

30 September 2025

*To: The independent board committees and the independent shareholders
of China Suntien Green Energy Corporation Limited*

Dear Sir/Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO
THE PROPOSED SUBSCRIPTION OF NEW H SHARES UNDER
THE GENERAL MANDATE;
AND
(2) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser by the Company with the approval of the Independent Board Committees to advise the Independent Board Committees and the Independent Shareholders in respect of the Share Subscription and the Whitewash Waiver, details of which are set out in the letter from the Board (the “Board Letter”) contained in the circular dated 30 September 2025 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 27 August 2025 (after trading hours), the Company and HECIC entered into the Share Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and HECIC has conditionally agreed to subscribe for or nominate HECIC Nominee to subscribe for 307,000,000 new H Shares at the Subscription Price of HK\$4.93 per Subscription Share for a total consideration of HK\$1,513,510,000 in cash. As at the Latest Practicable Date, the number of H Shares to be issued represented approximately 7.30% of the existing issued share capital of the Company and approximately 6.80% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares.

With reference to the Board Letter, the Share Subscription constitutes a connected transaction of the Company and will be subject to announcement, reporting and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as at the Latest Practicable Date, HECIC holds 2,058,841,253 A Shares, representing approximately 48.95% of the issued share capital of the Company, and Dr. Cao Xin, as a director and the vice chairman of HECIC, is considered to be a party acting concert with HECIC, who holds 50,000 H Shares, representing approximately 0.0012% of the issued share capital of the Company. Upon Completion of the Share Subscription and assuming that there is no other change in the issued share capital of the Company prior to the Completion, the shareholding of HECIC and the party acting in concert with it will increase to approximately 52.43% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares. As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of the Subscription Shares under the Share Subscription Agreement to HECIC or HECIC Nominee will give rise to an obligation on the part of HECIC to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by HECIC and the party acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

HECIC has submitted an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, seeking to waive the compliance with its obligation to make a mandatory general offer in respect of all Shares and other securities of the Company (other than those already owned or agreed to be acquired by HECIC and the party acting in concert with it) as a result of the allotment and issuance of the Subscription Shares to HECIC or HECIC Nominee. According to requirements of the Takeovers Code, the Whitewash Waiver, if granted, will be subject to, among others, the approval by more than 50% of the votes cast by the Independent Shareholders by way of poll in respect of the Share Subscription and at least 75% of the votes cast by the Independent Shareholders by way of poll in respect of the Whitewash Waiver, respectively, at the EGM. Further, under the relevant PRC laws, the Share Subscription is subject to the approval by at least two-thirds of the votes cast by the Independent Shareholders by way of poll at the EGM. The Share Subscription Agreement will not take effect and the Share Subscription will not proceed if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders or if the Whitewash Waiver is invalidated. As at the Latest Practicable Date, the Executive has indicated that it is minded to grant the Whitewash Waiver.

Pursuant to Rule 2.8 of the Takeovers Code, the Takeovers Code Independent Board Committee (comprising all the non-executive Directors and independent non-executive Directors who have no direct or indirect interest in the Share Subscription and the Whitewash Waiver, namely Mr. Lu Rong, Mr. Zhao Shi Yi, Dr. Chow Man Kong, Dr. Yang Jing Lei, Mr. Chan Yik Pun and Mr. Liu Bin) has been formed to make recommendation to the Independent Shareholders on the terms of the Share Subscription and the Whitewash Waiver, and as to voting. Dr. Cao Xin, Dr. Li Lian Ping, Mr. Qin Gang and Dr. Zhang Xu Lei, each a non-executive Director, will not be members of the Takeovers Code Independent Board Committee due to a potential conflict of interest, as they either hold positions in or receive salaries from HECIC. They are therefore not considered as independent for the purpose of giving advice or recommendations to the Independent Shareholders.

The Listing Rules Independent Board Committee comprising Dr. Chow Man Kong, Dr. Yang Jing Lei, Mr. Chan Yik Pun and Mr. Liu Bin. (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the

terms of the Share Subscription are on normal commercial terms and are fair and reasonable; (ii) whether the Share Subscription is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Share Subscription at the EGM.

We, Gram Capital Limited, have been appointed with the approval of the Independent Board Committees to advise the Independent Board Committees and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to the Company's (i) continuing connected transaction, details of which are set out in the Company's circular dated 9 November 2023; (ii) connected transaction, details of which are set out in the Company's circular dated 14 November 2024; (iii) connected transaction, details of which are set out in the Company's circular dated 25 November 2024; and (iv) connected transaction, details of which are set out in the Company's circular dated 20 February 2025 (collectively, the "IFA Engagements").

Notwithstanding the IFA Engagements, as at the Latest Practicable Date, we were not aware of (i) any relationship or interest between (a) Gram Capital and the Company; (b) Gram Capital and HECIC or the party acting in concert with it; or (c) Gram Capital and any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committees and the Independent Shareholders; or (ii) any services provided by Gram Capital to (a) the Company; or (b) HECIC and the party acting in concert with it, during the past two years immediately preceding the Latest Practicable Date.

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules and Rule 2.6 of the Takeovers Code existed as at the Latest Practicable Date; and (ii) the aforesaid past engagements will not affect our independence to act as the Independent Financial Adviser due to the fact that (a) we were appointed as independent financial adviser to advise the then independent board committee and the independent shareholders of the Company and the past engagements did not fall into any circumstances as set out under the Rule 13.84 of the Listing Rules, therefore we maintained our independence from the Company during the aforesaid past engagements; and (b) the advisory fee of the aforesaid past engagements paid by the Company to us accounted for an insignificant portion of our revenue for the relevant period, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committees and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Share Subscription and the Whitewash Waiver. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the section headed "1. RESPONSIBILITY STATEMENT" of Appendix II to the Circular. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, HECIC or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Share Subscription and the Whitewash Waiver. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. During the period between the Latest Practicable Date and the date of EGM, the Shareholders will be notified of any material changes as soon as possible in accordance with Rule 9.1 of the Takeovers Code. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted and fairly presented from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Share Subscription and the Whitewash Waiver, we have taken into consideration the following principal factors and reasons:

I. SHARE SUBSCRIPTION

1. Information of the Group

With reference to the Board Letter, the Company is one of the leading clean energy companies in Northern China. Its scope of business includes: (i) investment in the exploration and utilization projects of natural gas, liquefied natural gas, compressed natural gas, coalbed methane and coal-made natural gas, etc. in the PRC; (ii) investment in the exploration of wind power and other new energy projects; and (iii) development of new energy technology and technical services in the PRC.

1.1 Financial performance

Set out below are the audited consolidated financial information of the Group for the three years ended 31 December 2024 as extracted from the Company's annual report for the year ended 31 December 2024 (the "2024 Annual Report") and annual report for the year ended 31 December 2023 (the "2023 Annual Report"), which was prepared in accordance with the PRC accounting standards:

	For the year ended 31 December 2024 ("FY2024") RMB'000	For the year ended 31 December 2023 ("FY2023") RMB'000	For the year ended 31 December 2022 ("FY2022") (Restated) RMB'000	Change from FY2023 to FY2024 %	Change from FY2022 to FY2023 %
Total operating revenue	21,372,124	20,281,789	18,560,523	5.38	9.27
– Sales of natural gas	15,004,361	13,785,962	11,850,603	8.84	16.33
– Wind and photovoltaic power generation	5,952,117	6,181,320	6,294,905	(3.71)	(1.80)
– Others	415,647	314,507	415,015	32.16	(37.43)
Net profit attributable to shareholders of the Company	1,672,367	2,207,474	2,292,631	(24.24)	(7.24)

FY2022 vs FY2023

According to the table above, the Group's total operating revenue increased from approximately RMB18.56 billion for FY2022 to approximately RMB20.28 billion for FY2023, representing a year-on-year increase of approximately 9.27%. With reference to the 2023 Annual Report,

such increases were mainly due to a year-on-year increase of approximately 16.33% in operating revenue generated from sales of natural gas as a result of the increase in sales volume of natural gas (i.e. from 3.885 billion cubic meters for FY2022 to 4.503 billion cubic meters for FY2023). Nevertheless, the Group's net profit attributable to shareholders of the Company decreased from approximately RMB2.29 billion for FY2022 to approximately RMB2.21 billion for FY2023, representing a decrease of approximately 7.24%.

