.

9. Construction in Progress

Based on the characteristics of construction in progress, valuation value type, data collection conditions and other relevant factors, the cost approach was adopted for valuation. For construction in progress where main projects have been transferred to fixed assets while certain expense items have not been transferred, if their value has been included in the appraised value of other assets, the appraised value of such construction in progress is zero. For construction projects in progress commenced within half a year prior to the valuation benchmark date, the verified book value was adopted as the appraised value.

10. Intangible Assets – Other Intangible Assets

Other intangible assets included in the scope of this valuation were: purchased software, patents, software copyrights, and trademarks.

The valuation methods for determining the value of intangible assets include three basic approaches: the market approach, the income approach and the cost approach, as well as their derivative methods. When performing intangible asset valuation engagements, asset valuation professionals shall analyze the applicability of the above three basic approaches and select valuation methods based on factors such as valuation purpose, valuation target, value type and data collection conditions.

Other intangible assets evaluated using the cost approach were trademarks, patents, purchased software, and software copyrights.

After obtaining a full understanding of the intangible assets, through analysis, neither the relevant intangible assets nor similar intangible assets had historical operational records or generated obvious excess returns, and the Target Company currently has no future operational application plans; meanwhile, there is no active trading market for similar intangible assets (nor comparable transaction cases of similar intangible assets with a comparative basis). Therefore, the cost approach was adopted in this valuation to arrive at the market value of the target intangible assets.

Appraised value = Replacement cost * (1 – Depreciation rate)

11. Development Expenditures

The valuers investigated and understood the reasons for the occurrence of development expenditures, and reviewed the original accounting vouchers for development expenditures. They inquired with research and development personnel of the Target Company regarding the implementation status and current progress of the project, and confirmed that such expenditures were capitalizable expense items. The verified book value was adopted as the appraised value for this valuation.

12. Deferred Tax Assets

The valuers investigated and understood the reasons for the occurrence of deferred tax assets, reviewed relevant accounting regulations for recognizing deferred tax assets, and verified accounting records such as the amount, timing of occurrence and business content of deferred tax assets recognized as at the valuation benchmark date. Taking into account going concern, the verified book value was adopted as the appraised value for deferred tax assets.

13. Liabilities

The liabilities in this valuation were current liabilities and non-current liabilities. The current liabilities were accounts payable, staff remuneration payable, taxes payable and other payables; the non-current liabilities were deferred income. For liabilities, the valuers verified the book value based on the detailed breakdowns for each item and relevant financial information provided by the enterprise, and determined the appraised value based on the verified book value or the liabilities actually to be borne by the Target Company.

7. Valuation Results

(I) Results of the Asset-based Approach Valuation

As of the valuation benchmark date, the book value of the Target Company's total assets was RMB2,786.60 million, the valuation was RMB3,104.76 million, the valuation appreciation was RMB318.16 million, and the valuation appreciation rate was 11.42%; the book value of total liabilities was RMB1,064.93 million, and the appraised value was RMB1,064.93 million, with no change in the appraised value; the book value of net assets was RMB1,721.67 million, and the appraised value was RMB2,039.83 million, representing an appreciation rate of 18.48%. The valuation results for various asset categories are shown in the table below:

Unit: RMB ten thousand

Item	Book value A	Appraised value B	Increase/ Decrease C=B-A	Appreciation rate % D=C/A×100%
Current assets	78,463.56	78,463.56		
Non-current assets	200,196.49	232,012.75	31,816.26	15.89
Of which: Debt investments				
Other debt investments				
Long-term receivables				
Long-term equity investments				
Other equity instrument investments				
Other non-current financial assets				
Investment properties				
Fixed assets	189,738.76	220,353.63	30,614.87	16.14
Construction in progress	1,037.01	326.64	–710.37	–68.50
Productive biological assets				
Oil and gas assets				
Right-of-use assets				
Intangible assets	8,727.60	10,639.36	1,911.76	21.90
Development expenditures	660.21	660.21		
Goodwill				
Long-term deferred expenses				
Deferred tax assets	32.91	32.91		
Other non-current assets				
Total assets	**278,660.05**	**310,476.31**	**31,816.26**	**11.42**
Current liabilities	106,243.31	106,243.31		
Non-current liabilities	250.00	250.00		
Total liabilities	**106,493.31**	**106,493.31**		
Net assets (shareholders' equity)	**172,166.74**	**203,983.00**	**31,816.26**	**18.48**

(II) Results of the Income Approach Valuation

As of the valuation benchmark date, the book value of the Target Company's total assets was RMB2,786.60 million, the book value of total liabilities was RMB1,064.93 million, and the book value of net assets was RMB1,721.67 million.

