

China Power Utilities

Western AIDC build-out supports faster earnings growth and ROE re-rating for China's IPPs

Equities

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Compute-power coordination policy turns Western resources into IPP returns

We upgrade CR Power and CPID to Buy from Sell, Xinyi Energy to Buy from Neutral, and reiterate Buy on Longyuan as we assume coverage. We believe the market underappreciates the large-scale build-out of AI data centres in China's Western Region in the coming years, bringing: 1) sizeable new power projects; 2) project economics offering 2x higher returns than national averages. We estimate a TAM of Rmb16bn in annual profits, or a 13-25% uplift for listed independent power producers (IPPs), assuming a 20% market share for CR Power, 10% each for Longyuan and CPID, and 1% for Xinyi Energy in 2030, with average equity IRRs of 20%, higher than the 5-11% ROEs for our covered IPPs. We think earnings contributions could begin as early as H226E and ramp up every year through 2030E. We view power generators (IPPs) as better positioned in this theme than power equipment suppliers, given our anticipation of a rise in power project economics but no change in power equipment margins. CR Power is our sector top pick due to its execution record, superior cash position and attractive dividend yield.

Why now? Domestic AI demand and direct-supply policy converge in 2026

We believe two converging forces make the risk/reward attractive in 2026 for IPPs with exposure to Western China's AIDC. 1) China's AI demand has reached levels that support high utilisation for new Western AIDC capacity, with daily token consumption hitting 140 trillion in March 2026 versus 100 billion in early 2024; 2) the [April 2026](#) action plan made compute-power coordination operational, anchored to the 2024 mandate requiring national computing hub data centres to source over 80% of power from green electricity by end-2025. We think this gives China's IPPs a clear pathway to bid on captive renewable projects under direct-supply arrangements.

Attractive profit pool, higher unit profit, higher ROE

1) Attractive profit pool of Rmb16bn in 2030E for IPPs, which could lift 2030E earnings by 17% for CR Power, 22% for CPID, 25% for Longyuan and 13% for Xinyi Energy based on their assumed market shares. **2) Higher unit profit** of Rmb0.15/W for Western AIDC projects versus Rmb0.07-0.12/W for other new projects, due to higher utilisation hours under direct-supply arrangements. **3) High equity IRR** of about 20% for renewable projects with direct-supply contracts, driven by higher utilisation and lower unit capex, as large-scale Western projects benefit from economies of scale and lower construction costs, compared with current ROEs of 5-11% across the IPP sector.

PTs lifted on higher Western AIDC's profits & terminal ROIC, & DCF roll-forward

We roll our DCFs forward, mark-to-market 2025 numbers and incorporate contributions from Western AIDC. Our estimate cuts reflect our extrapolation of weak 2025 results and lower power tariffs in 2026E. We lift our price targets from HK\$16.80 to HK\$33.60 for CR Power, HK\$2.60 to HK\$5.10 for CPID, HK\$7.80 to HK\$9.30 for Longyuan and HK\$1.25 to HK\$1.57 for Xinyi Energy. We think the overall sector is attractive at current valuations, supported by our updated earnings outlook and ROE re-rating case.

Figure 1: Key price target and earnings estimate changes

Company	Ticker	Old Rating	New Rating	Old price target (R/C)	New Price target (R/C)	Current price (R/C)	Upside to PT	EPS change			EPS CAGR 2026-28E	P/E (X)			ROE (%)			Dividend yield					
								2026E	2027E	2028E		2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E			
China Resources Power	0836.HK	Sell	Buy	16.80	33.60	21.46	57%	-8%	-10%	-5%	6%	8.0	7.9	7.2	0.9	0.8	0.8	11%	11%	11%	5%	5%	6%
China Power International Development	2380.HK	Sell	Buy	2.60	5.10	3.76	36%	-21%	-24%	-21%	11%	12.6	11.4	10.2	0.7	0.7	0.6	5%	6%	6%	5%	5%	6%
China Longyuan Power	0916.HK	Buy	Buy	7.80	9.30	6.78	37%	-40%	-34%	-30%	12%	11.1	9.5	8.7	0.6	0.6	0.6	6%	6%	7%	3%	3%	3%
Xinyi Energy	3868.HK	Neutral	Buy	1.25	1.57	1.26	25%	-6%	-2%	5%	18%	10.1	8.5	7.2	0.7	0.7	0.6	7%	8%	9%	5%	6%	6%
Simple Average											12%	10.3	9.6	8.7	0.7	0.7	0.6	7%	8%	8%	4%	5%	5%

Source: Reuters, UBS estimates. Note: Data as of 2 June 2026.

