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龍源電力集團股份有限公司
CHINA LONGYUAN POWER GROUP CORPORATION LIMITED*
(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00916)

CONNECTED TRANSACTION
ACQUISITION OF 51% EQUITY IN GUOHUA CANGZHOU

The Transaction

The Board of the Company announces that on 31 March 2026, Inner Mongolia Longyuan, a subsidiary of the Company, entered into the Equity Transfer Agreement with Guohua Investment, pursuant to which, Inner Mongolia Longyuan conditionally agrees to acquire and Guohua Investment conditionally agrees to sell 51% equity in the Target Company for a consideration of RMB33,940,806.

Prior to the completion of the Transaction, the Target Company was not a subsidiary of the Company. Upon completion of the Transaction, the Target Company will become a subsidiary of the Company, and its financial performance will be consolidated into the financial statements of the Company.

Listing Rules Implications

As at the date of this announcement, CHN Energy directly and indirectly holds approximately 58.72% of the issued share capital of the Company, being the controlling shareholder of the Company and a connected person of the Company under Rule 14A.07 of the Listing Rules. Guohua Investment is a subsidiary of CHN Energy and constitutes a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Transaction exceed 0.1% but are less than 5%, the Transaction is subject to the announcements and annual reporting requirements under Chapter 14A of the Listing Rules, but exempt from the independent shareholders' approval requirement.

I. INTRODUCTION

The Board of the Company announces that on 31 March 2026, Inner Mongolia Longyuan, a subsidiary of the Company, conditionally agrees to acquire and Guohua Investment conditionally agrees to sell 51% equity in the Target Company for a consideration of RMB33,940,806.

II. EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are as follows:

Date

31 March 2026

Parties

Transferor: Guohua Investment

Transferee: Inner Mongolia Longyuan

Target Equity

The Target Equity of the Transaction is the 51% equity in the Target Company held by Guohua Investment. The Target Company was established by Guohua Investment on 28 October 2021 with a registered capital of RMB10 million. There are no constraints or obligations affecting the transfer of equity or the exercise of shareholders' rights on the equity of the Target Company, nor have any compulsory measures such as seizure or freezing been imposed on the equity of the Target Company by any competent authority.

Upon completion of the Transaction, the Target Company will become a subsidiary of the Company, and its financial performance will be consolidated into the financial statements of the Company.

Consideration and Basis for Determining the Consideration

According to the Asset Valuation Report issued by Beijing Pan-China Assets Appraisal Co., Ltd. ("**Pan-China Appraisal**"), an independent and qualified asset appraisal institution, for the Target Company, with 30 November 2025 as the valuation reference date ("**Valuation Reference Date**"), the valuation of the Target Company was conducted by adopting the income approach. The evaluated value of the total equity of the Target Company's shareholders was RMB66.5506 million.

All parties agree that the transaction prices for 51% equity of the Target Company shall not be lower than the filed evaluation value, being RMB33,940,806. The final transaction price shall be subject to the appraisal results filed with the state-owned assets supervision and administration authority.

The consideration for the Transaction was determined by the Company and Guohua Investment through fair negotiation with reference to the evaluated value of the equity in the Target Company, considering market conditions and the future business prospects of the Target Company.

Payment Method of Consideration

The Transferee shall pay the total equity transfer consideration amounting to RMB33,940,806 in a lump sum to the Transferor within 60 days after the effectiveness of the Equity Transfer Agreement. Upon such payments, the Transferee shall be deemed to have fully performed its obligation to pay the consideration under the Equity Transfer Agreement.

Completion

The date on which the Transferee completes the payment of the total equity transfer consideration shall be deemed as the completion date for the Target Equity ("**Completion Date**"). From the completion date onwards, the transferee shall be entitled to all rights and assume corresponding commitments, risks associated with the Target Equity.

Transition Period (from the Valuation Reference Date (excluding the Valuation Reference Date) to the Completion Date (including the Completion Date))

The profits and losses arising from the Target Company's normal production and operation during the Transition Period shall be enjoyed/borne by the Transferee in proportion to its equity interest, and no consideration adjustment shall be made based on the gains or losses generated from normal operations during this period. During the Transition Period, the Transferor shall ensure that the Target Company conducts its business in the ordinary course and shall not take any action that may adversely affect the interests of the Target Company and/or the Transferee.

Default Liability

If any party to the Equity Transfer Agreement fails to perform or fully perform any of its commitments or obligations under this agreement, or if any representation or warranty made in this agreement is false or incorrect, or if such representation or warranty is not fully and timely performed, such party's conduct shall constitute a default. The defaulting party shall compensate and bear all losses incurred or suffered by the non-defaulting party as a result of such default.

If the Transaction fails to take effect or cannot be completed due to no fault of either party, neither party shall be liable for default.

Conditions Precedent

The Equity Transfer Agreement shall be established upon being signed by the legal representatives or authorized representatives of both parties and affixed with the official seals or special contract seals of their respective entities, and shall become effective upon fulfillment of all the following conditions:

(1) The Transaction has been approved by the competent decision-making authority of the Transferor;

(2) The Transaction has been approved by the competent decision-making authority of the Transferee;

(3) The Transaction has been approved by the competent state-owned assets supervision and administration authority;

(4) The Asset Valuation Report for the Target Equity has been filed with the competent state-owned assets supervision and administration authority.

III. FURTHER INFORMATION ON THE VALUATION

The income approach was adopted in preparing the valuation of 100% equity interest of the Target Company, which constitutes a profit forecast under Rule 14.61 of the Listing Rules (the "**Profit Forecast**"). For general information, key input parameters and assumptions regarding the valuation of the Target Company (the "**Valuation**") (including the valuation presented by the Company pursuant to Rule 14.60A of the Listing Rules), please refer to Appendix I of this announcement.

The reporting accountant of the Company, Baker Tilly China Certified Public Accountants ("**Baker Tilly**"), has reviewed the calculation methodology underlying the Valuation of the Target Company and issued a report. The Board has confirmed that the profit forecast was prepared after due and careful inquiry. Pursuant to Rule 14.60A of the Listing Rules, the letters issued by Baker Tilly and the Board are set out in Appendix II and Appendix III to this announcement respectively.

Experts and Letters of Consent

Name	Qualification
Pan-China Appraisal	Qualified PRC Appraisal Institution
Baker Tilly	Reporting Accountants, Certified Public Accountants, Registered Public Interest Entity Auditors

To the best of the knowledge, information and belief of the Directors after making all reasonable enquiries, Pan-China Appraisal and Baker Tilly are each independent of the Group and its connected persons as third parties. As at the date of this announcement, neither Pan-China Appraisal nor Baker Tilly has any interest in any member companies of the Group or any rights (whether legally enforceable or not) to subscribe for or nominate any person to subscribe for any securities of any member companies of the Group. Pan-China Appraisal and Baker Tilly have agreed on 31 March 2026 to the inclusion of their names, opinions, recommendations and references to their names (including their qualifications) in the form and context in which they appear in this announcement, and such consents have not been withdrawn as at the date hereof.

IV. RATIONALE AND BENEFITS OF THE TRANSACTION

The Transaction will facilitate the Company's advancement of large-scale wind-solar base electricity-hydrogen synergy demonstration projects, expand its business footprint in new energy and strategic emerging industries, enhance its core competitiveness, and foster sustained development momentum.

The Transaction aligns with the Company's operational development requirements. The funding source is self-generated capital, the pricing is fair, and it will not adversely affect the Company's financial or operational position. There is no detriment to the interests of the Company and all shareholders, particularly minority shareholders. The Directors (including the independent non-executive Directors) consider that the terms of the Transaction are entered into on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Ms. Wang Xuelian and Mr. Zhang Tong, being the Directors of the Company, hold positions at CHN Energy and therefore have a material interest in the Transaction. They have abstained from voting on the Board resolution approving the Transaction. Save as disclosed above, none of the other Directors of the Company has any material interest in the Transaction.

V. LISTING RULES IMPLICATIONS

As at the date of this announcement, CHN Energy directly and indirectly holds approximately 58.72% of the issued share capital of the Company, being the controlling shareholder of the Company and a connected person of the Company under Rule 14A.07 of the Listing Rules. Guohua Investment is a subsidiary of CHN Energy and constitutes a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Transaction exceed 0.1% but are less than 5%, the Transaction is subject to the announcement and annual reporting requirements under Chapter 14A of the Listing Rules, but exempt from the independent shareholders' approval requirement.

