

13 November 2025

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**CONTINUING CONNECTED TRANSACTION AND
MAJOR TRANSACTION IN RELATION TO
2026-2028 FINANCIAL SERVICES FRAMEWORK AGREEMENT
AND
CONTINUING CONNECTED TRANSACTION,
VERY SUBSTANTIAL ACQUISITION AND
VERY SUBSTANTIAL DISPOSAL IN RELATION TO
2025-2028 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT**

INTRODUCTION

We refer to our engagement to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement, particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) of the circular to the Shareholders dated 13 November 2025 (the “**Circular**”) and in which this letter is reproduced. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings as given to them under the definitions section of the Circular.

As set out in the Letter from the Board, the 2023-2025 Financial Services Framework Agreement will expire on 31 December 2025 and the 2022-2025 Finance Lease Business Framework Agreement will expire on 30 November 2025. On 31 October 2025 (after trading hours),

- (i) the Company and BEH Finance entered into the 2026-2028 Financial Services Framework Agreement, pursuant to which BEH Finance has agreed to provide to the Group deposit services, loan services and other financial services for the three years ending 31 December 2028; and
- (ii) the Company and Beijing Jingneng Leasing entered into the 2025-2028 Finance Lease Business Framework Agreement, pursuant to which Beijing Jingneng Leasing has agreed to provide finance lease services to the Group for the three years ending 30 November 2028.

As BEH Finance is a subsidiary of BEH, the controlling shareholder of the Company, BEH Finance is a connected person of the Company. As Beijing Jingneng Leasing is a subsidiary of BEH, Beijing Jingneng Leasing is a connected person of the Company. Accordingly, the 2026-2028 Financial Services Framework Agreement, the 2025-2028 Finance Lease Business Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Jin Xinbin, Mr. Zhu Jianbiao, Mr. Zeng Ming and Mr. Liu Jingwei, has been formed to advise the Independent Shareholders on the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement. We, Octal Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we are not connected with the Group, BEH, BEH Finance or Beijing Jingneng Leasing or where applicable, any of their respective substantial shareholders, directors or chief executives, or any of their respective subsidiaries or associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. During the last two years, there has been no other engagement entered into between the Company and us. We are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders.

Apart from normal professional fees payable to us by the Company in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or the directors, chief executive and substantial shareholders of the Company, the Group, BEH, BEH Finance or Beijing Jingneng Leasing or any of their respective subsidiaries or associates that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent to act as the Independent Financial Adviser pursuant to Rule 13.84 of the Listing Rules.

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular were true at the time they were made and continue to be true as at the Latest Practicable Date. We have also relied on our discussion with the management of the Company regarding the Group, including the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the Directors and management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice, among other things, (i) the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement; (ii) the annual report of the Company for the year ended 31 December 2024 and the interim report of the Company for the six months ended 30 June 2025. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, BEH, BEH Finance or Beijing Jingneng Leasing and their respective controlling shareholder(s) and associates nor have we carried out any independent verification of the information supplied.

THE 2026-2028 FINANCIAL SERVICES FRAMEWORK AGREEMENT AND THE 2025-2028 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT AND THE PROPOSED ANNUAL CAPS

Principal factors and reasons considered

In arriving at our opinion regarding the deposit services under the 2026-2028 Financial Services Framework Agreement and the transactions contemplated under the 2025-2028 Finance Lease Business Framework Agreement (the “**Continuing Connected Transactions**”), we have considered the following principal factors and reasons:

1. Background of the Continuing Connected Transactions

General information of the parties of the Continuing Connected Transactions

As set out in the Letter from the Board, the Company is incorporated in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other clean energy projects.

BEH is a company established in the PRC with limited liability which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. It is a state-owned company in the PRC indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. BEH is the controlling shareholder of the Company, indirectly holding approximately 32.14% of the issued share capital of the Company.

BEH Finance is a company established in the PRC with limited liability and is a subsidiary of BEH. As at the Latest Practicable Date, it is held as to 60% by BEH, 20% by Beijing Jingneng Clean Energy Co., Limited, a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Stock Exchange (stock code: 579) and 20% by Beijing Jingneng Power Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 600578). Within its business scope, BEH Finance provides its member units with financial services including but not limited to financial consultation, payment, insurance agency, bill acceptance and discounting and entrusted loans.