PIVOTAL QUESTIONS

Q: Are Western AIDCs a meaningful new source of earnings growth for IPPs despite the small absolute size of incremental demand?

Yes at the IPP level, but not at the national level. We estimate 2030 incremental power demand from Western AIDC at 60 TWh, representing less than 0.5% of China's annual generation, so we do not see this as a national-scale supercycle. But for individual IPPs capturing a slice of this market, we believe the potential earnings contribution could be meaningful. Assuming a 20% market share for CR Power, 10% each for Longyuan and CPID, and 1% for Xinyi Energy, 2030E earnings could be lifted by 17% (CR Power), 22% (CPID), 25% (Longyuan), and 13% (Xinyi Energy).

Q: Why are Western AIDCs' project economics significantly stronger than those of IPPs' existing portfolios?

Primarily due to higher utilisation. Direct-supply contracts under compute-power coordination pair captive renewable generation with 24/7 AIDC load, lifting Western China's utilisation of solar to 1,927 hours and wind to 2,716 hours a year, compared with the national grid's respective averages of 1,088 hours and 1,979 hours. This drives Rmb0.15/W unit profit for Western captive projects versus Rmb0.07-0.12/W for typical new renewable projects, and equity IRRs of around 20% versus current ROEs of 5-11% across our coverage.

WHAT'S PRICED IN?

We think the market has not priced in any Western AIDC contribution to IPPs' earnings. CR Power and CPID trade at trough valuations owing to concerns over tariff cuts and slowing traditional demand. Longyuan and Xinyi Energy trade at multi-year trough P/BV on concerns over curtailment and delays in the collection of renewable subsidies. We view Western AIDC as a structural growth catalyst that the market is overlooking.

UBS VIEW

We upgrade CR Power and CPID to Buy from Sell, and Xinyi Energy to Buy from Neutral. We maintain our Buy rating on Longyuan. We think Western AIDC build-out could be a new structural demand source for IPPs that the market is not pricing in, driven by domestic AI token consumption scaling 1,400x over two years and the compute-power coordination policy that formalised direct-supply renewable contracts in April 2026.

EVIDENCE

1) Daily AI token consumption reached 140 trillion in March 2026, a 1,400x increase from approximately 100bn in early 2024, according to the National Data Administration. 2) The government announced the AI-Energy Mutual Empowerment Action Plan on 8 April 2026. Datang's Zhongwei project came online in May 2026 as the first large-scale compute-power coordination grid-connection nationwide. 3) Qingyang Phase II disclosed direct-supply tariffs at Rmb0.1948/kWh, an 18% discount to the local benchmark tariff. 4) Western China's solar utilisation of around 1,927 hours and wind of around 2,716 hours a year under direct-supply offtake, versus national averages of 1,088 hours and 1,979 hours.

Figure 2: Our covered IPP sector (ex-nuclear) one-year forward PE valuation



Source: Reuters, UBS estimates

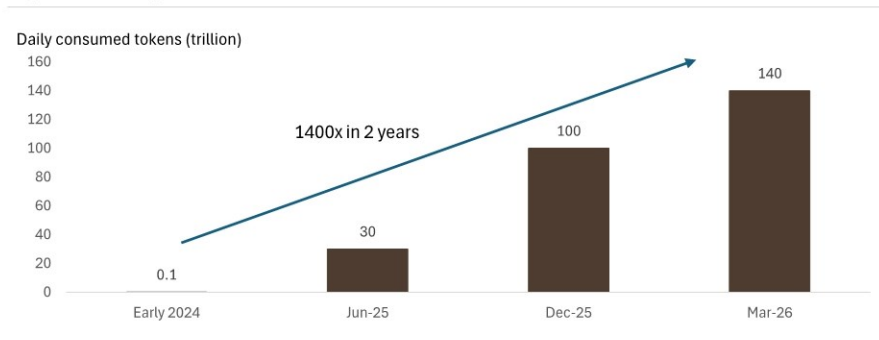
A new compute demand wave plus direct-supply policy unlock Western IPP returns

We believe Chinese AI demand has reached an inflection point that meaningfully changes the utilisation outlook for AIDC capacity built in the Western region, thanks to the strong token demand and favourable policy.