With reference to the 2023 Annual Report, the aforesaid decrease in the Group's net profit attributable to shareholders of the Company from FY2022 to FY2023 was caused by the decrease in net profit from the wind power/photovoltaic segment, partially offset by the increase in net profit from the natural gas business segment, details are as follows:

- the Group's net profit from the wind power/photovoltaic segment decreased from RMB2.135 billion for FY2022 to RMB1.816 billion for FY2023, which was due to the decrease in utilisation hours (i.e. wind power generation: from 2,485 hours for FY2022 to 2,419 hours for FY2023; and photovoltaic power generation: from 1,404 hours for FY2022 to 1,376 hours for FY2023) and average on-grid tariff (i.e. from RMB0.45 per kWh (tax exclusive) for FY2022 to RMB0.44 per kWh (tax exclusive) for FY2023);
- the Group's net profit from the natural gas business segment increased from RMB0.727 billion for FY2022 to RMB0.946 billion for FY2023, which was due to an increase in the volume of natural gas sold compared to the same period of the previous year.

In addition, as advised by the Directors, the Group recorded net loss from others (i.e. investment management and property leasing business, etc.) of approximately RMB27.64 million and approximately RMB43.96 million for FY2023 and FY2022 respectively.

FY2023 vs FY2024

According to the table above, the Group's total operating revenue increased from approximately RMB20.28 billion for FY2023 to approximately RMB21.37 billion for FY2024, representing a year-on-year increase of approximately 5.38%. With reference to the 2024 Annual Report, such increases were mainly due to a year-on-year increase of approximately 8.84% in operating revenue generated from sales of natural gas as a result of the increase in sales volume of natural gas (i.e. from 4.503 billion cubic meters for FY2023 to 5.158 billion cubic meters for FY2024). Nevertheless, the Group's net profit attributable to shareholders of the Company decreased from approximately RMB2.21 billion for FY2023 to approximately RMB1.67 billion for FY2024, representing a decrease of approximately 24.24%.

With reference to the 2024 Annual Report, the aforesaid decrease in the Group's net profit attributable to shareholders of the Company from FY2023 to FY2024 was caused by the following:

- the Group's net profit from the wind power/photovoltaic segment decreased from RMB1.816 billion for FY2023 to RMB1.439 billion for FY2024, which was due to the decrease in utilisation hours (i.e. wind power generation: from 2,419 hours for FY2023 to 2,226 hours for FY2024; and photovoltaic power generation: from 1,376 hours for FY2023 to 1,277 hours for FY2024) and average on-grid tariff (i.e. from RMB0.44 per kWh (tax exclusive) for FY2023 to RMB0.43 per kWh (tax exclusive) for FY2024);
- the increase in provision for impairment loss on assets from RMB115.70 million for FY2023 to RMB307.77 million for FY2024, representing an increase of approximately 166.01%. The increase in provision for impairment loss on assets was mainly because of the increase in provision for impairment loss on mechanical equipment, due to degraded equipment performance resulting from prolonged operation, abnormal damage of equipment, etc.; and
- the Group's net profit from the natural gas business segment decreased from RMB0.946 billion for FY2023 to RMB0.478 billion for FY2024, which was due to decrease in gross profit of natural gas per cubic metre and the increase in depreciation expenses in relevant assets of a LNG project. The decline in gross profit of natural gas per cubic metre was corresponded with lower per-unit sales prices, which resulted from the increased diversification of gas sources of the Group's downstream customers.

In addition, as advised by the Directors, the Group recorded net loss from others (i.e. investment management and property leasing business, etc.) of approximately RMB16.86 million and approximately RMB27.64 million for FY2024 and FY2023 respectively.

1H2024 vs 1H2025

Set out below are the unaudited consolidated financial information of the Group for the six months ended 30 June 2025 (together with comparative figures for the corresponding period in 2024) as extracted from the Company's interim report for the six months ended 30 June 2025 (the "**2025 Interim Report**"):

	For the six months ended 30 June 2025 ("1H2025") RMB'000	For the six months ended 30 June 2024 ("1H2024") RMB'000	Year-on-year change %
Total operating revenue	10,903,916	12,137,162	(10.16)
– Sales of natural gas	7,355,485	8,758,990	(16.02)
– Wind and photovoltaic power generation	3,367,085	3,225,382	4.39
– Others	181,346	152,790	18.69
Net profit attributable to shareholders of the Company	1,412,022	1,429,607	(1.23)

According to the table above, the Group's revenue decreased from approximately RMB12.14 billion for 1H2024 to approximately RMB10.90 billion for 1H2025, representing a year-on-year decrease of approximately 10.16%. With reference to the 2025 Interim Report, such decrease was mainly due to a year-on-year decrease of approximately 16.02% in revenue generated from sales of natural gas for 1H2025 as a result of the decrease in sales volume of natural gas (i.e. from 3.017 billion cubic meters for 1H2024 to 2.578 billion cubic meters for 1H2025).

In addition, according to the table above, the Group's net profit attributable to shareholders of the Company slightly decreased by approximately 1.23% from approximately RMB1.43 billion for 1H2024 to approximately RMB1.41 billion for 1H2025. With reference to the 2025 Interim Report, the aforesaid decrease in the Group's net profit attributable to shareholders of the Company was mainly due to the aforesaid decrease in the Group's total operating revenue.

1.2 Financial position

Set out below is a summary of the consolidated financial position of the Group as at each of 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, as extracted from the 2023 Annual Report, 2024 Annual Report and 2025 Interim Report:

	As at 30 June 2025	As at 31 December 2024	As at 31 December 2023	As at 31 December 2022 (Restated)	Changes from 31 December 2024 to 30 June 2025	Changes from 31 December 2023 to 31 December 2024	Changes from 31 December 2022 to 31 December 2023
	RMB'000 (unaudited)	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (audited)	%	%	%
Total assets	88,277,638	84,016,482	79,016,593	77,412,549	5.07	6.33	2.07
– Cash	4,742,073	3,056,263	3,420,053	7,326,059	55.16	(10.64)	(53.32)
– Fixed assets and construction in progress	59,569,960	58,214,020	55,332,911	51,936,524	2.33	5.21	6.54
– Others	23,965,605	22,746,200	20,263,629	18,149,966	5.36	12.25	11.65
Total liabilities	58,467,950	56,903,738	52,275,824	52,231,292	2.75	8.85	0.09
– Borrowings (Note)	45,420,340	44,100,973	37,912,586	37,202,657	2.99	16.32	1.91
– Others	13,047,609	12,802,765	14,363,238	15,028,635	1.91	(10.86)	(4.43)
Net assets	29,809,688	27,112,744	26,740,770	25,181,257	9.95	1.39	6.19
– Net assets attributable to Shareholders	23,768,375	21,693,350	21,876,734	20,461,432	9.57	(0.84)	6.92

Note: The borrowings include short-term borrowings, long-term borrowings and long-term borrowings due within one year.