Beijing Jingneng Leasing is a company established in the PRC with limited liability and a direct wholly-owned subsidiary of BEH. It is primarily engaged in providing finance lease services to the public and members of the BEH group.

Summary of the product and service offerings under the Continuing Connected Transactions

Set out below is a summary of the nature of the transactions of the Continuing Connected Transactions:

Agreement	Description of transactions
The 2026-2028 Financial Services Framework Agreement	Provide the Group with deposit services, loan services and other financial services
The 2025-2028 Finance Lease Business Framework Agreement	Provide the Group with direct lease services and sales and leaseback services

The Company entered into (i) the 2026-2028 Financial Services Framework Agreement so as to renew the 2023-2025 Financial Services Framework Agreement, which will be expired on 31 December 2025, and (ii) the 2025-2028 Finance Lease Business Framework Agreement so as to renew the 2022-2025 Finance Lease Business Framework Agreement, which will be expired on 30 November 2025.

2. Reasons for and benefits of the Continuing Connected Transactions

The 2026-2028 Financial Services Framework Agreement

As set out in the Letter from the Board, BEH Finance is under the supervision of China Banking and Insurance Regulatory Commission. In the past years, it has maintained satisfactory operating results and financial position with good risk control and well-regulated management to ensure the safety of fund deposits. BEH Finance is subject to Measures for the Administration of Finance Companies of Enterprise Groups*《企業集團財務公司管理辦法》(the “Administrative Measures”) promulgated by China Banking and Insurance Regulatory Commission which regulates the non-bank financial institutions who provide financial services to the enterprise group member entities. The Administrative Measures was effected on 13 November 2022 and have set out certain compliance and risk control requirements/measures in relation to the operation of group financing companies, including but not limited to maintaining certain financial ratios at all times. The table below summarised the key financial ratio requirement under the Administrative Measures (the “Requirements”) and the performance of BEH Finance for the two years ended 31 December 2024 and for the six months ended 30 June 2025.

		Financial ratios of BEH Finance as at		
	The Requirements	31 December		30 June
		2023	2024	2025
Capital adequacy ratio	Not less than 10%	21.82%	22.21%	20.39%
Liquidity ratio	Not less than 25%	52.81%	41.60%	44.94%
Borrowing ratio	Not more than 80%	59.82%	59.05%	72.05%
Investment to total capital ratio	Not more than 70%	44.89%	25.80%	9.91%
Fixed assets to total capital ratio	Not more than 20%	0.08%	0.07%	0.06%

As shown in the table above, BEH Finance has complied with the Requirements during the two years ended 31 December 2024 and for the six months ended 30 June 2025. As advised by management of the Company, they are not aware of any record of non-compliance with the relevant laws and regulations of the PRC in respect of the operations of BEH Finance for the three years ended 31 December 2024 and as of the Latest Practicable Date.

The Directors are of the view that the Company’s exposure to credit and counterparty risks under the 2026-2028 Financial Services Framework Agreement is limited as (i) BEH Finance is a regulated entity and it complied with the Requirements stipulated in the Administrative Measures; (ii) BEH Finance did not have any non-performing loans for the three years ended 31 December 2024; (iii) the lowest capital adequacy ratio of BEH Finance for the three years ended 31 December 2024 was approximately 21.3%, which was significantly higher than the requirement applicable to commercial banks in the PRC (8%); and (iv) BEH’s undertaking to provide financial support to BEH Finance in case the latter has urgent capital needs.

Moreover, BEH Finance only provides financial services to its member units and has extensive understanding of the Group's business operations and development, and capital requirements. BEH Finance can provide the Group with flexible and convenient services that are more in line with specific customized needs at any time, enabling the Group to obtain financial services from a stable source in its daily course of business, facilitating settlement between all member units, shortening the time for fund transfer and turnover, and reducing capital costs of the Group.