The total shareholders' equity, after valuation using the income approach, was RMB2,221.10 million, representing a valuation appreciation of RMB499.43 million, representing a premium rate of 29.01%.

8. Valuation Conclusions

1. Analysis of Valuation Discrepancies

In this valuation, the income approach was used to determine the value of the Target Company's total shareholders' equity at RMB2,221.10 million; the asset-based approach was used to determine the value of the Target Company's total shareholders' equity at RMB2,039.83 million. The difference between the valuation results of the income approach and the asset-based approach is RMB181.27 million, representing a discrepancy rate of 8.89%.

The asset-based approach uses the replacement cost of assets as the valuation standard, reflecting the socially necessary labor expended on asset investment (acquisition and construction costs). These acquisition and construction costs typically variate depending on changes in the national economy and market supply and demand.

The income approach uses the expected income from assets as the valuation standard, reflecting the extent of the asset's operational capacity (profitability). This profitability is typically influenced by various factors, including the macro-economy, market competition, government policies, and the effective utilization of assets.

2. Determination of the Final Valuation Conclusion

After considering the applicability of the valuation methods and the relevant valuation objectives, the independent valuer ultimately selected the valuation result derived from the asset-based approach as the final valuation conclusion for this valuation. The reasons are as follows:

The Target Company's primary business is power generation and heat supply. It is primarily responsible for the construction and operation of the Jingxi Gas-fired Power Project at the Beijing Northwest Thermal Power Center, which has an installed capacity of 1,307 MW, a heat generating segment of 919 MW, a heating supply area of 18 million square meters, and an annual power generation of 5.881 billion kWh. By analyzing the Target Company's various assets and liabilities, the asset-based approach provides greater certainty and prudence in determining asset values and generally reflects the current market value of the entity's assets. The income approach reflects the entity's value from the perspective of net cash flows generated by future operating activities; however, the operating revenue of a gas-fired power plant is influenced by multiple factors, including national electricity pricing policies, fluctuations in natural gas prices and power generation utilization hours, resulting in significant uncertainty in forecasting future earnings.

Based on the above analysis, this valuation report adopts the results of the asset-based approach, concluding that the value of the Target Company's total shareholders' equity is RMB2,039.83 million.

Beijing Huayuan Longtai Real Estate and Land Assets Valuation Co., Ltd. (北京華源龍泰房地產土地資產評估有限公司), commissioned by the Company, Jingxi Power Generation, and the Target Company, conducted a valuation of the land use rights involved in Jingxi Power Generation's proposed capital investment through the contribution of land use rights and issued a valuation report. The two signing valuers for this appraisal, Wang Jing and Zhang Cuiying, are both full members of the China Appraisal Society and hold professional practice qualifications, which the membership number is 21210088 for Wang Jing and 13090087 for Zhang Cuiying. Beijing Huayuan Longtai Real Estate and Land Assets Valuation Co., Ltd. is independent of the Company, Jingxi Power Generation, the Target Company, and their respective related parties. Beijing Huayuan Longtai Real Estate and Land Assets Valuation Co., Ltd. has no existing or anticipated interests in the Proposed Subscription, nor does it have any existing or potential conflicts of interest with any party to the transaction, and shows no bias toward any relevant party.

Valuation Report on Land Use Rights

According to the valuation report issued by Beijing Huayuan Longtai Real Estate and Land Assets Valuation Co., Ltd. on 20 January 2026, as at the valuation benchmark date (i.e. 31 December 2025), the appraised value of the land use rights evaluated using the cost approximation method was RMB279.53 million, and the book value of the land use rights was RMB16.27 million, representing an appreciation rate of 1,618.37%, which was mainly due to the early acquisition time and lower cost of the land, coupled with the continuous rise in regional land prices in recent years, making the market value as at the valuation benchmark date significantly higher than the book value, thereby resulting in a substantial valuation appreciation. The valuation conclusion shall be valid from the valuation benchmark date until 30 December 2026.

1. Valuation Target and Valuation Scope

The valuation target is the market value of the land use rights held by Jingxi Power Generation located in the Gaojing Power Plant Industrial Zone, Shijingshan District, Beijing, involved in the proposed capital increase and share subscription by Jingxi Power Generation with the land use rights.