VI. GENERAL INFORMATION

1. Information on the Company

The Company is a leading wind power generation company in the PRC, primarily engaged in the design, development, construction, management and operation of wind farms. In addition to the wind power business, the Company also operates other power projects such as solar and tidal energy. Meanwhile, the Company also provides consultation, repair and maintenance, training and other professional services to wind farms.

2. Information on Inner Mongolia Longyuan

Inner Mongolia Longyuan is a limited liability company incorporated in China, primarily engaged in wind power generation and solar energy power generation; investment, construction, and operation of wind farms; wind farm surveying, design, and construction; complete installation, commissioning, and maintenance of wind power generator sets; electricity supply, heat production and supply. As at the date of this announcement, Inner Mongolia Longyuan is a wholly-owned subsidiary of the Company.

3. Information on CHN Energy

As a state-owned enterprise established in accordance with the laws of the PRC, CHN Energy is the controlling shareholder of the Company, and operates business segments including coal, thermal power, new energy, hydropower, transportation, chemicals, environmental technologies and finance. As of the date of this announcement, the ultimate beneficial owner of CHN Energy is SASAC.

4. Information on Guohua Investment

Guohua Investment is a limited liability company incorporated in China, primarily engaged in power generation, transmission, and distribution businesses. As of the date of this announcement, Guohua Investment is a wholly-owned subsidiary of CHN Energy.

5. Information on the Target Company

Guohua Cangzhou is a limited liability company incorporated in China, primarily engaged in power generation, transmission, and distribution businesses. As of the date of this announcement, Guohua Investment holds 100% equity in Guohua Cangzhou.

Guohua Cangzhou is responsible for the overall development and construction of the "Cangzhou Lvgang Hydrogen City" project which consists of two parts, namely the new energy segment and the green hydrogen and green ammonia segment. For the new energy segment, a total of 1,090,000 kW of photovoltaic projects are planned for construction in the current phase, all of which have now been connected to the grid and put into operation. For the green hydrogen and green ammonia segment, it is planned to develop a flexible control system for green ammonia, and conduct demonstration and verification of grid-connected green power-to-hydrogen and ammonia synthesis. In the current phase, it is proposed to construct 22 sets of 1,000 Nm^3/h alkaline water electrolysis hydrogen production systems and 2 sets of 2,000 Nm^3/h ones, with an expected hydrogen production capacity of 14,000 tonnes per year and an expected ammonia synthesis capacity of 50,000 tonnes per year. The segment is currently under construction. This project was included in the list of National Demonstration Projects for Advanced Green and Low-Carbon Technologies.

The principal financial information of the Target Company prepared under PRC Accounting Standards for Business Enterprises for the two financial years ended 31 December 2025 is set out below:

Unit: RMB

	For the year ended 31 December 2025	**For the year ended 31 December 2024**
Total profit	23,050,867.56	–
Net profit	23,050,867.56	–

	As at 31 December 2025
Total assets	4,795,596,622.79
Net assets	25,906,224.78

VII. DEFINITIONS

In these announcements, unless the context otherwise requires, the following terms shall have the meanings set out below:

"Board"	the board of Directors of the Company
"CHN Energy"	China Energy Investment Corporation Co., Ltd. (國家能源投資集團有限責任公司), as at the date of this announcement, directly and indirectly holds 4,908,598,141 shares of the Company (approximately 58.72% of the total issued share capital of the Company), and is a controlling shareholder of the Company
"Guohua Investment" or "Transferor"	Guohua Energy Investment Co., Ltd., the transferor in the Transaction
"Inner Mongolia Longyuan" or "Transferee"	Inner Mongolia Longyuan New Energy Development Co., Ltd.(內蒙古龍源新能源發展有限公司), a wholly-owned subsidiary of the Company and the transferee in the Transaction
"Guohua Cangzhou" or "Target Company"	Guohua (Cangzhou) Integrated Energy Co.,Ltd. (國華滄州綜合能源有限公司), the Target Company of the Transaction
"Target Equity"	the 51% equity in the Target Company held by Guohua Investment
"Company"	China Longyuan Power Group Corporation Limited* (龍源電力集團股份有限公司), a joint stock limited company incorporated in the PRC, the H Shares of which are listed on the Stock Exchange (stock code: 00916), and the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 001289)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director"	the director(s) of the Company
"Group"	the Company and its Subsidiaries
"Equity Transfer Agreement"	the equity transfer agreement entered into between Inner Mongolia Longyuan and Guohua Investment on 31 March 2026, pursuant to which Inner Mongolia Longyuan shall acquire 51% equity in Guohua Cangzhou held by Guohua Investment
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	State-owned Assets Supervision and Administration Commission of the State Council
"subsidiary" or "subsidiaries"	has the meaning ascribed to it under the Listing Rules
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange
"Transaction"	the acquisition by Inner Mongolia Longyuan of 51% equity in Guohua Cangzhou held by Guohua Investment pursuant to the Equity Transfer Agreement
"Transition Period"	the period from the day following the Valuation Reference Date (excluding the Valuation Reference Date) to the Completion Date (including the Completion Date).

"Asset Valuation Report"	the "Asset Valuation Report on the Entire Equity Value of the Shareholders of Guohua (Cangzhou) Integrated Energy Co., Ltd. Involved in Guohua Energy Investment Co., Ltd.'s Proposed Transfer of the Equity in Guohua (Cangzhou) Integrated Energy Co., Ltd." (No.: Pan-China Appraisal Report (2026) No. 0073) issued by Beijing Pan-China Assets Appraisal Co., Ltd.
"%"	percentage

By order of the Board
China Longyuan Power Group Corporation Limited*
Gong Yufei
Chairman

Beijing, the PRC
31 March 2026

As at the date of this announcement, the executive directors of the Company are Mr. Gong Yufei and Mr. Wang Liqiang; the non-executive directors are Ms. Wang Xuelian, Mr. Zhang Tong, Mr. Wang Yong and Mr. Liu Jintao; and the independent non-executive directors are Mr. Michael Ngai Ming Tak, Mr. Gao Debu and Ms. Zhao Feng.

* *For identification purpose only*

Summary of the "Asset Valuation Report on the Total Equity Value of the Shareholders of Guohua (Cangzhou) Integrated Energy Co., Ltd. Involved in Guohua Energy Investment Co., Ltd.'s Proposed Transfer of Equity in Guohua (Cangzhou) Integrated Energy Co., Ltd." and the "Asset Valuation Notes on the Total Equity Value of Shareholders Involved in the Equity of Guohua (Cangzhou) Integrated Energy Co., Ltd."

Beijing Pan-China Assets Appraisal Co., Ltd. has evaluated the market value of the total equity of Shareholders of Guohua (Cangzhou) Integrated Energy Co., Ltd. as of 30 November 2025, in relation to the proposed transfer of equity in Guohua (Cangzhou) Integrated Energy Co., Ltd. by Guohua Energy Investment Co., Ltd.

Subject of Valuation:	The total equity value of shareholders in Guohua (Cangzhou) Integrated Energy Co., Ltd. as of the Valuation Reference Date
Scope of Valuation:	The total assets of Guohua (Cangzhou) Integrated Energy Co., Ltd., including all assets and liabilities.
Valuation Reference Date:	30 November 2025
Type of Value:	Market value
Valuation Approach:	Income approach and market approach
Valuation Conclusion:	In this valuation, the valuers employed both the income approach and market approach to evalute the subject asset, with the income approach being adopted as the final valuation conclusion.

Based on the income approach, the total equity value of Guohua (Cangzhou) Integrated Energy Co., Ltd. as of the valuation base date of 30 November 2025 was RMB66.5506 million, the net book assets was RMB21.4952 million.

I. VALUATION METHODOLOGY

The asset-based approach is grounded in the balance sheet, evaluating from the perspective of asset replacement cost. It substitutes the historical cost of individual assets and liabilities with their market values, then deducts liabilities from the aggregate valuation of individual assets to derive the equity valuation, thereby obtaining the net asset value of the enterprise. Given the circumstances of this valuation, the asset-based approach fails to capture the future earnings potential of the entity under valuation, rendering it unsuitable for this valuation exercise.

The income approach is grounded in the economic theory of expected utility, which posits that for investors, the value of an enterprise lies in its anticipated ability to generate future earnings. Regarding the applicability of the income approach, as the enterprise possesses independent profit-generating capabilities and the management has provided forecasted earnings data for future years, it is reasonable to project the enterprise's future profitability based on historical operational data and internal/external business environments. Additionally, the risks associated with future earnings can be reasonably quantified, thereby justifying the use of the income approach for this valuation.