Strong token demand. Daily token consumption hit 140 trillion in March 2026, up from just 100 billion in early 2024, as shown in [Figure 3](#). We see no sign of this slowing given the continued scale-up of domestic AI applications, particularly the rapid emergence of AI agents and enterprise use cases.

We think this demand backdrop, combined with continued capex from domestic cloud players and ongoing GPU supply constraints, means newly commissioned capacity in Mengxi, Gansu, Ningxia and Guizhou (the four Western computing hub provinces for AIDC) could ramp to high utilisation quickly. This matters for IPPs because high AIDC utilisation is what allows the captive renewable projects behind them to also run at high utilisation.

Figure 3: Daily tokens consumed in China



Source: Chinese National Data Administration, UBS

Compute-power coordination policy creates a dedicated project pipeline for IPPs

Favorable policy. We think the April 2026 action plan, together with the State Energy Administration's follow-up policy push to refine direct-supply rules, has made compute-power coordination operational for the first time. We see the binding policy anchor as the 2024 mandate requiring new data centres in national computing hub nodes to source as much as 80% of their power from green electricity by end-2025, with direct-supply being one of the main implementation pathways.

Datang's Zhongwei project, commissioned in May 2026, is the first large-scale grid-connection under this framework. We expect more projects to follow through 2026-30 as provincial implementation rules land.

We believe this is a meaningful shift because it gives IPPs a clear path to bid on captive renewable projects tied to specific AIDC offtakers under direct-supply arrangements, which we think materially changes the underlying project economics.

Compute-power coordination project economics 2-3x above existing company portfolios

We estimate Western captive AIDC could deliver a cumulative Rmb15.8bn profit pool to IPPs as of 2030E on our 50%/50% solar+ESS / wind+ESS base case, based on 29.5GW of cumulative installed capacity and 60TWh of incremental power demand, as shown in [Figure 4](#).

Assuming CR Power to capture 20% of market share, Longyuan and CPID to capture 10%, and Xinyi Energy to capture 1%, we estimate the contribution lifts 2030E earnings by 17% (CR Power), 22% (CPID), 25% (Longyuan), and 13% (Xinyi Energy).

We see CR Power as best positioned to take the largest share given its better track record on large-scale project execution and stronger balance sheet supporting Western capex commitments. CPID and Longyuan at 10% each reflect their established renewable build-out capabilities and Western regional presence. Xinyi Energy's 1% reflects its relatively limited Western exposure and materially smaller scale.

Figure 4: Western AIDC's new capacity in 2026-30E

	2026-30E
AI+data center	
Net added AIDC IT capacity (GW)	32.5
PUE	1.30
% in Western region	70%
Net added AIDC power capacity (GW)	29.5

Source: UBS estimates

We do not see this as a national-scale supercycle. The 60TWh cumulative incremental demand is less than 0.5% of China's annual power generation volume, and we believe the absolute size is too small to move the broader Chinese power market.

We think it is meaningful at the IPP level given the scale of the opportunity relative to each company's earnings base, and we see this as a structurally important growth driver for the names in our coverage, thanks to the better project economics compared with company portfolios. We discuss our market share assumptions and underlying project economics in the following section.