The valuation scope is a parcel of state-owned industrial land use rights held by Jingxi Power Generation located in the Gaojing Power Plant Industrial Zone, Shijingshan District, Beijing, with a land use right area of 109,690.27 sq.m., an original carrying value of RMB22.61 million, and a book value of RMB16.27 million.

(1) Asset Ownership Status

The land use rights included in this valuation have been issued real estate ownership certificates, and the specific information recorded on the certificates is as follows:

Certificate No.	Jing (2020) Shi Real Estate Rights No. 0008179
Rights Holder	Jingxi Power Generation
Location	existing industrial land project in the Gaojing Power Plant Industrial Zone, Shijingshan District
Real Estate Unit No.	110107009001GB00265W00000000
Type of Right	state-owned construction land use right
Nature of Right	grant
Usage	industrial land
Area (sq.m.)	109,690.27
Term of Use	from 24 December 2011 to 23 December 2061

As of the valuation benchmark date, no other rights such as pledges or guarantees were identified on the assets, nor were there any restrictions on asset rights, such as litigation.

(2) Asset Utilization Status

The parcel of land is located in the Gaojing Power Plant Industrial Zone in Shijingshan District. The registered land area is 109,690.27 square meters. Currently, there are multiple buildings on the site with a total floor area of 84,078.21 square meters, of which 73,946.77 square meters is above-ground floor area and 10,131.44 square meters is underground floor area. The land is currently in use as a power plant site. The plot is bounded by the Datang International Gaojing Thermal Power Plant to the East, planned drainage facility land to the South, Shiguang Road to the West and Cuiyun South Road to the North. The land development status is “seven connections and one leveling” (access roads, electricity, telecommunications, water supply, drainage, natural gas and heating outside the plot, and site grading within the plot).

2. Type of Value

Based on the purpose of this valuation, the type of value determined for this valuation is market value. Market value means the estimated amount for which a valuation target should be traded on the valuation benchmark date between a willing buyer and a willing seller acting knowledgeably, prudently and without compulsion, in an arm's length transaction.

3. Basis of Valuation

(1) Business license of the property owners;

(2) State-owned Land Use Rights Certificate;

(3) Accounting documents and other information;

(4) Land expropriation data for the project's location;

(5) Relevant information collected from the Internet;

(6) Statistical data and technical standards issued by relevant national authorities;

(7) Land price growth rates published by the China Urban Land Price Dynamic Monitor system;

(8) Announcements regarding the Loan Prime Rate (LPR) published by the People's Bank of China for the current month of the benchmark date, as authorized by the National Interbank Funding Center;

(9) Valuation declaration forms and other documents provided by the property owner;

(10) Completion measurement reports;

(11) Other relevant information.

4. Selection of Valuation Methods and Reasons

Valuation methods for land include the market comparison method, the income capitalization method, the cost approximation method, the residual method, and the benchmark land price coefficient adjustment method. As there are few land transaction cases of the same type as the valuation target in the region, suitable comparable instances could not be obtained, making it impossible to adopt the market comparison method for valuation. The income capitalization method is suitable for the valuation of land or real estate with actual or potential income. In the region where the valuation target is located, there are few rental transactions for buildings on similar land, making it impossible to reasonably determine the total real estate income of the valuation target through the rental level of real estate in the area, and further determine the land income. Furthermore, there is a lack of pure land rental cases for similar purposes in the region; therefore, it is inappropriate to adopt the income capitalization method for valuation. The residual method is suitable for the valuation of land with transaction cases of incomplete real estate developments. The valuation target is industrial land that has been fully constructed and put into use, and there are no transaction cases of similar real estate in the market; therefore, the residual method was not selected for valuation.

The land commissioned for valuation is developed land. The relevant documents for acquiring the land use rights are relatively complete, and various land expenses can be calculated quite accurately, which meets the application conditions and scope of applicability for the cost approximation method, allowing the cost approximation method to be adopted for valuation. The area where the subject land parcel is located has completed the land grading and compilation of benchmark land prices within the planning zone, possessing a well-developed adjustment system; thus, the benchmark land price coefficient adjustment method can be adopted for valuation. In summary, the benchmark land price coefficient adjustment method and the cost approximation method were adopted as the valuation methods for the land use rights in this valuation.

5. Principal Assumptions Adopted in the Valuation Report

(I) General Assumptions

1. Transaction Assumption

The transaction assumption assumes that all assets to be evaluated are already in the process of transaction, and the valuers perform the valuation by simulating the market based on the transaction conditions of the assets to be evaluated. The transaction assumption is a fundamental premise for asset valuation to proceed.