In respect of the Group's assets position,

- the Group recorded a substantial decrease of approximately 53.32% in cash as at 31 December 2023 as compared to 31 December 2022, which was mainly due to the purchase and construction of long-term assets and repayment of bank borrowings by the Company for FY2023. After the decrease of approximately 10.64% in cash as at 31 December 2024 as compared to 31 December 2023, the Group's cash substantially increased by approximately 55.16% to 30 June 2025, which was mainly due to the Company's issuance of perpetual medium-term notes with principal amounts of RMB1,500 million in June 2025.
- the Group's fixed assets and construction in progress were major components of the Group's total assets, and in aggregate accounted for approximately 67.09%, 70.03%, 69.29% and 67.48% of the Group's total assets as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, respectively. The Group's fixed assets and construction in progress moved in an increasing trend for the end of June 2025, December 2024 and December 2023 as compared to the opening of the aforesaid period, which was mainly due to increase in the investment in infrastructure construction as a result of the expansion of the Group's principal business.

In respect of the Group's liabilities position, the Group's borrowings were a major component of the Group's total liabilities, accounted for approximately 71.23%, 72.52%, 77.50% and 77.68% of the Group's total liabilities as at 31

December 2022, 31 December 2023, 31 December 2024 and 30 June 2025, respectively. The Group's total liabilities remained stable as at 31 December 2022, 31 December 2023, 31 December 2024 and 30 June 2025.

As at 30 June 2025, the Group's total equity attributable to owners of the Company was approximately RMB23.77 billion.

1.3 Section summary

Based on the financial information as discussed above, the Group demonstrated a continuous growth in total operating revenue from FY2022 to FY2024, primarily driven by the substantial increase in sales volume of natural gas during such period. However, such growth did not translate into improved profitability, which moved in a declined trend from FY2022 to FY2024. The worsened profit was mainly due to (i) the continuous decrease in the net profit of wind and photovoltaic power segment from FY2022 to FY2024; and (ii) the significant increase in asset impairment losses and the contraction in the profitability of the natural gas segment for FY2024. The decrease in total operating revenue was recorded for 1H2025, primarily caused by the drop in natural gas sales volume, further led to a declined profitability for 1H2025.

The Group's financial position is characterized by asset expansion, with total assets growing steadily from the end of December 2022 to the end of June 2025, largely composed of fixed assets and construction in progress, reflecting its capital-intensive nature. The asset expansion has been heavily funded by debt, as borrowings constitute a high and increasing proportion of total liabilities. In addition, the Group's cash position fluctuated during such period, which was mainly due to the Group's investment activities and financing activities.

2. Information of HECIC

With reference to the Board Letter, HECIC, the controlling Shareholder of the Company, is a wholly state-owned company established under the approval of the People's Government of Hebei Province and is under the direct supervision of the State-owned Assets Supervision and Administration Commission of the People's Government of Hebei Province. It is primarily engaged in the investment and construction of energy, transportation, water business, commercial real estates and other infrastructure industries, infrastructures and pillar industries of Hebei Province.

3. Reasons for and benefits of the Share Subscription and use of proceeds

With reference to the Board Letter and as confirmed by the Directors, the Share Subscription (i) will help accelerate the construction of the Group's new energy and clean energy projects; (ii) can alleviate the Company's capital pressure, effectively supplement capital, reduce debt-to-asset ratio, optimize capital structure, enhance financial stability, and improve the Company's overall risk resistance by way of the increase of capital reserve, thereby supporting the Company's healthy, sustainable and steady development; and (iii) reflects HECIC's firm confidence in the future

development of the Group and recognition of the value of the Group, which is conducive to boosting market confidence, safeguarding the interests of the small and medium-sized Shareholders, and promoting the high-quality development of the Group.

We noted that cash from financing activities becomes a more important source of fund to the Group, which accounted for approximately 35%, 36%, 43% and 47% to total cash inflow for FY2022, FY2023, FY2024 and 1H2025 respectively. Furthermore, we noted from 《國務院關於固定資產投資項目試行資本金制度的通知》(Notice of the State Council on Implementing a Capital System for Fixed Asset Investment Projects*) issued by the State Council of the PRC in 1996 together with further amendments afterwards, a certain proportion of capital funds should be maintained in the investment in an infrastructure project in addition to the fund from debt financing for such infrastructure project. As advised by the Directors, minimum proportions of capital funds for wind power project and natural gas project are 20% and 30%, respectively. The Group normally maintained the minimum proportions as its capital funds for the infrastructure project, the source of which would be self-owned funds in general. The remaining part of funds is normally raised by way of debt financing. Given that the development of wind power project and natural gas project, which is the directly link to the Group's principal businesses of sales of natural gas; and wind and photovoltaic power generation, and cash from financing activities becomes a more important source of fund to the Group, the Company would have funding needs should the Company decides to continuously develop its principal businesses.

3.1 Financing alternatives

With reference to the Board Letter, the Company has not conducted any equity fund-raising activities in the past twelve months immediately preceding the Latest Practicable Date.

Upon our enquiry with the Directors, we understood that the Directors had considered both debt financing and equity financing (such as rights issue for both capital market, public issuance and non-public issuance of A Shares for PRC capital market, placing of H Shares and issue of H Shares to specific subscriber for Hong Kong capital market) as fund-raising methods for the Group from Hong Kong capital market and/or the PRC capital market based on the capital needs for the Group's project development as a whole.

In respect of the debt financing, it will incur additional finance costs and increase gearing level of the Group and may be subject to lengthy due diligence and negotiations with lenders. With reference to the 2024 Annual Report and the 2025 Interim Report, the debt-to-asset ratios (calculated by total liabilities divided by total assets) as at 30 June 2025 was 66.23%. The debt-to-asset ratio will further increase to approximately 66.75% should the Company adopt debt financing with same fund raising amounts of approximately HK\$1,500 million (i.e. the net proceeds from the Share Subscription (the "Net Proceeds")) and on the assumption that the aforesaid debt financing had completed on 30 June 2025. Furthermore, given that the Company's proposed development in 11 wind power projects and two gas-fired power plant projects (i.e. the Projects as defined under

the section headed “3.2 Use of proceeds” below), the capital funds for the Projects are RMB2,642 million in total, of which RMB1,078 million have been invested as at 31 August 2025 and the capital funds to be invested to the Projects is RMB1,564 million as at 31 August 2025. We concur with the Directors considered that the debt financing is not an optimal financing method and could not be utilised as remaining capital funds for the Projects.

In respect of the equity financing, as opposite to the debt financing, the debt-to-asset ratio will be improved through equity financing, which would decrease by 1.53 percentage points to approximately 65.22% on the assumption that the equity financing had completed on 30 June 2025 as compared to the debt-to-asset ratio through debt financing on the same assumption. Nevertheless, we further discussed with the Directors and considered characteristics of different equity financing methods as follows:

- rights issue is targeted at the Company’s existing Shareholders and shall be implemented to the holders of A Shares and H Shares simultaneously at the same price. The average closing price of A Shares during the period of the A Share listing date (i.e. 29 June 2020) to the Latest Practicable Date represented a significant premium (ranging from approximately 88% to 563%) to the closing price of H Shares during the same period. Given the significant premiums of the price of A Shares over the price of H Shares during the aforesaid period and the capital market environment of Hong Kong and the mainland China are different, it is not practical to determine a price suitable for both classes of Shares, and thus the Company did not consider rights issue as an appropriate fund-raising method for the Company.
- public issuance is issuance of shares to unspecific investors. The Directors advised that such method is not a common approach for companies listed on Shanghai Stock Exchange (“**Shanghai Stock Exchange Listed Companies**”) for refinancing purpose and is subject to a length of regulatory review and approval procedure.

Based on our research, we noted that (i) there were three Shanghai Stock Exchange Listed Companies completed equity fund raising by way of public issuance of new shares for re-financing in 2019 and 2020 and none of the Shanghai Stock Exchange Listed Companies completed equity fund raising by way of public issuance of new shares for re-financing for the period from 1 January 2021 to the Last Trading Day; and (ii) there were around seven to nine months between the announcement date of such three re-financing proposals and the announcement date regarding the approval of CSRC.