Figure 5: Potential profit pool for IPPs based on proportion of solar vs. wind

	as of 2030E
If 100% from Solar+ESS	
Solar newly added installed capacity for Western data center (GW)	134.3
ESS newly added installed capacity for Western data center (GWh)	53.7
Total net profit from Western data center (Rmb bn)	10.8
If 100% from Wind+ESS	
Wind newly added installed capacity for Western data center (GW)	95.3
ESS newly added installed capacity for Western data center (GWh)	38.1
Total net profit from Western data center (Rmb bn)	20.8
If 50% from Solar+ESS and 50% from Wind+ESS	
Renewable newly added installed capacity for Western data center (GW)	114.8
ESS newly added installed capacity for Western data center (GWh)	45.9
Total net profit from western datacenter (Rmb bn)	15.8

Source: UBS estimates

Higher unit profit

We estimate unit profit on Western captive AIDC projects at Rmb0.15/W on our 50/50 solar+ESS / wind+ESS blended basis, materially above ordinary solar or wind unit profit in the western region, as shown in [Figure 6](#).



We think the uplift is mainly driven by higher utilisation. Direct-supply contracts pair captive renewable generation with 24/7 AIDC load, lifting Western solar utilisation to around 1,927 hours and Western wind utilisation to around 2,716 hours, against national grid averages of 1,088 hours and 1,979 hours respectively.

Figure 6: Comparison of unit profit for Western captive project versus ordinary projects

50% (Solar+ESS) 50% (Wind+ESS)	Unit Profit (Rmb/W)
Western AIDC direct supply project	0.15
Western Ordinary solar project	0.07
Western Ordinary wind project	0.12

Source: Company data, UBS estimates

Higher IRR

We estimate equity IRR on Western captive AIDC projects at around 20% on both solar +ESS and wind+ESS, well above current ROE of 11% for CR Power, 6% for CPID, 5% for Longyuan, and 7% for Xinyi Energy, as shown in [Figure 7](#). We think this 2-4x ROE uplift is the most important re-rating driver in our thesis.

We think the IRR uplift comes from two factors: 1) higher utilisation under direct-supply contracts; 2) renewable projects build cost in western regions is lower, where flat terrain, cheaper land lease, and large-base scale efficiencies lead to total capex of around 25-30% below the national average.

Figure 7: Project IRR vs. current ROE by company

50% (Solar+ESS) 50% (Wind+ESS)	Equity IRR
Western project	20%
CR Power	11%
CPID	6%
Longyuan	5%
Xinyi Energy	7%

Source: Company data, UBS estimates

We believe this matters beyond the immediate earnings contribution because the projects re-rate the blended ROE of each IPP over time. The more Western captive capacity a company captures, the higher its blended portfolio ROE moves toward the 20% project benchmark, which we think supports P/BV re-rating against an unchanged cost of equity.

Key assumptions

Demand sizing assumptions

We size cumulative 2026-30E Western captive AIDC capacity at 29.5GW based on three building blocks, as shown in [Figure 8](#).

First, we use the UBS telecom team's data centre forecast as the starting point for nationwide AIDC capacity additions through 2030E and 1.3 PUE as the base assumption.

Second, we assume 70% of new AIDC capacity lands in the Western region. This is anchored to government disclosure that 70% of 2025 new AIDC capacity was installed in Western provinces, and we think the compute-power coordination policy framework will sustain this share through 2030E.

Third, we assume the following market share capture rate: CR Power (20%), Longyuan (10%), CPID (10%) and Xinyi Energy (1%). We think this is reasonable for the larger IPPs given their existing regional footprint, SOE coordination on project allocation, and balance sheet capacity to fund the capex.

Figure 8: Western AIDC's demand

	2026-30E
AI+data center	
Net added AIDC IT capacity (GW)	32.5
PUE	1.30
% in Western region	70%
Net added AIDC power capacity (GW)	29.5

Source: UBS estimates

Solar + ESS captive project assumptions

We model Western captive solar + ESS projects at 20% equity IRR based on four key assumptions, as shown in [Figure 9](#).