The market approach evaluates the current fair market value of the subject asset by referencing comparable entities in the actual market. The valuation data under the market approach is directly sourced from the market, featuring straightforward valuation perspectives and approaches, as well as an intuitive valuation process. This market-oriented methodology yields highly persuasive results. The value drivers of the reference companies align closely with those of the target company, establishing a strong correlation between influencing factors and valuation conclusions. Such relationships can be quantified through specific methods, with all relevant data being readily collectible. After more than two decades of development, China's capital markets have established fundamental market functionalities, making the application of the market approach entirely feasible for this valuation. Therefore, the market approach is deemed appropriate for this valuation.

In conclusion, both the income approach and the market approach are employed in this valuation.

II. VALUATION ASSUMPTIONS

(I) General Assumptions

1. Transaction assumptions: It is assumed that all assets to be evaluated are already in the process of transaction, and the appraiser simulates the market for valuation based on the transaction conditions of the assets to be evaluated.

2. Open market assumption: The open market assumption refers to a hypothesis regarding the conditions of the market into which the asset is intended to enter and the potential impact on the asset under such market conditions. An open market refers to a fully developed and well-functioning market environment, characterized by the presence of willing buyers and sellers in a competitive setting. In such a market, both buyers and sellers operate on an equal footing, with adequate access to market information and sufficient time. Transactions are conducted voluntarily, rationally, and free from coercion or constrained conditions.

3. Continuing use assumption: The continuing use assumption is a hypothesis regarding the conditions under which assets are intended to enter the market and the state of such assets under these market conditions. Firstly, the assets being evaluated are currently in use, and secondly, it is assumed that these assets in use will continue to be utilized. Under the continuing use assumption, no consideration is given to the conversion of asset use or optimal utilization conditions, and the application of the valuation results is constrained.

4. Going concern assumption: An valuation premise made when evaluating the entire assets of an enterprise as the subject of valuation. It means the enterprise, as an operating entity, will continue its operations in accordance with its business objectives under the prevailing external environment. Operators of enterprises shall be responsible and capable of assuming responsibility; enterprises shall operate lawfully and be able to earn appropriate profits to maintain their ability to continue operations.

(II) Income Approach Valuation Assumptions

1. The current relevant laws, regulations and policies of the state remain unchanged without any material changes in the macroeconomic situation; the political, economic and social environments in the regions where the parties to the Transaction are located remain unchanged without any material changes; and there are no material adverse effects caused by other unforeseeable factors or force majeure.

2. Based on the actual condition of the assets as of the Valuation Reference Date, it is assumed that the enterprise will continue as a going concern.

3. It is assumed that the operators of the enterprise are responsible and that the management can fulfil their positions.

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

5. It is assumed that the accounting policies to be adopted by the enterprise in the future will be substantially consistent in all material respects with those applied in the preparation of this report.

6. It is assumed that the enterprise will maintain its current business scope and operational approach consistent with the present direction, based on existing management methods and standards.

7. There will be no significant changes in interest rates, tax bases and tax rates, or policy-related levies.

8. No other force majeure or unforeseen factors will cause materially detrimental impact to the enterprise.

9. It is assumed that the projected annual cash flow of the enterprise is generated evenly throughout the year.

10. The power generation project of Guohua (Cangzhou) Integrated Energy Co., Ltd. is planned to be connected to the 500kV Cangzhou North Power Transmission and Transformation Project (500千伏滄州北輸變電工程) in 2027. This project has already received approval from the Hebei Provincial Development and Reform Commission and has obtained the pre-announcement for land acquisition. It is expected to commence operation in 2027. This valuation assumes that the project will be operational by 2027 and that the power generation project of Guohua (Cangzhou) Integrated Energy Co., Ltd. will be successfully connected to it by that time.

11. This valuation forecasts the electricity price for the green ammonia asset group based on the electricity price data provided in the "Funding Application Report for the Adjustment Plan of the Large-Scale Wind and Solar Base Electro-Hydrogen Synergistic Hybrid Water Electrolysis Hydrogen Production and Ammonia Synthesis System Integration and Engineering Demonstration (大型風光基地電氫協同混合電解水制氫合成氨系統集成及工程示範調整方案資金申請報告)" submitted by Inner Mongolia Longyuan New Energy Development Co., Ltd. in November 2025. It is assumed that the project and future periods can obtain green power at a price of RMB0.416 per kWh.

12. There are no other force majeure factors or unforeseen circumstances that would cause significant detrimental impact to the asset group.

III. KEY PARAMETER FORECAST METHODOLOGY FOR THE VALUATION

The income approach valuation adopts the discounted cash flow method, with the selected cash flow metric being Equity Free Cash Flow. The details are as follows:

(I) Income Approach Valuation Model

1. Valuation Model

This valuation employs the Free Cash Flow to Equity (FCFE) model, which calculates the present value of residual cash flows available for distribution to shareholders after deducting liabilities reimbursement from the discretionary cash flows generated by the power generation business in future years. The remaining distributable cash flows are discounted to the Valuation Reference Date using an appropriate capital cost rate, thereby deriving the Company's net operating equity value.

2. Calculation Formula

Equity Value = Value of Operating Net Assets + Value of Surplus and Non-operating Assets

The calculation formula for the value of operating net assets is as follows:

$$= \sum_{=1}^{n} [\qquad \times (1+ \quad)^{-}]$$

Where: P – Net operating asset value

FCFE – Free Cash Flow to Equity (FCFE)

R—Cost of equity

3. Determination of the Income Period

The income period in enterprise valuation typically refers to the duration during which the enterprise is expected to generate future income. To reasonably forecast an enterprise's future income, the income period can be categorized into finite and infinite durations based on the characteristics of its operations, as well as relevant laws and regulations, agreements, and contracts.

4. Determination of Expected Returns

Based on the selected valuation model for this valuation, equity cash flows represent the maximum distributable cash available to equity holders.

Free cash flow to equity = Net profit after tax + Depreciation and Amortisation – Capital expenditures – Net increase in working capital + Net increase in interest-bearing debt.

5. Determination of discount rates

There are various methods and approaches to determine discount rates. In accordance with the principle of consistency between the income measure and discount rate, the income measure for this valuation is free cash flow to equity. Therefore, the discount rate is determined by selecting the cost of equity (R).

(II) Explanation of Income Period and Forecast Period

The income period in enterprise valuation typically refers to the duration during which the enterprise is expected to generate future income. To reasonably forecast an enterprise's future income, the income period can be classified into finite and infinite durations based on the characteristics of the enterprise's operations, as well as relevant laws and regulations, agreements, and contracts.

Given that the average economic lifespan of PV power generation equipment is approximately 25 years, the Huanghua Lvgang PV Power Project of Guohua (Cangzhou) Integrated Energy Co., Ltd. achieved full-capacity grid connection on 17 July 2025, while the Huanghua Bihai PV Power Project achieved full-capacity grid connection by the end of January 2026. The forecast period for this valuation spans from December 2025 to January 2051.

(III) Determination of discount rates

1. Selection of Discount Rate Models

The discount rate should align with the expected return metric. As this valuation report adopts the equity cash flow discount model, where the expected return metric is equity cash flow, the corresponding discount rate selected is the cost of equity (R). The calculation formula is as follows:

$$R = Rf + \beta \times (Rm - Rf) + Rc$$

Where: Rf – Risk-free rate

β – Beta coefficient

Rm – Market expected return rate

Rm - Rf – Market risk premium

Rc: Company-specific Risk Adjustment Factor.

2. Determination of specific parameters for discount rates

(1) Determination of risk-free rate

The risk-free rate is represented by the yield to maturity of all government bonds with a remaining term of 10 years as of the Valuation Reference Date, as provided by the China Central Depository & Clearing Co., Ltd. (CCDC). The data is sourced from the official website of the China Appraisal Society at http://www.cas.org.cn/. The risk-free rate as of the Valuation Reference Date was 1.84%.

(2) Determination of Beta Coefficient β_L

(a) Calculation Formula

The equity systematic risk coefficient of the assessed unit shall be calculated as follows:

$$\beta_L = \quad + \quad -t \times D \quad E \times \beta_U$$

Where:

β_L: Levered Beta;

β_U: Unlevered Beta;

t: Income tax rate of the evaluated entity;

D/E: Target capital structure of the evaluated entity.