- in respect of placing of new H shares, we noted from recent placing transactions announced by companies listed on the Hong Kong Stock Exchange that the placing price of most of these placing transactions represented discounts to the then closing price or average closing price

of shares of the respective companies prior to the entering of these placing transactions. As the Subscription Price represented premiums of 10% to 20% over the recent closing prices of the H Shares (as detailed in the section headed “The Subscription Price” below), the results of placing of new H Shares at the Subscription Price may be uncertain. Even if any placing agent successfully places same number of new H Shares to investors at the Subscription Price, the dilution effect to the existing shareholders who are not involved in such placing (i.e. non-participating shareholders) is the same. Furthermore, additional expenses (i.e. placing commission) may be incurred under a placing transaction (1% to 3.5% of the fund raising amounts according to the disclosed commission rate of recent placing transactions).

- in respect of issue of convertible bonds, it will incur additional finance costs and increase the debt-to-asset ratio of the Group before the conversion of underlying shares, which is similar to debt financing.
- as compared to the issuance of new H Shares to specific target, the issuance of new A Shares to specific target would normally require a longer preparation and application time. We noted that the Board passed a resolution in respect of proposed non-public issuance of A Shares in March 2021, with the transaction completed 10 months later in January 2022.

In addition, HECIC’s participation in the issuance of new shares demonstrated its confidence in the prospects of the Group. Given (i) the solid background of HECIC, which is a wholly state-owned company established under the approval of the People’s Government of Hebei Province and is under the direct supervision of the State-owned Assets Supervision and Administration Commission of the People’s Government of Hebei Province; and (ii) that HECIC is the largest shareholder of the Company, HECIC’s confidence in the prospects of the Group as demonstrated by the Share Subscription will also promote corporate image of the Group.

Given the above, including (i) source of fund from debt financing could not be used as capital funds, not to mention that it will incur additional finance costs and increase debt-to-asset ratio of the Company; (ii) the placing would result in the same dilution effect for non-participating shareholders as the Share Subscription, and it may impose additional costs on the Company if it involves the same number of shares and placing price as the Share Subscription; (iii) the Company could not meet the capital investment schedule in 2025 (as detailed in the sub-section headed “Net Proceeds for Projects”) by way of the issuance of new A Shares given that the issuance of new A Shares to specific and unspecific investors would be subject a longer preparation and application time; and (iv) the issue of convertible bonds will incur additional finance costs and increase the

debt-to-asset ratio of the Group before the conversion, we are of the view that the Share Subscription is an appropriate fund-raising method currently available to the Company.

3.2 Use of proceeds

With reference to the Board Letter, the gross proceeds from the Share Subscription will be HK\$1,513,510,000 and the net proceeds (after deduction of issuance expenses and other related costs and expenses) will be approximately HK\$1,500 million (i.e. the Net Proceeds).

The Net Proceeds from the Share Subscription are intended to be used as to approximately 80% (approximately HK\$1,200 million) (the “**Net Proceeds for Projects**”) for the construction of wind power projects and gas-fired power plant projects (i.e. 11 wind power projects and two gas-fired power plant projects, please refer to the section headed “Use of proceeds” of the Board Letter for further details) (the “**Projects**”) (all of which will be utilized as capital funds of the Project), and as to approximately 20% (approximately HK\$300 million) (the “**Net Proceeds for Working Capital**”) to supplement working capital and for other general purposes.

We discussed with the Directors regarding the necessity of the Share Subscription given that the Group recorded cash of approximately RMB4,742 million as at 30 June 2025. We understood that the Company is an investment holding company and conducts natural gas related business and new energy related business through the Company’s subsidiaries. Therefore, among the Group’s cash of approximately RMB4,742 million, approximately RMB1,875 million was held by the Company (the “**Cash Held by the Company**”) and approximately RMB2,867 million was held by subsidiaries of the Company for the aforesaid natural gas related business and new energy related business.

Among the Cash Held by the Company of approximately RMB1,875 million as at 30 June 2025, (i) approximately RMB883 million is dividends payable for 2024 final dividend and will be paid to the Shareholders in August 2025; and (ii) approximately RMB672 million had been utilized in July 2025 and August 2025 for its construction projects. Furthermore, the Company is required to repay financial loans maturing by December 2025 with amount of approximately RMB61 million. The remaining amounts of RMB259 million is not sufficient for the purpose of capital fund investment for the Projects. Although approximately RMB2,867 million of cash was held by subsidiaries of the Company, such funds will be used for the operation or development of infrastructure projects of the relevant subsidiaries. Furthermore, according to the Company’s internal document, subsidiaries of the Company are prohibited from lending funds from each others unless further review and approval by, among others, the Company. Therefore, the cash held by subsidiaries of the Company was not considered.

Based on the Company's cash status and the analysis in the "3.1 Financing alternatives" section above, which concludes that the Share Subscription is currently an appropriate fund-raising method for the Company, we are of the view that the Company has funding needs to conduct the Share Subscription.

3.2.1 Net Proceeds for Projects

Based on the information provided by the Company, the investment status of the Projects is summarized as follows:

Project type	Installed capacity (megawatt)	Project status	Total investment	Capital fund investment by the Company	Capital fund already invested as at 31 August 2025	Capital fund to be invested in September 2025 to December 2025	Capital fund to be invested after 2025
						(RMB' million)	(RMB' million)
Wind power projects	1,475	Under Construction or not commenced	11,789	1,700	758	353	589
Gas-fired power plant projects	1,920	Under Construction or not commenced	4,710	942	320	369	253
Total	3,395		16,500	2,642	1,078	722	842

As aforementioned, the Share Subscription will help accelerate the construction of the Group's new energy and clean energy projects. As advised by the Directors, the Net Proceeds for Projects is primarily intended for the development of the Group's wind power business and natural gas business (being the Group's principal businesses which accounted for over 90% of the Group's total operating income for FY2022, FY2023, FY2024 and 1H2025). Upon our enquiry and request, the Directors advised that the Company has decided to further focus on its core principal businesses in the future and concentrate its resources on wind power generation and natural gas related businesses.

With reference to the Board Letter,

- for the wind power business, the Group's approved capacity for wind power projects has reached new heights in recent years, with approved capacity of 1.44 million kilowatts in 2023 and 3.78 million kilowatts in 2024. By the end of 2024, the cumulative approved capacity of wind power projects yet to be constructed has exceeded 4.31 million kilowatts. It is expected that the wind power business of the Group will enter a phase of rapid development in the next few years; and

- for the natural gas business, the Group's natural gas sector has formed an upstream, midstream and downstream industry chain, and is accelerating its integrated development. Natural gas power generation is characterized by high efficiency, quick start-up and shutdown, operational flexibility and environmental friendliness. It is anticipated that gas-fired power plants will become a crucial component in constructing a new energy system centered around renewable energy, with significant potential for future growth. Leveraging the Group's advantages in its natural gas sector, including proprietary gas sources, receiving terminals and pipeline facilities, the Company aims to establish an industrial chain centered on gas-fired power plants, which will help the Group expand market share in end-user sales, enhance the utilization efficiency of receiving terminals and pipeline facilities, and increase the overall profitability of the natural gas sector. By the end of 2024, the Group's cumulative approved capacity for gas turbines has reached 2,880 megawatts. As the natural gas business continues to grow, the funding needs for the construction of gas-fired power plants will increase significantly.