Furthermore, the operations of the Group requires flexible and diversified financial services. As the terms (including interest rates and commission charged) in respect of financial services contemplated under the 2026-2028 Financial Services Framework Agreement shall be no less favourable than the terms offered by major independent commercial banks or financial institutions in the PRC for provision of similar services to the Group, and considering that the 2026-2028 Financial Services Framework Agreement does not prevent the Group from obtaining services from other commercial banks or financial institutions, the Group may still at its discretion to choose other major independent commercial banks in the PRC as it considers appropriate and beneficial to the Group as its financial service provider. Therefore, the 2026-2028 Financial Services Framework Agreement allows the Group to enjoy benefits and flexibility of diversified financing channels without posing material adverse effect on the assets and liabilities of the Group.

The 2025-2028 Finance Lease Business Framework Agreement

As at 31 August 2025, there are 255 power plants beneficially owned by the Group with an aggregate installed capacity of approximately 13,692MW comparing with 125 power plants and an aggregate installed capacity of approximately 5,603.44MW as at 31 December 2022. With reference to the Letter from the Board, the power generation business is a capital-intensive business and further business development and expansion of the Group requires a lot of capital, the Directors expected that investments in power generation projects will amount to approximately RMB10,953 million, RMB25,953 million and RMB28,604 million for the years ending 31 December 2026, 2027 and for the eleven months ending 30 November 2028, respectively. In view of the above, the 2025-2028 Finance Lease Business Framework Agreement could facilitate the Group's growing capital needs in associate with the rapid development of the Group. Further, it will continue to enable the Company to control financing risk and financing cost in its course of investing in new projects, satisfy the Company's demand of funds for purchasing power generation equipment in the early construction phase of the projects, and satisfy the Company's demand of funds for project management and operation in a timely manner.

Having considered the above, in particular, (i) the transactions contemplated under the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement shall be no less favourable than that of other independent third parties; and (ii) the transactions are conducted on a non-exclusive basis which could provide alternative financing channels to the Company, we concurred with the Directors that entering into the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

3. Principal terms of the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement

The 2026-2028 Financial Services Framework Agreement

The principal terms of the 2026-2028 Financial Services Framework Agreement are summarised as follows:

Date:	31 October 2025 (after trading hours)
Parties:	(i) The Company (ii) BEH Finance
Terms of the agreement:	The 2026-2028 Financial Services Framework Agreement shall be effective for three years from 1 January 2026 until 31 December 2028 and may be extended for no more than three years upon mutual agreement of the parties.
Scope of deposit services and pricing policy:	The Group may from time to time deposit cash at BEH Finance. The terms (including the interest rate and commission charged) to be offered by BEH Finance in respect of the deposit services shall be no less favourable than those usually and fair terms offered by major independent commercial banks (including Industrial and Commercial Bank of China, Agricultural Bank of China and Bank of China) in the PRC for provision of similar services to the Group.

Details of the 2026-2028 Financial Services Framework Agreement can be referred to the Letter from the Board.

The 2025-2028 Finance Lease Business Framework Agreement

The principal terms of the 2025-2028 Finance Lease Business Framework Agreement are summarised as follows:

Date:	31 October 2025 (after trading hours)
Parties:	(i) The Company (ii) Beijing Jingneng Leasing
Terms of the agreement:	The 2025-2028 Finance Lease Business Framework Agreement shall be effective for three years from 1 December 2025 until 30 November 2028 and may be extended for no more than three years upon mutual agreement of the parties.
Scope of finance lease services and pricing policy:	Pursuant to the 2025-2028 Finance Lease Business Framework Agreement, Beijing Jingneng Leasing and/or its associate companies will provide finance lease services, including but not limited to, direct lease and sales and leaseback services to the Group in accordance with normal commercial terms and the interest rate determined thereby must not higher than market interest rate. It is anticipated that assets which would be subject to finance leases contemplated under the 2025-2028 Finance Lease Business Framework Agreement include power generation equipment. (1) Direct lease service Upon the requests or instructions of the Group, Beijing Jingneng Leasing and/or its associate companies will provide finance lease solutions to the Group for the purchase of equipment, and will make the payment for the equipment to the suppliers in accordance with the terms of procurement set by the Group and charge the Group lease rental for the equipment according to the schedule. All lease rental will be settled by the Group in cash.