(b) Determination of the unlevered beta β_U for the evaluated entity

Based on the business characteristics of the evaluated entity, the valuers queried the β_L values of seven comparable listed companies in the new energy photovoltaic power generation sector (starting trading date: 1 December 2022; ending trading date: 30 November 2025; frequency: weekly) through the WIND Information System. These values were then converted into β_U values by adjusting for the income tax rates and capital structures of the comparable listed companies. For the calculation of capital structure, D and E

were determined based on market values. The calculated β_U is weighted by market capitalization to derive an average of 0.3469, which serves as the β_U value for the entity under valuation. For details, please refer to the table below:

Code	Listed Company	Beta Commencement Date 1 December 2022 Expiry Date 30 November 2025 PeriodWeek Yield Algorithm Simple Yield Underlying Index CSI 300 Index	Income tax rate at year-end % Year 2024 *Unit %*	Interest-bearing debt/Equity value Transaction Date 30 November 2025 *Unit%*	Unlevered Beta
000155.SZ	Sichuan Energy Investment	0.9691	25.00	43.0693	0.7325
000862.SZ	Yinxing Energy	0.7974	15.00	44.7034	0.5778
001258.SZ	Lixin Energy	0.8348	25.00	127.3294	0.4270
600163.SH	Zhongmin Energy	0.5889	25.00	22.2833	0.5046
600821.SH	NYOCOR Company	0.7272	25.00	240.8959	0.2591
601016.SH	CECEP Wind-Power	0.7736	25.00	121.2016	0.4052
603693.SH	Jiangsu New Energy	0.6828	25.00	60.4411	0.4698
Market Capitalization Weighted Average		0.7930		91.5881	0.5065

(c) Determination of the D/E Capital Structure for the Evaluated Unit

The weighted average capital structure of comparable listed companies, at 91.5881%, was selected as the target capital structure D/E for the evaluated entity.

(d) Calculation results of β_L

Substituting the determined parameters into the equity systematic risk coefficient formula:

$$\beta = [1+(1-)\times \quad / \quad]\times\beta$$

Enterprise profits shall be subject to income tax in accordance with the law. The statutory enterprise income tax rate is 25%. Pursuant to the Enterprise Income Tax Law of the PRC and its implementation rules, the PV power generation business of the enterprise enjoys a "three-year exemption and three-year 50% reduction" policy for income tax. The calculated equity systematic risk coefficient of the evaluated entity is 0.7968 for years 2025–2027, 0.7395 for years 2028–2030, and 0.6822 for 2031 and beyond.

3. Determination of market risk premium

The Market Risk Premium is calculated using the China Securities Market Index, expressed by the following formula:

PRC market risk premium = Average return on the PRC shares market — PRC risk-free rate

The average return rate of the PRC's stock market is calculated based on the monthly data of the CSI 300 Index, covering the period from the index's inception date (January 2002) to the Valuation Reference Date. The data is sourced from the Wind Information database and is measured using a moving arithmetic average method. The PRC risk-free rate is represented by the yield to maturity of all government bonds with a remaining term of 10 years as of the Valuation Reference Date. The market risk premium as of the Valuation Reference Date was 6.18%.

4. Determination of Company-Specific Risk Adjustment Factor

The company-specific risk adjustment factor refers to the specific risks of the enterprise relative to its industry peers, with key influencing factors including: (1) the operational stage of the enterprise; (2) historical operating conditions; (3) development stage of core products; (4) risks related to installed capacity and other dimensions. Given that the subject entity is a PV power generation company and the feed-in tariff for new energy power generation is currently in a period of policy transition, the overall operational risks of the enterprise are considered moderate.

Taking into account the aforementioned factors, we have determined the specific risk premium for this valuation to be 1.0%.

5. Discount rates calculation results

Substitute the aforementioned determined parameters into the equity cost formula:

$$= \quad + \beta \times \quad +$$

The calculated cost of equity for the evaluated entity is 7.76% for years 2025–2027, 7.41% for years 2028–2030, and 7.06% for 2031 and beyond.

(IV) Estimation and Analysis Process of Operational Business Value

Revenue forecast scope: The forecast is based on the financial statements of Guohua Cangzhou, covering the operational business of PV power generation under Guohua (Cangzhou) Integrated Energy Co., Ltd.

Revenue forecast basis:

As of the Valuation Reference Date, the Huanghua Lvgang PV Power Project of the evaluated entity achieved full-capacity grid connection on 17 July 2025, while the Huanghua Bihai PV Power Project achieved full-capacity grid connection by the end of January 2026. The forecast period for this valuation spans from December 2025 to January 2051. The projected future annual data is primarily based on the enterprise's historical operational data, the "Feasibility Study Report for the Guohua Cangzhou 'Lvgang Hydrogen City' 90,000 Kilowatt (kW) Photovoltaic Project (國華滄州"綠港氫城"9萬千瓦光伏項目可行性研究報告)" and the "Feasibility Study Report for the Guohua Cangzhou 'Lvgang Hydrogen City' 1,000,000 Kilowatt (kW) Photovoltaic Project (國華滄州"綠港氫城"100萬千瓦光伏項目可行性研究報告)" prepared by Power China Beijing Engineering Corporation Limited* (中國電建集團北京勘測設計研究院有限公司) in September 2025 ("**Feasibility Study Report(s)**"), as well as relevant contractual documents provided by the enterprise.

The projections for the evaluated entity's future revenue are outlined as follows:

1. Operating revenue forecast

The Guohua Cangzhou Huanghua Lvgang PV Power Project achieved full-capacity grid connection on 17 July 2025, with an AC capacity of 1,000.2 MW and a DC capacity of 1,253.017 MW. The Huanghua Bihai PV Power Project has a planned AC capacity of 90 MW and a DC capacity of 111.982 MW, with 24 MW already connected to the grid in May 2025. Full-capacity grid connection is expected by the end of January 2026.

The detailed process for future revenue forecast is as follows:

(1) Forecast of future electricity generation

Grid-connected power generation = power generation × (1 – Auxiliary power consumption rate) × (1 – loss rate)

Power generation = installed capacity × theoretical available hours (H) × (1 – curtailment rate)

PV power generation is affected by the performance degradation of monocrystalline silicon solar energy cells in PV panels, resulting in an annual decline in equivalent full-load utilization hours. The equivalent full-load annual utilisation hours for PV power generation during the forecast period are determined based on the degradation of PV modules as outlined in the Feasibility Study Report. "Based on data such as solar radiation energy, total system component power, and overall system efficiency, the calculated first-year equivalent utilisation hours are 1,444.24 H, with an average annual equivalent full-load utilisation hours of 1,377.69 H during the forecast period, the installed capacity is calculated based on the projected total DC installed capacity of 1,364.999 MW."

According to the Feasibility Study Report, the project will adopt a transitional solution for power transmission from commencement until 2027. The maximum power under the transitional solution is constrained to 500 MW. With a curtailment rate of 5%, the project's curtailment rate is 30.65%. This valuation adopts a curtailment rate of 5%, resulting in a comprehensive curtailment rate of 30.65% from the Valuation Benchmark Date to 2027.

The auxiliary power consumption rate is calculated based on the electricity data provided by the enterprise for January to December, with the average value of 3.96% taken for the 12-month period.

The loss rate is determined according to the enterprise's electricity consumption data and grid settlement data from January to December, with an average of 0.76% for the period.