To further understand the market conditions of the wind power industry and gas-fired power industry in the PRC, we searched for relevant market information as follows:

- According to Statistical Communiqué of the PRC on the 2024 National Economic and Social Development as published by the National Bureau of Statistics of the PRC on 28 February 2025, (i) the wind power generation in the PRC increased from 414.60 billion MWh for 2020 to 997.04 billion MWh for 2024, representing a compound annual growth rate of approximately 24.53%; and (ii) installed capacity of wind power generation, increased from 2,815.3 MW for 2020 to 5,206.80 MW for 2024, representing a compound annual growth rate of approximately 16.62%.
- According to 《中國天然氣發展報告(2024)》 (China Natural Gas Development Report 2024*) published by the National Energy Administration of the PRC (an organisation managed by National Development and Reform Commission with a mission to, among others, (a) drafting laws and regulations on energy development and related supervision and management; (b) formulating and organizing the implementation of energy development strategies, plans and policies; and (c) formulating industrial policies and related standards for energy) in July 2024, (i) natural gas consumption for power generation in PRC increased from 27.5 billion cubic meters for 2014 to 68.5 billion cubic meters for 2023, representing a compound annual growth rate of approximately 10.67%; (ii) installed capacity of natural gas power

generation increased from 56.97 million kilowatts for 2014 to 130 million kilowatts for 2023, representing a compound annual growth rate of approximately 9.60%.

- According to 《中國天然氣發展報告(2025)》 (China Natural Gas Development Report 2025*) published by the National Energy Administration of the PRC in August 2025, natural gas consumption for power generation in PRC further recorded a year-on-year increase of 7.3% for 2024.
- As stated in the 2024 Annual Report, given the global dual-carbon goals and energy shortages, the energy structure is accelerating its transition to clean energy. More than 130 countries and regions around the world have put forward “zero-carbon” or “carbon-neutral” climate targets.
- In February 2025, the National Energy Administration of the PRC released 《2025年能源工作指導意見》 (the Guiding Opinions on Energy Work for 2025*), which proposed that in 2025, among other things, (i) natural gas output will continue to grow rapidly; (ii) the total installed power generation capacity nationwide will reach over 3.6 billion kilowatts, with newly installed renewable energy capacity exceeding 200 million kilowatts; (iii) the transition toward green and low-carbon development will continue to deepen with the proportion of non-fossil energy in installed power generation capacity to increase to around 60% and in total energy consumption to rise to approximately 20%.

Given that (i) both industries are poised for positive growth; and (ii) the realisation of green and sustainable development has become a broad consensus around the world, we are of the view that prospects of wind power industry and gas-fired power industry are positive and the development of wind power projects and gas-fired power projects, which the Net Proceeds for Projects will be utilized for, is in the interests of the Company and Shareholders as a whole.

3.2.2 Net Proceeds for Working Capital

As stated in the Board Letter, approximately 20% of the net proceeds from the Share Subscription is intended to be used to supplement the Company’s working capital and for other general purposes, mainly including directors’ remuneration and staff costs, audit fees and legal and professional expenses, and other administrative expenses. These net proceeds are expected to be fully utilized by the end of 2027.

As mentioned above, the Net Proceeds for Working Capital are intended to supplement the Group’s working capital and for other general purposes. We noted in the Comparable Transactions (as defined under the section

headed “b) Comparable Transactions” below) that nine out of 11 listed issuers involved in the Comparable Transactions allocated the proceeds from the subscription/issuance of new shares for general working capital purpose. Although the business nature of the listed issuers involved in the Comparable Transactions is different from the Company’s, we consider the sampled transactions to be fair and representative as they indicated a recent trend of non-specific use of proceeds by listed issuers.

According to the Comparable Transactions (as defined under the section headed “b) Comparable Transactions” below), save for those which (i) did not plan to use proceeds from the subscription to supplement working capital and/or general purposes; (ii) planned to use all proceeds from the subscription to supplement working capital and/or general purposes; and (iii) did not specify the amount of the proceeds to supplement working capital and/or general purposes, the portions relating to “proceeds to supplement working capital and/or general purposes” to “net proceeds from the subscription” ranged from 10% to 50%.

Furthermore, after excluding the dividend payable of approximately RMB883 million, the cash of approximately RMB672 million which was utilized for construction projects in July and August 2025 and the cash of approximately RMB61 million which is intended for the repayment of financial loans maturing by December 2025, the remaining cash (which has not been designated for specific purposes) was approximately RMB259 million (the “**Remaining Cash Held by the Company**”), based on the Cash Held by the Company as at 30 June 2025. According to the 2024 Annual Report, the Company (on a non-consolidated basis) recorded cash outflows from operating activities of RMB560 million and RMB550 million for FY2024 and FY2023 respectively. Although the Company (on a non-consolidated basis) will receive cash inflows from operating activities, such as sale of goods and rendering of services, the allocation of part of the net proceeds from the Share Subscription for general working capital purposes is essential to sustain the Company’s operational efficiency and provides the necessary liquidity to respond to unforeseen expenses and opportunities.

Given that (i) the use of Net Proceeds for Working Capital is common and the proportion of which is in line with the recent market practice; (ii) the allocation of part of the net proceeds from the Share Subscription for general working capital purposes is essential to sustain the Company’s operational efficiency and provides the necessary liquidity to respond to unforeseen expenses and opportunities, we consider the utilization of Net Proceeds from Working Capital is reasonable.

3.2.3 Our summary on use of proceeds

Based on the above, including (i) the Net Proceeds for Projects is in line with the Group's development plan; (ii) prospects of wind power industry and gas-fired power industry are positive; (iii) the use of Net Proceeds for Working Capital is common and the proportion of which is in line with the recent market practice; and (iv) the Remaining Cash Held by the Company of approximately RMB259 million, we consider the use of Net Proceeds to be reasonable.

3.3 Section summary

Having considered (i) reasons for and benefits of the Share Subscription as mentioned above; (ii) that the Share Subscription is an appropriate fund-raising method currently available to the Group; and (iii) that the use of the Net Proceeds to be reasonable, we are of the view that although the Share Subscription is not conducted in the ordinary and usual course of business of the Group, it is in the interest of the Company and the Independent Shareholders as a whole.

4. Principal terms of the Share Subscription

Set out below is a summary of the principal terms of the Share Subscription under the Share Subscription Agreement, details of which are set out in the section headed "CONNECTED TRANSACTION UNDER THE SHARE SUBSCRIPTION AGREEMENT" of the Board Letter.

Date

27 August 2025

Parties

- (i) the Company (as the issuer); and
- (ii) HECIC (as the subscriber)

The Subscription Shares

307,000,000 new H Shares will be issued at the Subscription Price per Subscription Share under the Share Subscription, which represents:

- (i) approximately 7.30% of the existing issued share capital of the Company as at the Latest Practicable Date; and
- (ii) approximately 6.80% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares immediately after Completion of the Share Subscription.



The Subscription Shares shall be allotted and issued pursuant to the General Mandate.

Ranking

The Subscription Shares, when allotted and issued, shall rank pari passu in all respects among themselves and with the existing issued H Shares.

The Subscription Price

The Subscription Price is HK\$4.93 per Subscription Share, which represents

- (i) a premium of approximately 15.19% over the closing price of HK\$4.28 per H Share as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 16.55% over the closing price of HK\$4.23 per H Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day (the “LTD Premium”);
- (iii) a premium of approximately 16.38% over the average closing price of HK\$4.24 per H Share as quoted on the Hong Kong Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day (the “5 Day Premium”);
- (iv) a premium of approximately 16.14% over the average closing price of HK\$4.25 per H Share as quoted on the Hong Kong Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day (the “30 Day Premium”);
- (v) a premium of approximately 15.54% over the average closing price of HK\$4.27 per H Share as quoted on the Hong Kong Stock Exchange for the last sixty (60) consecutive trading days up to and including the Last Trading Day (the “60 Day Premium”);
- (vi) a discount of approximately 11.49% to the audited consolidated net asset value (“NAV”) per Share attributable to the Shareholders (“NAV per Share”) as at 31 December 2024 of approximately HK\$5.57 per Share calculated based on the audited consolidated net asset of the Group attributable to the Shareholders of RMB21,693,349,600.74 as at 31 December 2024 and 4,205,693,073 Shares in issue (based on the exchange rate of HK\$1:RMB0.92604 as at 31 December 2024 published by the China Foreign Exchange Trade System as authorized by The People’s Bank of China for illustration purposes); and

- (vii) a discount of approximately 20.45% to the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2025 of approximately HK\$6.20 per Share calculated based on the unaudited consolidated net asset of the Group attributable to the Shareholders of RMB23,768,374,531.03 as at 30 June 2025 and 4,205,693,073 Shares in issue (based on the exchange rate of HK\$1:RMB0.91195 as at 30 June 2025 published by the China Foreign Exchange Trade System as authorized by The People's Bank of China for illustration purposes) (the "NAV Discount").