2. Open Market Assumption

The open market assumption assumes that for assets traded or proposed to be traded in the market, both trading parties of the assets enjoy equal status and have sufficient opportunities and time to obtain market information, so as to make rational judgments on the function, use and transaction price of the assets. The open market assumption is based on the principle that assets can be publicly bought and sold in the market.

3. Continuous Use Assumption

The continuous use assumption assumes that the evaluated assets will continue to be used legally and effectively in accordance with the planned purpose, mode of use, environment and other conditions, and that no material changes will occur within the foreseeable period of use.

(II) Special Assumptions

1. Information provided by relevant parties and descriptions of asset conditions are authentic, complete and valid.

2. There are no material changes in the current relevant national laws, regulations and policies, macroeconomic conditions, as well as political, economic and social environments.

3. There are no material changes in relevant interest rates, tax bases, tax rates, policy-related levies and other fees.

4. It is assumed that the acquisition process of the assets involved in the valuation target complies with relevant national laws and regulations.

The above assumptions are important conditions for the validity of the valuation conclusions herein. If any of the above assumptions change, the valuation conclusions herein will change accordingly.

6. Key Input Parameters and Calculation Process

1. Benchmark Land Price Coefficient Adjustment Method

Utilizing local land grading and valuation achievements, and according to local benchmark land price standards, the regional factors and individual factor conditions of the subject land parcel were surveyed and collected through on-site inspections. Based on the quality of factor conditions, the adjustment coefficients for each factor were determined to calculate the evaluated land price of the subject land parcel.

Above-ground portion: Accommodation value of serviced land = Applicable benchmark land price × Adjustment coefficient for land use × Adjustment coefficient for date × Adjustment coefficient for term × Adjustment coefficient for plot ratio × Adjustment coefficient for factors

Underground portion: Accommodation value of serviced land = Applicable benchmark land price × Adjustment coefficient for land use × Adjustment coefficient for date × Adjustment coefficient for term × Adjustment coefficient for factors × Adjustment coefficient for underground space of corresponding land use

2. Cost Approximation Method

Mainly based on the sum of various expenses required to develop the land, plus certain interest, profit, taxes and fees payable, and land value appreciation income to determine the land price. The basic calculation formula is:

Land price = Land acquisition fee + Land development fee + Various taxes and fees + Land development interest + Land development profit + Land value appreciation income

7. Valuation Results

Based on the aforesaid valuation methods, the appraised value under the benchmark land price coefficient adjustment method was RMB175.39 million, while the appraised value under the cost approximation method was RMB266.22 million, representing a relatively significant difference between the two methods. The benchmark land price is a land price standard published by the government that plays an important guiding role in the land market. The independent valuer conducted a careful investigation and analysis of the various factors and conditions affecting the land price, and, having given due consideration to the other land-price factors under the benchmark land price coefficient adjustment method, reasonably determined the relevant adjustment coefficients. However, as the benchmark date of the benchmark land price for Beijing was 2021, which is relatively distant from the valuation benchmark date of this valuation, its calculation result is relatively less capable of reflecting the prevailing market land price level. By contrast, the cost approximation method is able to capture objective and normal land acquisition costs and related costs and expenses, and accordingly its calculation result is closer to the market level than that of the benchmark land price coefficient adjustment method. In view of the above, this valuation has adopted the calculation result under the cost approximation method as the final land value of the valuation target.

In summary, the total appraised land value = RMB2,427 per square metre (unit land price) × 109,690.27 square metres (land use right area), amounting to approximately RMB266.22 million.

Having consulted the local tax bureau, the value-added tax (VAT) applicable to the transaction of this parcel of land is payable at the rate of 5%. Accordingly, the tax-inclusive total land value is RMB279.53 million. Therefore, it was determined that as of the valuation benchmark date, the book value of the land use rights that Jingxi Power Generation intended for capital increase and share subscription was RMB16.27 million, the appraised value was RMB279.53 million, the value appreciation was RMB263.26 million, and the rate of appreciation was 1,618.37%.

Summary Table of Valuation Results (Unit: RMB ten thousand)

Item	Book value A	Appraised value B	Increase/ Decrease C=B-A	Appreciation rate % D=C/A×100%
Non-current assets	1,626.71	27,952.92	26,326.21	1,618.37
Land use rights	1,626.71	27,952.92	26,326.21	1,618.37
Total assets	**1,626.71**	**27,952.92**	**26,326.21**	**1,618.37**