(2) Forecast of Feed-in Tariff

Based on the financial data and electricity tariff settlement statements provided by the enterprise, the average tax-exclusive settlement tariff for February to November 2025 is RMB337.83/mw.h, while the average tax-inclusive settlement tariff is RMB381.75/mw.h. The relevant tax-exclusive settlement data are presented in the following table:

Period	**Settlement Electricity Volume** *(mw.h)*	**Settlement Revenue** *RMB'0,000*	**Comprehensive Tariff** *(RMB/mw.h)*
January	–	–	–
February	5,104.604	164.61	322.48
March	26,706.897	861.24	322.48
April	50,627.675	1,632.63	322.48
May	54,391.673	1,754.01	322.48
June	76,827.395	2,749.83	357.92
July	100,027.304	3,661.45	366.05
August	93,498.919	3,486.77	372.92
September	76,050.297	2,423.75	318.70
October	59,525.289	1,875.91	315.14
November	74,339.404	2,237.43	300.97
Total	617,099.457	20,847.629	337.83

Meanwhile, auxiliary service fees shall be deducted during grid settlement. According to the financial information provided by the enterprise and the electricity tariff settlement statements from February to November, the total auxiliary service fees for February to November amounted to RMB11.6449 million, while the two detailed valuation fees totaled RMB592,600. The settled electricity volume for February to November was 617,099.457 mw.h. Consequently, the auxiliary service and two detailed valuation fees for February to November were RMB19.83/mwh (tax exclusive), or RMB22.41/mw.h (tax inclusive). The relevant statistical data are presented in the table below:

Period	**Ancillary service fees**	**Two rules valuation**	**Total expenses**	**Settlement electricity volume** *mw.h*	**Unit cost** *(RMB/ mw.h)*
January	–	–	–	–	–
February	30,850.07	–	30,850.07	5,104.604	6.04
March	233,538.20	–	233,538.20	26,706.897	8.74
April	491,694.81	–	491,694.81	50,627.675	9.71
May	611,991.45	–	611,991.45	54,391.673	11.25
June	2,033,300.43	–	2,033,300.43	76,827.395	26.47
July	1,981,508.16	790,250.44	2,771,758.60	100,027.304	27.71
August	1,474,298.69	43,294.69	1,517,593.38	93,498.919	16.23
September	2,047,734.89	-159,184.07	1,888,550.82	76,050.297	24.83
October	2,010,805.43	38,020.35	2,048,825.78	59,525.289	34.42
November	729,186.07	-119,753.09	609,432.98	74,339.404	8.20
Total	11,644,908.20	592,628.32	12,237,536.52	617,099.457	19.83

In summary, the actual comprehensive electricity price for the enterprise from February to November 2025 was RMB359.34 per mw.h (381.75-22.41).

According to the "new energy projects electricity marketing section" of the Feasibility Study Report: "Based on the current draft of Hebei Southern Grid Document No. 136 for soliciting Opinions, the full-lifecycle grid-connected electricity price for the photovoltaic component of the Guohua Cangzhou Green Lvgang Hydrogen City project is estimated at RMB0.356/kWh." "Considering all factors, the 'Two Rules' and ancillary service fees are expected to be RMB0.016/kWh". "Setting the project electricity price at RMB0.34/kWh is generally consistent with the

post-marketization electricity price scenario in Hebei Southern Grid". "Taking into account the impact of future electricity price mechanisms and floating transaction prices under Hebei Province Document No. 136, the financial projections for the project are based on a comprehensive electricity price model of RMB0.30/kWh."

For this valuation, taking into account the impact of future electricity price mechanisms and trading price fluctuations under Hebei Province Document No. 136, the comprehensive electricity price of RMB0.30/kw.h predicted in the electricity marketing section of the Feasibility Study Report is adopted as the forecast period electricity price. Thus, the tax exclusive electricity price for the forecast period is RMB265.49/mw.h.

(3) Determination of Revenue

Revenue = On-grid Electricity Volume × Forecast Market Transaction Price (tax exclusive)

For details, please refer to: Operating revenue forecast table.

2. Operating Cost Forecast

The operating costs of Guohua Cangzhou primarily comprise depreciation and amortisation expenses, power costs, safety production fees, energy storage station leases, employee compensation, leasehold land costs, and other expenses.

(1) Labor Cost

The Feasibility Study Report for this valuation assumes a workforce of 27 personnel, with per capita expenses calculated at RMB400,000 per annum based on the compensation data of personnel provided by Guohua Cangzhou, excluding salary increments.

(2) O&M Expenses

O&M Costs are determined in accordance with the "CHN Energy Investment Project Economic Valuation Methodology" (approved at the 14th General Manager Office Meeting of the Group Company on 9 September 2025), with the following annual standards: Years 1-3 at RMB0.42/w, Years 4-8 at RMB0.45/w, Years 9-14 at RMB0.48/w, and Year 15 onwards at RMB0.51/w. The project has an installed capacity of 1,090,000 kW, with an O&M cost scale factor of 0.7. Annual O&M costs are calculated by multiplying the standard annual cost by the scale factor.

(3) Depreciation of fixed assets

In accordance with CHN Energy's quota standards, the depreciation period for Photovoltaic equipment is set at 20 years with a residual value rate of 0%. As the enterprise has not yet finalized the accounts for its PV assets and the net value of related properties accounts for a relatively small proportion, a uniform depreciation period of 20 years is applied.

Depreciation expense = Value of fixed assets × Composite depreciation rate

(4) Intangible assets amortisation expense

Amortisation is calculated on a straight-line basis over the estimated useful lives of intangible assets recorded in the books.

(5) Leasehold land

Amortised over the project forecast period in accordance with the Leasehold land lease agreement provided by the enterprise.

For details, please refer to: Operating cost forecast table.

3. Taxes and Surcharges Forecast

Guohua Cangzhou is a general VAT taxpayer, with its electricity products sales subject to a 13% tax rate.

The urban maintenance and construction tax rate is 7%, and the education surcharge is 5% (including a local education surcharge of 2%).

Stamp duty is calculated separately based on the taxable basis and tax rate applicable to the revenue and cost items.

Leasehold land use tax is computed by multiplying the actual land area utilized by the levy rate of RMB1.5/m^2/year.

Property tax is not applicable to power generation projects as they fall outside the scope of property tax collection.

The current forecast for taxes and surcharges is based on the aforementioned tax categories and tax rates in accordance with relevant regulations.

For details, please refer to: Taxes and surcharges forecast table.

4. Administrative Expenses Forecast

All relevant costs and expenses in this forecast have been accounted for under the principal business cost. Therefore, no duplicate projections are made for administrative expenses.

5. Forecast of finance expenses

Finance expenses during the forecast period comprise interest expense.

The interest expense for power generation projects is determined based on the repayment schedules of long and short-term borrowings and finance leases. As the registered capital has not been fully paid in, the valuation caps the total long-term borrowings and finance leases at 80% of the total investment. The borrowing term and installment repayment model follow those of existing long-term borrowings, with the interest rate set at 2.75% in line with the prevailing long-term borrowing rate. Any financing shortfall during the forecast period will be covered by short-term borrowings, which are projected based on the average interest rate of 2.85% on the Company's book short-term borrowings as of the Valuation Reference Date.

For details, please refer to: Finance expenses forecast table.

6. Non-operating Income and Expenditure Forecast

This valuation does not forecast operating income and expenditure.

7. Income tax forecast

Enterprise income profits shall be subject to income tax payment in accordance with the law. Pursuant to Article 87 of the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China, the term "public infrastructure projects supported by the state" as mentioned in Item (2) of Article 27 of the Enterprise Income Tax Law refers to projects such as ports, airports, railways, highways, urban public transportation, power, and water conservancy as specified in the Catalogue of Preferential Enterprise Income Tax Items for Public Infrastructure Projects. Income derived by enterprises from investment and operation of the aforementioned state-supported public infrastructure projects shall be exempt from enterprise income tax for the first to third years starting from the tax year in which the project obtains its first production and operation revenue, and shall be subject to a reduced rate of 12.5% for the fourth to sixth years.

The power generation business of the evaluated entity shall be exempt from enterprise income tax from the Valuation Reference Date to 2027; from 2028 to 2030, the tax shall be levied at a reduced rate of 12.5%; from 2031 onwards, the tax shall be levied at the standard rate of 25%.

8. Working Capital Forecast

Based on the audited financial statement data as of the Valuation Reference Date, the company calculates the reasonable and necessary turnover rates of monetary funds, accounts receivable, etc. during normal business operations. It then estimates the working capital required for future years according to projected revenue and cost, comparing it with the prior year's working capital requirement to derive the supplementary working capital needed.

The additional working capital refers to the incremental working capital required by the enterprise to maintain its going concern capability without altering its current principal business conditions.

The increase in working capital is defined as: Increase in working capital = Current working capital – Prior period working capital

Working capital = Operating assets – Operating liabilities.

This valuation adopts the minimum cash reserve requirement and turnover ratio, combined with revenue and cost projections, to estimate annual working capital. The net working capital addition for the current year is calculated by deducting the prior year's working capital requirement from the current year's working capital demand.

Cash cost = Cost of sales + Selling expenses + Administrative expenses + Finance expenses – Depreciation and Amortisation

Minimum Monetary Funds Holding = Cash Cost/Minimum Monetary Funds Turnover Ratio

For details, please refer to: Working capital forecast table.