(2) Sales and leaseback services

According to the financing needs of the Group, Beijing Jingneng Leasing and/or its associate companies will purchase equipment owned by the Group that meet the requirements of leaseback business to the extent permitted by law, and lease such equipment back to the Group and charge the Group lease rental. All lease rental will be settled by the Group in cash.

Details of the 2025-2028 Finance Lease Business Framework Agreement can be referred to the Letter from the Board.

4. The historical annual caps and historical transaction amounts under the 2023-2025 Financial Services Framework Agreement and the proposed annual caps under the 2026-2028 Financial Services Framework Agreement

Based on information provided by the Company, we summarized in the following table (i) the existing annual caps under the 2023-2025 Financial Services Framework Agreement for each of the three financial years ending 31 December 2025; and (ii) the historical transaction amounts for the two years ended 31 December 2024 and the eight months ended 31 August 2025:

(RMB' million)	Existing annual caps for the year ended/ending 31 December		
	2023	2024	2025
Deposit services (maximum daily deposit services (including any interest accrued thereon))	5,000	6,000	7,000
Historical transaction amounts	4,630	5,900	5,800 ¹
Utilization rate	92.6%	98.3%	82.9%

¹ Up to 31 August 2025

Based on the above, we noted that the relevant utilization rates of the existing annual caps for the two years ended 31 December 2024 and for the eight months ended 31 August 2025 were approximately 92.6%, 98.3% and 82.9%, respectively, representing a relatively high utilization of the existing annual caps.

The proposed annual caps for the deposit services, which is the maximum daily deposit balance (including any interest accrued thereon), under the 2026-2028 Financial Services Framework Agreement, for the three years ending 31 December 2028 (the “Deposit Caps”) are set out below:

(RMB' million)	Proposed annual caps for the year ending 31 December		
	2026	2027	2028
Deposit services (maximum daily deposit services (including any interest accrued thereon))	7,000	8,000	9,000

With reference to the Letter from the Board, the Deposit Caps were determined after taking into account, among other thing, (i) the cash and cash equivalents of the Group of approximately RMB5,398 million as at 30 June 2025; (ii) the expected interest income from BEH Finance, which, based on current information available, is expected to amount to approximately RMB5 million, RMB6 million and RMB7 million for the three years ending 31 December 2026, 2027 and 2028, respectively; and (iii) the further business development and expansion of the Group for the three years ending 31 December 2028.

The power generation business is a capital-intensive business and further business development and expansion of the Group requires a lot of capital. The Company may need to maintain additional cash to meet its potential capital requirements for its future development plan. As advised by the management of the Company, the Group would prepare the funding at least one month prior to the commencement of power generation projects. Thus, the Deposit Caps have also taken into account the capital requirements for these projects.

To assess the fairness and reasonableness of the Deposit Caps, we have obtained a list of the Group's potential power generation projects (the “Projects List”) for the three years ending 31 December 2028. Based on the Projects List, we noted that the Group estimated the investment costs based on (i) the capacity of the power plants; and (ii) the investment unit cost per watt. The Group plans to invest in (i) 8 power generation projects in 2026 with a total capacity of approximately 2,605MW; (ii) 16 projects in 2027 with a total capacity of approximately 5,550MW; and (iii) 21 projects in 2028 with a total capacity of approximately 5,840MW. As advised by the management of the Company, the estimated total capacity was based on the relevant government's document and have been preliminarily internally approved by the Company. We further noted that 22 out of the above 45 projects have been progressed to the stage of payment of upfront costs and three of them are preparing the tender for soliciting the suppliers.

As advised by the management of the Company, the investment unit cost varies by the location and type of the power plants and was estimated base on the Company's past experience with similar projects and supplier quotations. The estimated investment unit cost is ranged from (i) approximately RMB3.5 to RMB5.0 per watt for photovoltaic projects; (ii) approximately RMB5.0 to RMB5.9 per watt for wind power projects; and (iii) approximately RMB4.3 per watt for thermal power project.

Based on the above, the Company estimates that its investments in power generation projects are amount to approximately RMB10,953 million, RMB25,953 million and RMB28,604 million for the years ending 31 December 2026, 2027 and 2028, respectively.