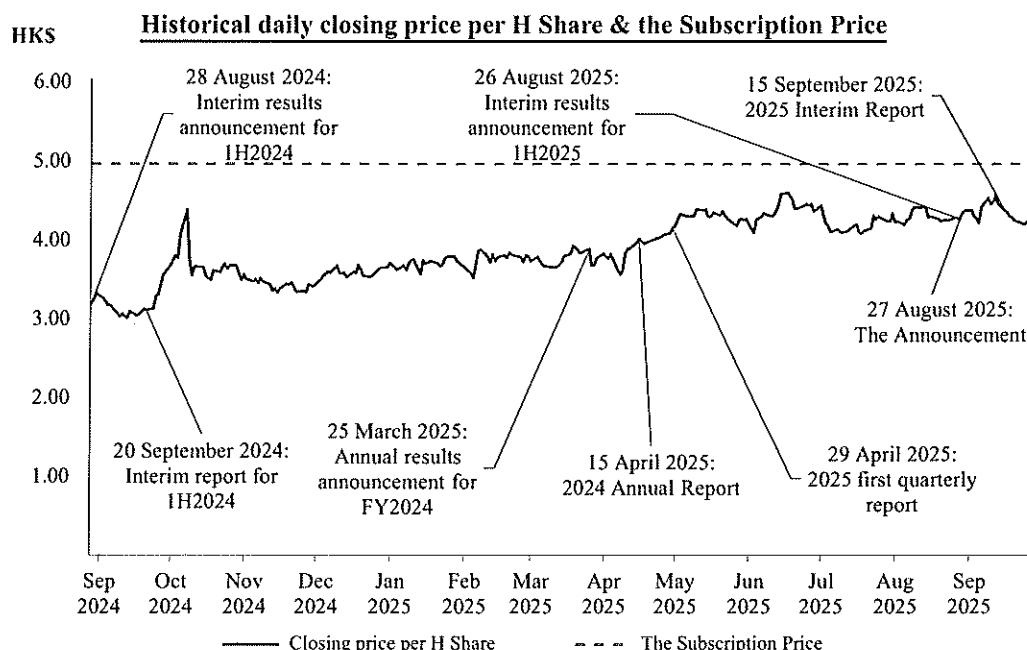
With reference to the Board Letter, the Subscription Price was determined after arm's length negotiations between the Company and HECIC with reference to (i) the recent and historical market prices of the Shares; (ii) the trading liquidity of the Shares; (iii) the financial position of the Group; (iv) the Group's future development plans and related funding needs; and (v) the reasons for and benefits of the Share Subscription as referred to in the section headed "Reasons for and Benefits of the Share Subscription" of the Board Letter.

Analysis on the Subscription Price

In order to assess the fairness and reasonableness of the Subscription Price, we conducted the following analysis:

a) Share price performance

Set out below is a chart showing the movement of the closing prices of the H Shares during the period from 28 August 2024 to the Latest Practicable Date, being one year immediate prior to the Last Trading Day, up to and including the Latest Practicable Date (the "Share Review Period"), which is commonly adopted for analysis, and the number of trading days during the Share Review Period is sufficient for us to perform a thorough analysis on the historical closing prices of H Shares with the Subscription Price. Hence, we consider that the duration of the Share Review Period is adequate and appropriate. The comparison of daily closing prices of the H Shares and the Subscription Price is illustrated as follows:



Source: the Hong Kong Stock Exchange's website

During the Share Review Period, the highest and lowest closing prices of the H Shares as quoted on the Hong Kong Stock Exchange were HK\$4.57 per H Share recorded on 16 June 2025 and HK\$2.99 per H Share recorded on 12 September 2024 respectively. The Subscription Price of HK\$4.93 per Subscription Share is above the closing price range of the H Shares during the Share Review Period.

As depicted from the above chart, after increasing in the closing price of the H Shares in the end of August 2024, the closing price of the H Shares decreased from HK\$3.24 per H Share at the beginning of September 2024 to HK\$2.99 per H Share on 12 September 2024 (i.e. the lowest closing price of the H Shares during the Share Review Period). Subsequently, the closing price of H Shares rebounded and reached HK\$4.36 per H Share on 7 October 2024. Thereafter, the closing price of the H Shares decreased sharply to HK\$3.75 per H Share on 8 October 2024. Since then, the closing price of the H Shares formed an upward trend and reached HK\$4.57 per H Share on 16 June 2025 (i.e. the highest closing price of the H Shares during the Share Review Period). Subsequently, the closing price of the H Shares fluctuated between HK\$4.06 per H Share and HK\$4.53 per H Share, and recorded at HK\$4.23 per H Share on the Last Trading Day. Afterwards, the closing price of the H Shares fluctuated between HK\$4.17 per H Share and HK\$4.53 per H Share, and recorded at HK\$4.28 on the Latest Practicable Date.

b) Comparable Transactions

As part of our analysis, we identified subscription transactions of new shares for cash consideration (excluding transactions involving (i) restructuring, loan capitalisation and set-off of debt in whole or in part; and (ii) issuance of A shares or domestic shares) during the period from 1 August 2025 up to the Last Trading Day, being a period of approximately one month prior to Last Trading Day that demonstrates market practices during a period proximate to Last Trading Day and allows us to identify sufficient samples of comparable transactions for analysis as announced by companies listed on the main board of the Hong Kong Stock Exchange (the “Comparable Transactions”). Given that (i) the Subscription Price was determined with reference to, among other things, the recent and historical market prices of the H Shares; and (ii) the involvement of whitewash waiver and the relationship between the Company and HECIC were not bases for the determination of the Subscription Price, we did not (i) adopt the involvement of whitewash waiver; and (ii) set the identity of subscriber being a connected person to the listed issuer, as selection criterion to identify the Comparable Transactions. In addition, we noted that the issue price of the Comparable Transactions was determined with reference to, among other factors, prevailing market price of shares of the listed issuer while we were not aware of any empirical evidence which suggests that the inclusion or not of a whitewash waiver or connection relationship would materially alter the terms of the underlying transaction.

We found eleven transactions which met the said criteria and they are exhaustive. Shareholders should note that although the businesses, operations, market capitalisation and prospects of the Company are not the same as the subject companies of the Comparable Transactions, the Comparable Transactions can demonstrate the recent market practices of subscription transactions conducted by companies listed on the main board of the Hong Kong Stock Exchange and thus they are fair and representative for our analysis.