9. Capital Expenditures Forecast

Capital expenditures refer to the expenditures incurred by the evaluated entity for the acquisition of long-term assets to expand its operational scale. In this valuation, the initial investment scale is determined based on the preliminary project budget estimates. The update expenditure primarily considers the necessary outlays required to maintain the normal operation and usage of the equipment.

In this valuation, none of the PV projects of the evaluated entity have undergone financial settlement. The fixed assets recorded in the accounts are provisionally transferred. Post-Valuation Reference Date investments are calculated based on the unaudited financial information provided by the enterprise as of 31 December 2025 and the approved total project investment. These post-Valuation Reference Date investments will be collectively transferred to fixed assets in 2026.

10. Preparation of the equity free cash flow statement

Based on the above analysis and projections, the consolidated equity free cash flow statement has been finalized.

For details, please refer to: Summary statement of equity free cash flow.

11. Assessment Results of Operating Assets

Based on the projected cash flows and calculated discount rates, the value of the company's operating assets is determined to be RMB292.4774 million.

(V) Estimation and Analysis Process of Other Assets and Liabilities

From the perspective of operational and non-operational nature, we categorize assets and liabilities into operational assets and liabilities, and non-operational assets and liabilities. Operational assets and liabilities refer to those held by the enterprise for profit-making purposes and which actually possess profit-generating capabilities, along with their corresponding liabilities; non-operational assets and liabilities refer to those that are not directly related to the company's operations and are not intended to generate economic benefits, along with their corresponding liabilities. Within operating assets and liabilities, there exists a portion of redundant assets and liabilities that are not directly related to the projected future earnings of the company. These are separately defined as surplus assets and surplus liabilities.

As of the Valuation Reference Date, the book value of surplus and non-operating assets amounted to RMB1,112.1925 million, with an appraised value of RMB133.4023 million. The book value of surplus and non-operating liabilities stood at RMB495.8157 million, with an appraised value of RMB359.3291 million. The details are presented in the following table:

Item	**Book value**	**Appraised value**	**Remarks**
Monetary funds	737.74	737.74	Reclamation Deposit
Prepayments	7,152.05	7,152.05	Expenses for pre-construction and land
Other receivables	9.04	9.04	Green Ammonia Project
Other current assets	3,373.38	3,373.38	Green Ammonia Project input tax
Construction in progress	33,029.05	-48,501.70	Green Ammonia Project
Intangible assets	3,435.79	736.18	The value of the Phase II land of Green Ammonia Project; Phase I has already been included in construction in progress
Right-of-use assets	49,833.54	49,833.54	
Other non-current assets	13,648.66	0.00	Land occupation tax and land use tax paid
Subtotal of non-operating assets	111,219.25	13,340.23	

Item	Book value	Appraised value	Remarks
Accounts payable	5,386.33	5,386.33	Green Ammonia project
Tax payable	13,648.66	0.00	Land occupation tax and land use tax paid
Lease liabilities	30,546.58	30,546.58	
Subtotal of non-operating liabilities	49,581.57	35,932.91	

The valuation process for the green ammonia business in the above table is briefly described as follows：

Green ammonia business construction status: Guohua (Cangzhou) Integrated Energy Co., Ltd. plans to construct a 100,000-ton/year green ammonia production facility as part of its synthetic ammonia and supporting projects, to be implemented in two phases, with Phase I capacity at 50,000 tons/year. Phase I involves the construction of a 50,000-ton/year green ammonia production capacity, supported by 13 sets of 1,000 Nm^3/h electrolyzer units and a 4,200 Nm^3/h air separation nitrogen production process. As of the end of 2025, the civil works for all individual plant structures were substantially completed; all equipment installations were finalized; electrical cable laying was fully completed, while instrumentation cable laying reached 50% completion. The project is expected to be completed by end of 2026, with commissioning to commence thereafter. Commercial operation is anticipated to commence in Q2 2027.

1. Scope of Assessment

The valuation scope of the green ammonia asset group covers the operational long-term assets of the green ammonia project, including construction in progress, leasehold land use rights, and input tax related to construction in progress, as detailed in the following table:

Unit: RMB'0,000

Item	Carrying amount
Other current assets	3,373.38
Construction in progress	33,029.05
Intangible assets	3,435.79
Total	39,838.22

2. *Valuation Methodology*

The income approach was adopted for the valuation of the green ammonia asset group, with the formula as follows:

$$= \sum_{=1} \frac{}{(1+\ )} + \frac{}{(1+\ )}$$

In the formula: Rt – The asset group's free cash flow in period t of the explicit forecast period

t – The number of periods in the explicit forecast period 0.08, 1.08, 2.08, ... , n

n – Final year of the explicit forecast period

r – Discount rates

Rn – Recoverable value at the end of the nth future period

Rt = Operating revenue – Operating cost – Taxes and surcharges + Depreciation and Amortisation – Capital expenditures – Working capital

3. Valuation process

(1) Determination of revenue period

The revenue period of the asset group is determined based on the economic life of the principal assets. For the green ammonia asset group, the principal assets are the ammonia synthesis equipment, which has an economic life of 15 years. Considering that the Green Ammonia project is planned to be supported by a 250,000 kW wind power project with an operational lifespan of 20 years, the revenue period is set at 20 years. The Green Ammonia project is expected to commence official production in Q2 2027, hence the forecast period spans from 2027 to 2047, specifically from 1 December 2025 to 31 December 2047.

(2) Determination of discount rates

The discount rates should be consistent with the expected return metrics. Since the asset group employs the asset group's free cash flow discount model, where the expected return metric is the enterprise's free cash flow, the corresponding discount rate selected is the weighted average cost of capital (r). The calculation formula is as follows:

$$WACC = E/(D+E) \times Re + D/(D+E) \times Rd \times (1-Tc)$$

Since the asset group does not consider financing-related cash flows, i.e., D in the formula is zero, then:

$$WACC=Re$$

$$Re = Rf + \beta \times (Rm - Rf)+Rc$$

Where: Rf – Risk-free rate

β – Beta coefficient

Rm – Expected market return

Rm – Rf – Market risk premium

Rc: Asset group-specific risk adjustment factor

(a) Determination of Risk-Free Rate

The risk-free rate is represented by the yield to maturity of all government bonds with a remaining term of 10 years as of the Valuation Reference Date, as provided by the China Central Depository & Clearing Co., Ltd. (CCDC). The data is sourced from the official website of the China Appraisal Society at http://www.cas.org.cn/. The risk-free rate as of the Valuation Reference Date was 1.84%

(b) Determination of the Beta Coefficient β_L

(i) Calculation Formula

The equity systematic risk coefficient of the assessed unit is calculated as follows:

$$\beta_L = \quad + \quad -t \times D \quad E \times \beta_U$$

Where:

β_L: Levered Beta;

β_U: Unlevered Beta;

t: Income tax rate of the evaluated entity;

D/E: Target capital structure of the evaluated entity.

(ii) Determination of the unlevered beta β_U for the evaluated entity

Based on the business characteristics of the evaluated entity, the appraiser used the WIND Information System to retrieve the β_L values of four comparable A-share listed companies in the chemical industry (start date: 1 December 2021; end date: 30 November 2025; frequency: weekly), and then converted these into β_U values based on the comparable companies' corporate income tax rates and capital structures. When calculating the capital structure, D and E were determined based on market value. The market-capitalization-weighted average of the calculated β_U values was 0.7000, which was adopted as the β_U value for the subject entity. For details, please refer to the table below:

Code	Listed Company	Beta Commencement Date 1 December 2021 Expiry Date 30 November 2025 PeriodWeek Yield Algorithm Simple Yield Underlying Index CSI 300 Index	Income tax rate at year-end % Year 2024 *Unit %*	Interest-bearing Debt/Equity Value Transaction Date 30 November 2025 *Unit%*	Unlevered Beta
600989.SH	Baofeng Energy	0.7760	15.00	23.5251	0.6467
000875.SH	China Power Green Energy	0.8269	25.00	247.1727	0.2897
600426.SH	Hualu Hengsheng	1.0054	15.00	15.7748	0.8665
000723.SZ	Meijin Energy	1.1414	25.00	39.4374	0.8665
Market Capitalization Weighted Average		0.8739		42.4147	0.7000

(iii) Determination of the Assessed Unit's Capital Structure D/E

The weighted average of the capital structures of comparable listed companies, 42.4147%, was selected as the target debt-to-equity ratio (D/E) for the entity under evaluation.