The expected interest income from BEH Finance amounted to approximately RMB5 million, RMB6 million and RMB7 million for the three years ending 31 December 2028, respectively. We have further obtained a summary of the Group's deposit at BEH Finance (the "**Deposit Summary**") as at 30 June 2025. We noted that the Group has deposited approximately RMB3,030.0 million at BEH Finance, which accounted for approximately 56.1% of the total cash and cash equivalents of the Group as at 30 June 2025, among of which, majority are agreement deposits with an interest rate of 0.15% p.a. for seven days period. Taking into account the above, the Company adopted a prudent interest rate of 0.08%, which is half of the latest interest rate for agreement deposits offered by BEH Finance, to estimate the Group's expected interest income from BEH Finance. We have further obtained the assessment for October 2025 from the finance department of the Company regarding the comparison of the interest rates offered by BEH Finance and those offered by three major banks in the PRC, namely Industrial and Commercial Bank of China, Agricultural Bank of China and Bank of China. We noted that the interest rates for difference type of deposit services offered by BEH Finance are either higher than or same as those offered by the other three banks. We have further reviewed and noted that the interest rates offered by BEH Finance are either higher than or same as the latest deposit interest rates announced by China Construction Bank on 20 May 2025. Hence, we consider that the current interest rate offered by BEH Finance is more favourable and in the interests of the Shareholders as a whole.

Having considered that (i) the Group has approximately RMB5,398 million of cash and cash equivalents as at 30 June 2025 and has generated approximately RMB715 million of cash inflow from operating activities for the six months ended 30 June 2025; (ii) power generation business is a capital-intensive business and the Company has 45 projects on hand which require additional capital for the investment; and (iii) the interest rate offered by BEH Finance are comparable to the market and the Group is free from engaging other financial institutions if their terms are more favorable than that to be offered by BEH Finance, we are of the view that the rationale behind the determination of the Deposit Caps under the 2026-2028 Financial Services Framework Agreement is fair and reasonable.

5. The historical annual caps and historical transaction amounts under the 2022-2025 Finance Lease Business Framework Agreement and the proposed annual caps under the 2025-2028 Finance Lease Business Framework Agreement

Based on information provided by the Company, we summarized in the following table (i) the existing annual caps of the 2022-2025 Finance Lease Business Framework Agreement (a) for the one month ended 31 December 2022; (b) for two years ended 31 December 2024; and (c) for the 11 months ending 30 November 2025 (collectively the “Historical Finance Lease Period”); and (ii) the historical transaction amounts (a) for the one month ended 31 December 2022; (b) for two years ended 31 December 2024; and (c) for the eight months ended 31 August 2025:

(RMB' million)	Existing annual caps			
	for the one month ended 31 December 2022	for the year ended 31 December		for the eleven months ending 30 November 2025
		2023	2024	
Leasing services	1,000	6,000	5,000	6,000
Historical transaction amounts	807	4,560	2,200	314 ¹
Utilization rate	80.7%	76.0%	44.0%	7.2% ²

¹ For the eight months ended 31 August 2025

² Annualized, based on the historical transaction amount for the eight months ended 31 August 2025 divided by eight months and multiply by 11.

Based on the above, we noted that the relevant utilization rates of the existing annual caps for the Historical Finance Lease Period were approximately 80.7%, 76.0%, 44.0% and 7.2%, respectively.

The low utilization rate for the year ended 31 December 2024 and for the eight months ended 31 August 2025 were primarily due to the following reasons: (i) during the year of 2024, there were unexpected delay in the construction progress of certain power plants and clean energy projects of the Group, which led to the overall decrease in demand for finance lease services. Further, the Group was able to procure finance lease services from other independent financial institutions which offered more favorable rates than Beijing Jingneng Leasing during the year of 2024, contributing to the decrease in the Group's demand of finance lease services from Beijing Jingneng Leasing during the year; and (ii) in 2025, the PRC authorities issued a new policy which aims at reforming the electricity market by, among others, promoting the establishment of a market-oriented pricing mechanism for new energy feed-in tariff. In light of the uncertainty brought by the new policy, the Group took a cautious stance on approving new clean energy projects, which led to a very limited number of projects being approved during the eight months ended 31 August 2025, and hence only a relatively low transaction amount was recorded during the period.