Company name (stock code)	Date of announcement	Premium/ (discount) of the subscription price over/(to) the closing price per share on the last trading day immediately prior to the entering of agreement in relation to the respective subscription transactions	Premium/ (discount) of the subscription price over/(to) the average closing price per share for the last five consecutive trading days immediately prior to the entering of agreement in relation to the respective subscription transactions	Premium/ (discount) of the subscription price over/(to) the average closing price per share for the last 30 consecutive trading days immediately prior to the entering of agreement in relation to the respective subscription transactions	Premium/ (discount) of the subscription price over/(to) the average closing price per share for the last 60 consecutive trading days immediately prior to the entering of agreement in relation to the respective subscription transactions
		Approximate %	Approximate %	Approximate %	Approximate %
China Ruyi Holdings Limited (136)	1 August 2025	(4.46)	(7.18)	1.98	19.56
DL Holdings Group Limited (1709)	7 August 2025	(11.94)	(12.98)	(16.78)	(11.51)
Platt Nera International Limited (1949)	8 August 2025	(17.69)	(19.06)	(1.23)	20.02
CANbridge Pharmaceuticals Inc. (1228)	12 August 2025	(19.76)	10.56	70.12	166.33
JX Energy Ltd. (3395)	14 August 2025	3.81	0.93	(1.99)	22.63
GoFintech Quantum Innovation Limited (290)	14 August 2025	(12.12)	(6.93)	(11.10)	(5.58)
Extrawell Pharmaceutical Holdings Limited (858)	14 August 2025	(17.80)	(19.03)	(11.06)	15.89
Wan Kei Group Holdings Limited (1718)	15 August 2025	(10.04)	(11.45)	(10.86)	(12.24)
BExcellent Group Holdings Limited (1775)	18 August 2025	20.48 (Note)	31.93 (Note)	150.58 (Note)	180.40 (Note)
China Kingstone Mining Holdings Limited (1380)	22 August 2025	4.71	3.13	3.93	6.62
YesAsia Holdings Limited (2209)	26 August 2025	(1.77)	11.80	10.34	5.42
Maximum		20.48	31.93	150.58	180.40
Minimum		(19.76)	(19.06)	(16.78)	(12.24)
Average		(6.05)	(1.66)	16.72	37.05
Maximum (excluding outlier)		4.71	11.80	70.12	166.33
Minimum (excluding outlier)		(19.76)	(19.06)	(16.78)	(12.24)
Average (excluding outlier)		(8.71)	(5.02)	3.34	22.71
Median		(10.04)	(6.93)	(1.23)	15.89
Share Subscription		16.55	16.38	16.14	15.54

Source: the Hong Kong Stock Exchange's website

Note: The premium as represented by the subscription price of the BExcellent Group Holdings Limited (1775) were exceptionally high as they are more than two standard deviations away from the mean and were considered as outliers based on the mean and standard deviation outlier detection method.

According to the above table:

- (i) the subscription prices of the Comparable Transactions ranged from discount of approximately 19.76% to premium of approximately 20.48%, with average discount of approximately 6.05% and median discount of approximately 10.04% to/over the respective closing prices of shares on the last trading day immediately prior to the entering of agreement in relation to the respective subscription transactions.
- (ii) the subscription prices of the Comparable Transactions ranged from discount of approximately 19.06% to premium of approximately 31.93%, with average discount of approximately 1.66% and median discount of approximately 6.93% to/over the respective average closing prices of shares for the last five consecutive trading days immediately prior to the entering of agreement in relation to the respective subscription transactions.
- (iii) the subscription prices of the Comparable Transactions ranged from discount of approximately 16.78% to premium of approximately 150.58%, with average premium of approximately 16.72% and median discount of approximately 1.23% to/over the respective average closing prices of shares for the last 30 consecutive trading days immediately prior to the entering of agreement in relation to the respective subscription transactions. (the “**30-day Comparable Range**”).
- (iv) the subscription prices of the Comparable Transactions ranged from discount of approximately 12.24% to premium of approximately 180.40%, with average premium of approximately 37.05% and median premium of approximately 15.89% to/over the respective average closing prices of shares for the last 60 consecutive trading days immediately prior to the entering of agreement in relation to the respective subscription transactions. (the “**60-day Comparable Range**”).

Based on the above, the LTD Premium, the 5 Day Premium, the 30 Day Premium and the 60 Day Premium are within the respective range of the Comparable Transactions. The 30-day and 60-day comparable ranges are broad. This breadth is due to the significantly high premiums for BExcellent Group Holdings Limited’s (Stock code: 1775) subscription price relative to its closing prices or average closing prices, compared to other transactions.

Excluding the outlier, the LTD Premium and the 5-Day Premium are above the respective range of the Comparable Transactions; while both the 30-Day Premium and the 60-Day Premium are within the respective range of the Comparable Transactions, the 30-Day Premium is above average and the 60-day Premium is below the average.

It is also noteworthy that the LTD Premium, 5-Day Premium, and 30-Day Premium are all above the respective median of Comparable Transactions, and the 60-Day Premium (i.e. 15.54%) is very close to the corresponding median of Comparable Transactions (i.e. 15.89%). The median is a measure that is less affected by outliers.

Given that above, we are of the view that the Subscription Price is not undervalued from the perspective of premiums/discounts of issue prices of Comparable Transactions, indicating that the Subscription Price is not less favourable to the prevailing market premiums/discounts of issue prices of Comparable Transactions, which supports the fairness and reasonableness of the pricing from the perspective of premiums/discounts of issue prices of Comparable Transactions. Therefore, we consider that the Subscription Price is fair and reasonable from such perspective.

c) The NAV Discount

As mentioned above, the Subscription Price represented a discount of approximately 20.45% to the unaudited consolidated net asset value per Share attributable to the Shareholders as at 30 June 2025 (i.e. the NAV Discount).

Given the industry in which the Group involved was different from the industries in which the listed issuers of Comparable Transactions were involved, we consider that comparison with the NAV Discount to the issue price to NAV of the Comparable Transactions were not appropriate. Instead, we performed the comparison of NAV Discount with the Group's historical NAV per Share to historical closing prices of H Shares for our NAV Discount analyses.

The Group's NAV per Share for different periods is as follows:

	The Group's NAV per Share (in RMB)	The Group's NAV per Share (in HK\$)	Exchange rate adopted (Note)
31 March 2024	5.16	5.69	HK\$1:RMB0.90655
30 June 2024	5.09	5.58	HK\$1:RMB0.91268
30 September 2024	5.11	5.67	HK\$1:RMB0.90179
31 December 2024	5.16	5.57	HK\$1:RMB0.92604
31 March 2025	5.39	5.84	HK\$1:RMB0.92283
30 June 2025	5.65	6.20	HK\$1:RMB0.01195

Note: The respective exchange rate adopted was published by the China Foreign Exchange Trade System as authorised by the People's Bank of China for illustration purpose.

Based on the Group's NAV per Share as listed above, the closing price of the H Shares has historically been traded at substantial discount ranging from approximately 21.77% to approximately 46.41% to the Group's then NAV per Share during the Shares Review Period.

The NAV Discount (i.e. 20.45%) is less than the aforesaid NAV discount range of approximately 21.77% to approximately 46.41% during the Shares Review Period. Given that the NAV Discount is less than the Group's discount of historical NAV per Share to historical closing prices of H Shares during the Shares Review Period, we are of the view that the NAV Discount is reasonable.

d) Our conclusion on Subscription Price

In light of that (i) the Subscription Price of HK\$4.93 per Subscription Share is above the closing price range of the H Shares during the Share Review Period; (ii) the LTD Premium, the 5 Day Premium, the 30 Day Premium and the 60 Day Premium are within the respective range of the Comparable Transactions and are above or close to their respective median; and (iii) the NAV Discount is reasonable as it is less than the Group's discount of historical NAV per Share to historical closing prices of H Shares during the Shares Review Period, we are of the view that the Subscription Price is fair and reasonable.

Lock-up Period

HECIC has undertaken that it will not transfer, or procure HECIC Nominee not to transfer the Subscription Shares in any manner within 36 months from the Completion Date, except for transfers to subsidiaries directly or indirectly owned or controlled by HECIC, as permitted by the PRC laws, other applicable laws and the listing rules of the jurisdictions where the Shares are listed, provided that the transferee continues to adhere to the same lock-up undertaking. If the CSRC and the stock exchanges where the Shares are listed stipulate otherwise, HECIC undertakes that it will to comply with the relevant regulations or procure HECIC Nominee to do so. The lock-up arrangement shall also apply to the additional H Shares derived from the Subscription Shares as a result of bonus issue or conversion of capital reserve into share capital by the Company after the Completion.