(iv) Calculation result of β_L

Substituting the determined parameters into the Equity systematic risk coefficient formula:

$$\beta = [1+(1-)\times \quad / \quad]\times\beta$$

The asset group's taxable profits shall be subject to Income tax in accordance with regulations, with the statutory tax rate of 25%. The calculated equity systematic risk coefficient for the asset group is 0.9227.

(c) Determination of market risk premium

The Market Risk Premium is calculated using the China Securities Market Index, expressed by the following formula:

PRC market risk premium = Average return on the PRC shares market — PRC risk-free rate

The average return rate of the PRC's stock market is calculated based on the monthly data of the CSI 300 Index, covering the period from the index's inception date (January 2002) to the Valuation Reference Date. The data is sourced from the Wind Information database and is measured using a moving arithmetic average method. The China risk-free rate is represented by the yield to maturity of all government bonds with a remaining term of 10 years as of the Valuation Reference Date. The market risk premium in the PRC as of the Valuation Reference Date was 6.18%.

(d) Determination of Company-Specific Risk Adjustment Factor

The company-specific risk adjustment factor refers to the specific risks of an enterprise relative to its industry peers, with key influencing factors including: (i) the operational stage of the enterprise; (ii) historical operating conditions; (iii) development stage of core products; and (iv) risks related to production scale, among others.

Taking into account the aforementioned factors, we have determined the specific risk premium for this valuation to be 5.0%.

(e) Equity cost calculation results

Substitute the aforementioned determined parameters into the equity cost calculation formula:

$$= \quad + \beta \times \quad +$$

The equity cost of the asset group is calculated to be 10.64%.

(f) Calculation results of discount rates

The applicable Income tax rate for the asset group is 25%, with reference to the benchmark LPR interest rate of 3.5% as the cost of interest-bearing liabilities, resulting in a after-tax discount rate of 8.18%.

(3) Operating revenue forecast

The Phase I project of Guohua (Cangzhou) Integrated Energy Co., Ltd.'s 100,000-ton/year synthetic ammonia and supporting facilities has not yet been completed and put into operation. It is expected to be completed by the end of 2026, with trial runs commencing in early 2027 and official production commencing in the second quarter of 2027. According to the forecast data provided by the company's management, the relevant projections are as follows:

(a) Production and sales forecast

According to the "Feasibility Study Report on the Synthetic Ammonia Project of the 'Lvgang Hydrogen City New Materials' Project by Guoneng Guohua Cangzhou" prepared by Xindi Energy Engineering Technology Co., Ltd. in July 2024 (hereinafter referred to as the "**Green Ammonia Project Feasibility Study**"), the green ammonia project has a designed annual production capacity of 50,000 tons, with a capacity flexibility of 30%-110%. Given that current information indicates a cost-price inversion for the product during the forecast period, the production capacity of 18,000 metric tons will remain unchanged.

(b) Selling price forecast

Currently, the carbon credit attributes of green ammonia products have not been fully recognized or acknowledged domestically. By early 2026, certain countries and regions internationally will have implemented carbon taxes. Considering the policy transmission lag, it is anticipated that domestic recognition of the carbon attributes of green ammonia products will commence by 2028, with their carbon credit attributes being fully acknowledged by 2030.

According to management forecasts, the company's products are divided into domestic sales and export sales channels. For this valuation, the median selling prices of these two categories are used to predict the selling prices under scenarios where carbon credit attributes are not recognized and where they are fully recognized.

Price unit: RMB/ton

Item	**Maximum Selling Price**	**Lowest Selling Price**	**Median**
Domestic ex-factory price	4,000.00	3,500.00	3,750.00
Export FOB	5,000.00	4,500.00	
Freight Charges for Export to Port	480.00	480.00	
Ex-factory export price	4,520.00	4,020.00	4,270.00

Based on the aforementioned data, the tax-inclusive selling price for products without carbon credit attribute recognition is RMB3,750 per ton, while the tax-exclusive price stands at RMB3,318.58 per ton. For products with fully recognized carbon credit attributes, the tax-inclusive selling price is RMB4,270 per ton, and the tax-exclusive selling price is RMB3,778.76 per ton. Assuming the recognition process of product carbon credit attributes occurs uniformly, the projected annual tax-exclusive selling prices and revenue are as follows:

Item	**2027**	**2028**	**2029**	**2030 and thereafter**
Selling price RMB/ton	3,318.58	3,465.39	3,618.68	3,778.76
Sales volume (million tonnes)	1.80	1.80	1.80	1.80
Revenue RMB million	5,986.73	6,251.56	6,528.10	6,816.88

(4) Forecast of Cost

The costs associated with green ammonia production include material expenses, tariff of electricity, water expenses, wages and benefits, repair expenses, other expenses, insurance expenses, dormitory leases, depreciation, amortisation, etc. The forecasts for each expense item are as follows:

(a) Material Expenses

According to the Green Ammonia Project Feasibility Study, the raw material involves producing desalinated water from primary water, with auxiliary materials including potassium hydroxide, vanadium pentoxide, and catalysts. Water costs are forecasted separately. Based on the Green Ammonia Project Feasibility Study, the annual consumption of auxiliary materials is 79.65 tons. This translates to 15.93 tons of auxiliary materials required per 10,000 tons of green ammonia. The auxiliary material requirements are detailed in the table below:

Auxiliary Materials Table

No.	Name and Specifications	Unit	Specifications	Annual Consumption	Remarks
1	Potassium hydroxide	t/a	Industrial grade	72	First Loading
2	Vanadium pentoxide	t/a	Industrial grade	0.15	First Loading

Auxiliary Material Specifications and Requirements List

No.	Name	Unit	Annual Consumption	Remarks
1	Purification Catalyst	t/a	3.75	Single loading capacity of 11.25t
2	Ammonia Synthesis Catalyst	t/a	3.75	Single loading capacity of 30t

The price is based on the forecast data of the Green Ammonia Project Feasibility Study, at RMB13,000 per tonne (tax inclusive), resulting in a tax exclusive price of RMB11,500 per tonne.

(b) Tariff of electricity

The projected tariff of electricity is based on the forecasted electricity consumption per unit of output, production volume, and electricity price.

Projected electricity tariff = Unit consumption × Production output × Unit price

According to the Green Ammonia Project Feasibility Study, the project adopts alkaline AEC electrolysis technology, with an electricity consumption of 1,076.5 kWh per ton of product. Based on the "Funding Application Report for the Adjustment Plan of System Integration and Engineering Demonstration of Large-scale Wind and Solar Base Electro-Hydrogen Synergistic Hybrid Electrolysis Water Hydrogen Production and Ammonia Synthesis" submitted by Inner Mongolia Longyuan New Energy Development Co., Ltd. in November 2025, the project's electricity price including tax is RMB0.416 per kWh (comprising a New Energy feed-in tariff of RMB0.186 per kWh and a grid access fee of RMB0.23 per kWh).

(c) Water costs

According to the Green Ammonia Project Feasibility Study, each ton of product consumes 10.72 tons of water. Based on the economic valuation table accompanying the green ammonia project feasibility study, the total amount of one-time water consumption per ton of green ammonia is 10.86 tons. Taking into account the domestic water usage of the project, this valuation adopts a consumption rate of 10.86 tons per ton of green ammonia.

In accordance with the "Notice on Establishing the Integrated Urban-Rural Water Supply Price in Huanghua City" (Bo Huang Fa Gai Price [2025] No. 200) issued by the Development, Reform, and Science and Technology Innovation Bureau of Cangzhou Bohai New Area Huanghua City, the water price is RMB9.90 per ton (tax inclusive), with a tax-exclusive water price of RMB9.08 per ton. The water cost for each period is calculated by multiplying the current production volume by the water consumption rate and the tax-exclusive water price.

(d) Salaries and Employee Benefits

According to the Green Ammonia Project Feasibility Study, the project will have a staffing of 40 personnel, with an average annual salary and benefits of RMB250,000 per person, resulting in annual salaries and benefits totaling RMB10 million.

(e) Maintenance costs

Determined based on 0.7% of the original value of fixed assets in accordance with the Green Ammonia Project Feasibility Study.

(f) Other expenses

According to the Green Ammonia Project Feasibility Study, other expenses include other manufacturing costs, other administrative expenses, and other operating expenses. Other manufacturing costs are calculated based on staffing, at RMB30,000 per person annually; other administrative expenses are calculated based on staffing, at RMB30,000 per person annually; other operating expenses are calculated at 0.125% of the current year's Operating revenue.