The proposed annual caps under the 2025-2028 Finance Lease Business Framework Agreement

The proposed annual caps in respect of the 2025-2028 Finance Lease Business Framework Agreement (i) for the one month ending 31 December 2025; (ii) for two years ending 31 December 2027; and (iii) for the 11 months ending 30 November 2028 (the “Finance Lease Cap(s)”) are set out below:

(RMB' million)	Proposed annual caps			
	for the one month ending 31 December	for the year ending 31 December		for the eleven months ending 30 November
	2025	2026	2027	2028
Finance Lease Caps	1,500	3,000	5,000	5,000

With reference to the Letter from the Board, the Finance Lease Caps were determined after taking into account, among other thing, (i) the new sales and leaseback arrangements with Beijing Jingneng Leasing to be entered into for the one months ending 31 December 2025; (ii) further business development and expansion of the Group for the three years ending 31 December 2028; (iii) the estimated investment portion funded by finance lease arrangement; and (iv) the expected interest to be incurred for the existing leasing and new leasing to be entered into under the 2025-2028 Finance Lease Business Framework Agreement.

For the Finance Lease Cap for the one month ending 31 December 2025 amounting to RMB1,500 million, the Company determined based on the new sales and leaseback arrangements with Beijing Jingneng Leasing to be entered into for the one months ending 31 December 2025 and the interest to be incurred for the finance lease arrangements with Beijing Jingneng Leasing. As advised by the management of the Company, the Company intends to enter into new sales and leaseback arrangement for 3 clean energy projects with an aggregated amount of approximately RMB1,200 million. The Company is obtaining the quotation from Beijing Jingneng Leasing and other two independent third parties. Based on the latest quotation obtained from Beijing Jingneng Leasing by the Company, the total available fund offered by Beijing Jingneng Leasing would be approximately RMB1,200 million.

For the Finance Lease Caps for the two years ending 31 December 2027 and the eleven months ended 30 November 2028, the Company determined based on the estimated investment portion funded by finance lease arrangement for the potential projects for the said period and the interest to be incurred for the finance lease arrangements with Beijing Jingneng Leasing. The potential projects for the said period has been summarized in the Projects List which has been discussed in the previous section. Based on the Projects List, the total investment amount are approximately RMB10,953 million, RMB25,953 million and RMB28,604 million for the three years ending 31 December 2028, respectively. Based on the total investment amount, the Company estimated that approximately 80% will be funded by external financing. According to “Notice of the State Council on Strengthening

the Management of Capital Funds in Fixed Asset Investment Projects” published by the State Council of the PRC, the minimum capital invested by company for electricity infrastructure is 20%, representing 80% of the investment cost could be funded by external resources. The Company further estimated that 30% of the external funding will be from finance lease arrangements with Beijing Jingneng Leasing for the year ending 31 December 2026 and 20% of the external funding will be from finance lease arrangements with Beijing Jingneng Leasing for the two years ending 31 December 2028. As advised by the Company, the finance cost from financial institution for non green energy project (i.e. the potential thermal power project in 2026 which accounted for half of the total investment cost for 2026) is high, the Company consider to increase the portion of the use finance lease arrangement for the year ending 31 December 2026. We have obtained and reviewed the historical investment cost for the two years ended 31 December 2024, and noted that approximately 26.6% and 18.4% of the investment cost was funded by the finance lease arrangements with Beijing Jingneng Leasing which is close to the portion adopted by the Company in determination of the Finance Lease Caps.

The interest to be incurred from these new finance lease arrangements has been calculated by adopting the latest interest rate offered by Beijing Jingneng Leasing (i.e. 2.938%). We have obtained and reviewed three contracts for finance lease arrangement between Beijing Jingneng Leasing and the members of the Group in 2025, and noted that the interest rate offered by Beijing Jingneng Leasing was 2.938%, representing the 1 year LPR as announced by the People’s Bank of China minus 0.062%. For the interest for the existing leasing, the Company determined based on the interest rate and terms of the relevant finance lease arrangements.