Pursuant to Article 63(3) of the Measures for the Administration of the Takeover of Listed Companies (《上市公司收購管理辦法》) published by the CSRC, if an investor will, as a result of a share subscription, own more than 30% of the listed company's issued shares, the investor can be exempted from the obligation to make a mandatory offer if the investor undertakes not to transfer the new shares issued to such investor within three years and that the non-affiliated shareholders have approved the waiver of the mandatory offer obligation at a general meeting.

Having considered (i) the requirements under relevant PRC regulations; and (ii) that no similar lock-up arrangement was implemented in the Comparable Transactions (except for Wan Kei Group Holdings Limited (Stock code: 1718), which imposed a lock-up period of 120 calendar days on subscriber), we are of the view that a stricter requirement has been applied in this case as compared to relevant arrangements of the Comparable Transactions, which is beneficial to the Company as the lock-up arrangement (i) limits the short-to-medium-term negative

impact of the issuance of new H Shares on the market price of the H Shares (i.e. disposal of large block of H Shares held by the subscriber in the open market may trigger price slump of the H Shares); and (ii) demonstrates the controlling Shareholder's commitment to the Company.

Completion of the Share Subscription

Subject to the fulfilment of all conditions precedent under the Share Subscription Agreement as set out in the section headed "Conditions Precedent" of the Board Letter, the Completion of the Share Subscription shall take place on the fifth Business Day following HECIC's receipt of the notice from the Company for the payment of consideration for the Share Subscription, or on such other date as the Company and HECIC may agree.

On the Completion Date, HECIC or HECIC Nominee shall pay the total consideration for the Share Subscription in a lump sum to the Company. Meanwhile, the Company shall instruct its H Share registrar to issue and allot the Subscription Shares to HECIC or HECIC Nominee, register HECIC or HECIC Nominee and the Subscription Shares in the register of members of H Shares, and issue share certificate(s) to HECIC or HECIC Nominee.

The settlement arrangements are customary, given that Completion shall occur only after all conditions precedent are satisfied and the total consideration is payable as a one-time lump sum.

Termination of the Share Subscription Agreement

The Share Subscription Agreement may be terminated:

- (i) upon agreement in writing between the parties;
- (ii) by the non-defaulting party, if a party seriously breaches its obligations under the Share Subscription Agreement;
- (iii) if the parties fail to obtain the necessary consents or approvals for the implementation or completion of the Share Subscription on or before 31 December 2025, including those from the Independent Shareholders, the State-owned Assets Supervision and Administration Commission of the People's Government of Hebei Province, the Hong Kong Stock Exchange and the SFC (including the Whitewash Waiver); and
- (iv) in the event of a force majeure and upon written confirmation by both parties.

The termination arrangements are customary, given that the relevant arrangements apply to both parties equally or conditional on the fulfilment of regulatory requirements.

Our conclusion on terms of the Share Subscription

Having considered the principal terms of the Share Subscription as set out above (in particular, the Subscription Price being fair and reasonable as concluded above and no abnormal term was observed), we are of the view that the terms of the Share Subscription are on normal commercial terms and are fair and reasonable.

Potential dilution effect

As illustrated by the table under the sub-section headed “EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY” of the Board Letter, assuming that there is no other change to the share capital and shareholding structure of the Company from the Latest Practicable Date up to the Completion Date, the shareholding interests of the existing public Shareholders in the Company would be diluted by approximately 3.5 percentage points immediately after Completion of the Share Subscription. Nonetheless, in view of (i) the reasons for and the benefits of the Share Subscription, including (a) the acceleration of construction of the Group’s new energy and clean energy projects, (b) the proposed use of proceeds from the Share Subscription; (c) the Share Subscription, which will dilute any existing Shareholder who is not a subscriber, is an appropriate fund-raising method currently available to the Company; (ii) the terms of the Share Subscription being on normal commercial terms and fair and reasonable (including the Subscription Price being fair and reasonable); and (iii) our assessment and independent work done (including our summaries of financial information of the Company, our analyses on financing methods available to the Company, use of Net Proceeds from the Share Subscription and the key terms of the Share Subscription (e.g. the Subscription Price, lock-up arrangement, etc.)) on points (i) and (ii) as mentioned above, we are of the view that the aforementioned level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

RECOMMENDATION ON THE SHARE SUBSCRIPTION

Having taken into consideration of the factors and reasons as stated above, in particular:

- (i) the Share Subscription is an appropriate fund-raising method currently available to the Group as concluded under the sub-section headed “Financing alternatives” above;
- (ii) the use of Net Proceeds to be reasonable as concluded under the sub-section headed “3.2 Use of proceeds” above;
- (iii) the Subscription Price being fair and reasonable given that (A) the Subscription Price of HK\$4.93 per Subscription Share is above the closing price range of the Shares during the Share Review Period; (B) the LTD Premium, the 5 Day

Premium, the 30 Day Premium and the 60 Day Premium are within the respective range of the Comparable Transactions and are above or close to their respective median; and (iii) the NAV Discount is reasonable; and

- (iv) the potential dilution effect is acceptable as concluded under the section headed "Potential dilution effect" above,

we are of the opinion that (i) the terms of the Share Subscription are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the Share Subscription is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committees to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Share Subscription, and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

II. WHITEWASH WAIVER

With reference to the Board Letter, as at the Latest Practicable Date, HECIC holds 2,058,841,253 A Shares, representing approximately 48.95% of the issued share capital of the Company, and Dr. Cao Xin, as a director and the vice chairman of HECIC, is considered to be a party acting concert with HECIC, who holds 50,000 H Shares, representing approximately 0.0012% of the issued share capital of the Company. Upon Completion of the Share Subscription and assuming that there is no other change in the issued share capital of the Company prior to the Completion, the shareholding of HECIC and the party acting in concert with it will increase to approximately 52.43% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares.

As such, under Rule 26.1 of the Takeovers Code, the allotment and issuance of the Subscription Shares under the Share Subscription Agreement to HECIC or HECIC Nominee will give rise to an obligation on the part of HECIC to make a mandatory general offer for all Shares and other securities of the Company (other than those already owned or agreed to be acquired by HECIC and the party acting in concert with it), unless the Whitewash Waiver is granted by the Executive.

HECIC has submitted an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, seeking to waive the compliance with its obligation to make a mandatory general offer in respect of all Shares and other securities of the Company (other than those already owned or agreed to be acquired by HECIC and the party acting in concert with it) as a result of the allotment and issuance of the Subscription Shares to HECIC or HECIC Nominee. The Executive has indicated that it is minded to grant the Whitewash Waiver, subject to, among other things, the approval by at least 75% of the votes cast by the Independent Shareholders in respect of the Whitewash Waiver and more than 50% of the votes cast by the Independent Shareholders in respect of the Share Subscription, respectively, at the EGM.

Further, under the relevant PRC laws, the Share Subscription is subject to the approval by at least two-thirds of the votes cast by the Independent Shareholders by way of poll at the EGM. The Share Subscription Agreement will not take effect and the Share Subscription will not proceed if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders or if the Whitewash Waiver is invalidated.

In view of (i) the aforesaid reasons for and benefits of the Share Subscription; (ii) that the Share Subscription is in the interests of the Company and the Independent Shareholders as a whole; (iii) that the terms of the Share Subscription are on normal commercial terms and fair and reasonable; and (iv) that the Share Subscription Agreement will not take effect and the Share Subscription will not proceed if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders, we are of the opinion that the approval of the Whitewash Waiver, which is a prerequisite for the Completion of the Share Subscription, is in the interests of the Company and the Independent Shareholders as a whole and is fair and reasonable for the purpose of proceeding with the Share Subscription.

RECOMMENDATION ON THE WHITEWASH WAIVER

Having taken into consideration the reasons for and benefits of the Share Subscription and that the Share Subscription Agreement will not take effect and the Share Subscription will not proceed if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders, we are of the view that the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Takeovers Code Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Whitewash Waiver and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited


Graham Lam
Managing Director

Notes: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.

* *For identification purpose only*