(g) Insurance expenses

Determined at 0.2% of the original value of fixed assets based on the Green Ammonia Project Feasibility Study.

(h) Depreciation

The depreciation expenses are determined based on the Green Ammonia Project Feasibility Study, with buildings having a depreciation period of 25 years and no residual value, equipment carrying a residual value rate of 3%, machinery and equipment having a depreciation period of 15 years, and vehicles having a depreciation period of 5 years.

(i) Amortisation expense

Amortisation expenses include amortisation of leasehold land use rights and amortisation of externally acquired proprietary technologies. Leasehold land is amortised on a straight-line basis over its useful life without considering residual value, while externally acquired proprietary technologies are amortised over 10 years.

(5) Forecast of taxes and surcharges

Guohua Cangzhou is a general VAT taxpayer, with a 13% tax rate applicable to green ammonia sales.

The urban maintenance and construction tax rate is 7%, and the education surcharge is 5% (including the local education surcharge of 2%).

Stamp duty is calculated separately based on the taxable basis and tax rate applicable to the revenue and cost items involved in operating revenue and operating cost.

Leasehold land use tax for the green ammonia project is computed by multiplying the actual land area by RMB2.0 per square meter annually.

Property tax for the green ammonia project is determined by multiplying the original taxable value of the property by the applicable tax rate.

The current forecast for taxes and surcharges is based on the aforementioned tax categories and tax rates in accordance with relevant regulations.

(6) Working capital forecast

The required working capital for future years is estimated based on the reasonable turnover rates of monetary funds, receivables, etc., during normal business operations, as well as the projected revenue and cost for the coming years. This is then compared with the working capital requirement of the previous year to calculate the additional working capital needed.

The additional working capital refers to the incremental working capital required to maintain going concern capabilities without altering the current conditions of the principal business.

The increase in working capital is defined as: Increase in working capital = Current working capital – Prior period working capital

Working capital = Operating assets – Operating liabilities.

This valuation adopts the minimum cash reserve requirement and turnover ratio, combined with revenue and cost projections, to estimate annual working capital. The net working capital addition for the current year is calculated by deducting the prior year's working capital requirement from the current year's working capital demand.

Cash cost = Cost of sales + Selling expenses + Administrative expenses + Finance expenses – Depreciation and Amortisation

Minimum Monetary Funds Requirement = Cash Cost/Minimum Monetary Funds Turnover Ratio

(7) Forecast of capital expenditures

The green ammonia project has not yet reached its intended usable state, with completion expected by the end of 2026 and official commencement of production in the second quarter of 2027. Post-benchmark date investments are forecasted based on the green ammonia feasibility study data provided by the enterprise management. The formed fixed assets are categorized to determine their respective economic lifespans. Assets reaching their operational lifespan within the forecast period are renewed at their original book value, with both the book value and accumulated depreciation being transferred out.

(8) Asset recovery at the end of the operational period

Working capital for green ammonia projects and assets with a lifespan beyond the forecast period are recovered at their book value as of the end of the forecast period.

(9) Tax shield value of the Green Ammonia business calculated separately

For this calculation, 25% of the taxable income from synthetic ammonia, discounted using the WACC for the photovoltaic business over the forecast period, is included in the asset group value.

The difference between the current-period VAT payable calculated after combining the input VAT from both businesses and the current-period VAT payable from the photovoltaic business alone, multiplied by 12%, is discounted using the WACC for the photovoltaic business over the forecast period and then included in the asset group value.

IV. VALUATION CONCLUSION

Based on the income approach, the total equity value of Guohua (Cangzhou) Integrated Energy Co., Ltd. as of the valuation base date of 30 November 2025 was RMB66.5506 million, representing an increase of RMB45.0554 million or 209.61% over the net book value of RMB21.4952 million.

The valuation result under the market approach was RMB24.8778 million, while the valuation result under the income approach was RMB66.5506 million. The primary reasons for the discrepancy between the two methods are as follows: The market approach valuation was calculated based on the P/B value ratio, with adjustments made by comparing financial information of comparable listed companies. The market approach reflects valuation based on the capital market conditions as of the benchmark date without considering the impact of cyclical market fluctuations. The income approach valuation, on the other hand, uses the expected returns of the assets as the value benchmark, reflecting the earning capacity of the assets. Given that PV power projects operate under concession agreements, their concession rights value is duly incorporated into the valuation results. Furthermore, considering the purpose of this valuation, the parties are more focused on the future revenue potential of the project business. Therefore, the income approach was selected for this valuation, with the result serving as the final conclusion–namely, the total Equity value of Shareholders in Guohua (Cangzhou) Integrated Energy Co., Ltd. is RMB66.5506 million.

The significant discrepancy between the valuation conclusion derived from the income approach and the book value is attributable to the following factors:

1) Electricity generation was determined based on the degradation rates of photovoltaic modules as outlined in the "Feasibility Study Report for the 90 MW Photovoltaic Project of Guohua Cangzhou 'Lvgang Hydrogen City'" and the "Feasibility Study Report for the 1,000 MW Photovoltaic Project of Guohua Cangzhou 'Lvgang Hydrogen City'," both prepared by China Power Construction Group Beijing Survey and Design Institute Co., Ltd. in September 2025; electricity prices were determined in the chapter on power marketing;

2) The green ammonia business is a bundled project with the photovoltaic business, and as it is in the incubation phase during the operational period, cash flows from the photovoltaic business have consistently supplemented those of the green ammonia business.

The above reasons have led to a significant discrepancy between the valuation conclusion and the book value.

Independent assurance report on the calculations of discounted cash flow forecast in connection with the valuation of 100% equity interest in 國華(滄州)綜合能源有限公司 (the "Target Company")

To the Board of Directors of China Longyuan Power Group Corporation Limited (the "Company")

We have examined the calculations of the discounted cash flow forecast (the "**Forecast**") on which the appraisal of the fair value of 100% equity interest in the Target Company as at 30 November 2025 prepared by Pan-China Appraisal Co., Ltd.* (the "**Valuation**") is based. The Valuation, prepared based on the Forecast, is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities

The directors of the Company (the "**Directors**") are responsible for the preparation of the Forecast in accordance with the basis and assumptions (the "**Assumptions**") determined by the Directors as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the Forecast for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

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

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to form an assurance conclusion on the arithmetical accuracy of the calculations of the Forecast on which the Valuation is based and to report solely to you, as a body, as required by Rules 14.60A(2) and 14A.68(7) of the Listing Rules, and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Directors have properly compiled the Forecast based upon the Assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly complied, in all material aspects, based upon the Assumptions.

Other Matter

The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from those used in the Valuation and the variation may be material. Our opinion is not qualified in respect of this matter.

For the purpose of this engagement, we do not review the accounting policies for the Valuation as the Valuation relates to discounted future cash flows and no accounting policies have been adopted in the preparation of the Valuation. We are not reporting on the appropriateness and validity of the Assumptions on which the Valuation is based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

Yours faithfully,

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 31 March 2026
Chan Sai Ho
Practising certificate number: P07705

Dear Sirs:

Reference is made to the announcements (the "**Announcement**") dated 31 March 2026 by China Longyuan Power Group Corporation Limited (the "**Company**") in relation to (among others) (i) the acquisition by Inner Mongolia Longyuan, a subsidiary of the Company, of 51% equity in Guohua Cangzhou held by Guohua Investment (the "**Transaction**"); and (ii) the asset valuation report ("**Asset Valuation Report**") issued by Beijing Pan-China Assets Appraisal Co., Ltd. ("**Valuer**") in respect of the Transaction, which valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules of The Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchange). Unless otherwise defined herein, terms used in this letter shall have the same meanings as those defined in the Announcement.

We have reviewed the bases and assumptions adopted by the valuer in conducting the valuation, and have reviewed the valuation performed by the Valuer. We have also considered the letter dated 31 March 2026 issued by Baker Tilly China Certified Public Accountants, the reporting accountants of the Company, regarding the accuracy of the forecast-related calculations in the valuation and whether the forecasts comply with the basis and assumptions set out in the Asset Valuation Report. We note that the calculations in the valuation forecasts are accurate and consistent with the bases and assumptions set out in the Asset Valuation Report.

Based on the foregoing, we are of the opinion that the profit forecast has been prepared after due and careful inquiry.

China Longyuan Power Group Corporation Limited
The Board

31 March 2026