Having considered the above, we are of the view that the rationale behind the determination of Finance Lease Caps under the 2025-2028 Finance Lease Business Framework Agreement is fair and reasonable.

6. Internal control

The 2026-2028 Financial Services Framework Agreement

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the 2026-2028 Financial Services Framework Agreement, which include the followings:

1. Before entering into any new deposit arrangements with BEH Finance, the Finance Department shall be responsible for obtaining quotes from at least two other independent commercial banks in the PRC for similar deposit services and similar duration. To the best knowledge and information of the Company, the commercial banks in the PRC have similar classification and maturity criteria for various types of deposit services. The Finance Department will obtain and compare the quotes of different commercial banks for deposit services which are of similar nature and duration as that of the deposit services to be procured by the Group from BEH Finance. Those quotes, together with the quote from BEH Finance, will be reviewed to ensure that the deposit

interest rate and terms for the Company's deposit with BEH Finance are on normal commercial terms or better, and not lower than the interest rate and terms offered by major independent commercial banks in the PRC. The quote from BEH Finance has to pass the internal approval process of the Company before it can be accepted. After the responsible staff in the Finance Department has conducted comparison between the quotations from BEH Finance and the independent commercial banks, the head of the Finance Department will review and ensure the quotations from BEH Finance are commensurate with or better than those provided by the independent commercial banks, before approving the quotations from BEH Finance and instructing the responsible staff to progress forward with the relevant transactions with BEH Finance;

2. The Finance Department shall, at least on a monthly basis, regularly check the relevant interest rates and other financial service fees by comparing the deposit interest rates, loan interest rates quoted by other major independent commercial banks in the PRC as well as service fees charged for other financial services to ensure that the transactions are conducted in accordance with the pricing policies agreed under the 2026-2028 Financial Services Framework Agreement;
3. The Finance Department shall be responsible for closely monitoring the balance of the deposits of the Group with BEH Finance on a daily basis, and monitoring the Group's daily maximum deposit balance and total interest receivable from these deposits to ensure that the relevant amount will not exceed the annual cap;
4. BEH Finance shall set up and maintain secured and stable on-line systems through which the relevant member of the Group which deposits money with it can view the balance of such deposits of anytime on any day;
5. The independent non-executive Directors will conduct annual review of the transactions in relation to the deposit services and other financial services under the 2026-2028 Financial Services Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in the Company's annual report(s) in accordance with the Listing Rules that the transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms are fair and reasonable and in the interests of the Shareholders as a whole; and
6. The auditors of the Company will conduct annual review of the transactions in relation to the deposit services and other financial services under the 2026-2028 Financial Services Framework Agreement and provide annual confirmation in accordance with the Listing Rules in respect of such transactions.

The 2025-2028 Finance Lease Business Framework Agreement

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the 2025-2028 Finance Lease Business Framework Agreement, which include the followings:

1. The Finance Department is responsible for collecting and monitoring the information under the 2025-2028 Finance Lease Business Framework Agreement. Prior entering into individual leasing contracts under the 2025-2028 Finance Lease Business Framework Agreement, the Finance Department will compare the major terms and financing costs associated with such arrangements to the major terms provided and financing costs charged by at least two independent third parties which provide finance leasing of a similar scale and nature in the PRC. It is intended that the Group will be sourcing such quotes from independent third parties whose operational scale and financial position are at least comparable to those of Beijing Jingneng Leasing having a track record of at least one year in providing similar leasing services. Officers handling the relevant matters shall submit a report to the head of the Finance Department and the chief financial officer of the Group for approval, which is subject to the preliminary and final review by them based on the relevant rules and regulations;
2. The Finance Department and other relevant operation departments of the Group are jointly responsible for conducting reviews on compliance with relevant laws, regulations, the Group's internal policies and the Listing Rules in respect of both continuing connected transactions and connected transactions. They are also jointly responsible for evaluating the transaction terms under each underlying agreement of the 2025-2028 Finance Lease Business Framework Agreement, in particular, the fairness and reasonableness of the pricing terms under each agreement.
3. Independent non-executive Directors have reviewed and will continue to review the terms of the 2025-2028 Finance Lease Business Framework Agreement and the transactions contemplated thereunder to ensure that the agreements are entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole.
4. The Finance Department will monitor the leasing transactions under the 2025-2028 Finance Lease Business Framework Agreement on a regular basis. In particular, the Finance Department will be in close contact with the Group's business teams responsible for leasing so that the Finance Department will be able to reasonably anticipate the expected transaction amount in advance. With the benefit of time and communication, the Finance Department will monitor and assess whether the annual cap is expected to be exceeded based on proposed transactions to be entered into, and where necessary, elevate such issue to the Board with proposed revised annual caps and such other relevant information so that the Board will be in a position to consider and, where applicable, comply with applicable Listing Rules in connection with such revised annual caps.

5. Independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the 2025-2028 Finance Lease Business Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreements and the Group's pricing policy measures, and to confirm if the price and terms offered are fair and reasonable and comparable to those offered by independent third parties.

As advised by the management of the Company, before entering into any deposit or finance lease transactions, the Finance Department is responsible for obtaining and comparing quotations from at least two independent financial institutions or leasing companies in the PRC to ensure that the terms offered by BEH Finance or Beijing Jingneng Leasing are on normal commercial terms or better, and no less favourable than those available in the market. These comparisons are reviewed and approved by the head of the Finance Department and the chief financial officer of the Group, in accordance with the Company's internal policies and applicable regulatory requirements. We have obtained and reviewed three set of comparison summaries which contained the major terms offered by the connected party and two independent third parties and noted that such comparison summaries has been reviewed and approved by the head of the Finance Department.

On an ongoing basis, the Finance Department monitors the daily deposit balances, regularly reviews interest rates, service fees, and leasing terms, and works closely with relevant business units to anticipate transaction volumes and ensure compliance with annual caps. BEH Finance is also required to maintain secure online systems that allow real-time access to deposit balances. Furthermore, the Finance Department and relevant operational departments jointly review all transactions for compliance with applicable laws, internal policies, and the Listing Rules. Independent non-executive Directors and the Company's auditors conduct annual reviews of the transactions and provide confirmations in the Company's annual reports to ensure that the transactions are conducted in the ordinary and usual course of business, on arm's length terms, and in the best interests of the Company and the Shareholders as a whole. We have reviewed the annual report of the Company for the year ended 31 December 2023 and 2024 and noted that the independent non-executive Directors confirmed that the continuing connected transactions are conducted in accordance with the terms of the agreements and the Group's pricing policy measures, and the price and terms offered by connected parties are fair and reasonable and comparable to those offered by independent third parties. We have further obtained and reviewed the annual review report issued by the external auditors for the year ended 31 December 2023 and 2024 and noted that the external auditors have issued unqualified opinion.

After taking into account the above, we consider that the Company has taken appropriate measures to govern the Group in carrying out the transaction to be contemplated under the 2026-2028 Financial Services Framework Agreement and the 2025-2028 Finance Lease Business Framework Agreement, thereby safeguarding the interests of the Shareholders.

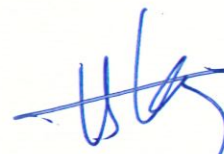
RECOMMENDATION

Having considered the above, we are of the opinion that (i) the terms of deposit services under the 2026-2028 Financial Services Framework Agreement (including the Deposit Caps) and the 2025-2028 Finance Lease Business Framework Agreement (including the Finance Lease Caps) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) the deposit services under the 2026-2028 Financial Services Framework Agreement and the transactions contemplated under the 2025-2028 Finance Lease Business Framework Agreement are conducted in the ordinary and usual course of business of the Company. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we recommend the Independent Shareholders, to vote in favor of the ordinary resolutions to be proposed at the SGM for approving the 2026-2028 Financial Services Framework Agreement (including the Deposit Caps) and the 2025-2028 Finance Lease Business Framework Agreement (including the Finance Lease Caps).

Yours faithfully,
For and on behalf of
Octal Capital Limited



Alan Fung
Managing Director



Wong Wai Leung
Executive Director

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 30 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong.

Mr. Wong Wai Leung has been a responsible officer of Type 1 (dealing in securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. Mr. Wong has experience in advisory transactions of listed companies in Hong Kong in respect of the Listing Rules and the Takeovers Code.