Figure 9: Current Solar + ESS IRR analysis

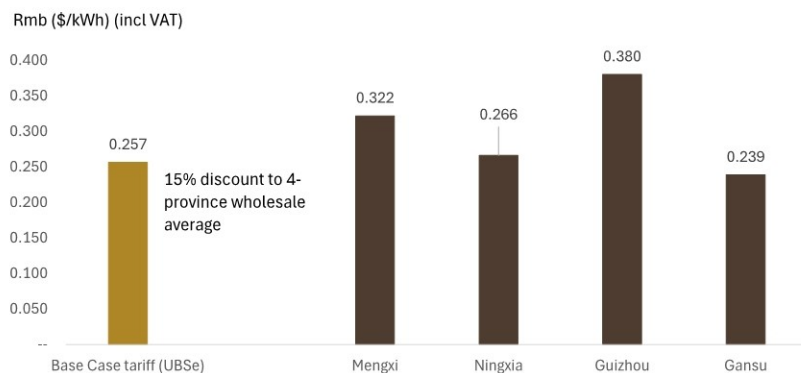
	Solar + ESS
Capacity (MW)	1,000
Unit CAPEX (Rmb/W)	2.89
Tariff (incl VAT) (Rmb/kWh)	0.2567
Utilization rate	22%
ESS sizing	20% / 4 hour
Leverage/ interest rate	70% / 2.5%
Project IRR	9.8%
Equity IRR	20.1%

Source: UBS estimates

First, we assume a tariff of Rmb0.257/kWh (incl. VAT), benchmarked to average wholesale grid agent power purchase prices across the four Western computing provinces (Mengxi, Ningxia, Gansu, Guizhou) for the first five months of 2026, with a 15% discount applied to reflect direct-supply contracting (see [Figure 10](#)).

The discount anchor is the Qingyang Phase II project disclosure, where Gansu Energy's 1 GW renewable project signed a direct-supply tariff of 0.1948 Rmb/kWh against the local Gansu mechanism tariff of 0.2375 Rmb/kWh, an 18% discount.

Figure 10: Captive AIDC tariff vs. provincial wholesale tariffs (first five-month average of 2026)



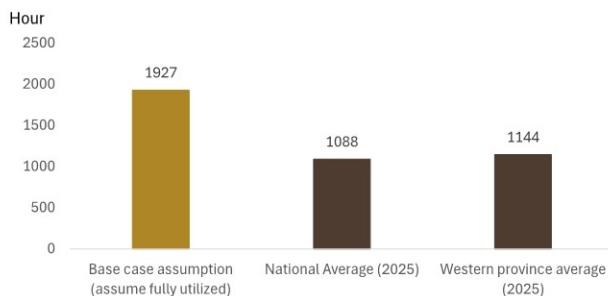
Source: BJX, USB estimates

Second, we assume utilisation of 22% (1,927hours), based on solar utilisation of similar AIDC project in Ningxia, which is well above the national grid solar average of 1,088 hours (see [Figure 11](#)).

Third, we set unit capex at Rmb2.9/W (incl. VAT), based on latest tender data and channel checks. We see Western build-out cost running roughly 20-25% below comparable solar build capex in the Eastern region, supported by flat terrain, cheaper land lease, and large-base scale efficiencies in foundation works and grid collection.

Fourth, we size ESS at 20% of solar capacity / 4-hour duration. We assume 70% leverage at 2.5% interest rate.

Figure 11: Current Solar utilisation assumptions



Source: CEC, UBS estimates

We size the 2030E Western AIDC profit pool under a 100% solar+ESS mix at Rmb10.8bn, scaling from Rmb1.7bn in 2026E to Rmb10.8bn in 2030E as installed capacity ramps to 134.3 GW.

Figure 12: Profit pool if 100% from Solar + ESS

	as of 2030E
If 100% from Solar+ESS	
Solar newly added installed capacity for Western data center (GW)	134.3
ESS newly added installed capacity for Western data center (GWh)	53.7
Total net profit from Western data center (Rmb bn)	10.8

Source: UBS estimates

Wind + ESS captive project assumptions

We model Western captive wind + ESS projects at 20% equity IRR based on four key assumptions, as shown in [Figure 13](#).

Figure 13: Current Wind + ESS IRR analysis

Wind + ESS	
Capacity (MW)	1,000
Unit CAPEX (Rmb/W)	4.348
Tariff (incl VAT) (Rmb/kWh)	0.2567
Utilization rate	31%
ESS sizing	20% / 4 hour
Leverage/ interest rate	70% / 2.5%
Project IRR	9.3%
Equity IRR	20.6%

Source: UBS estimates

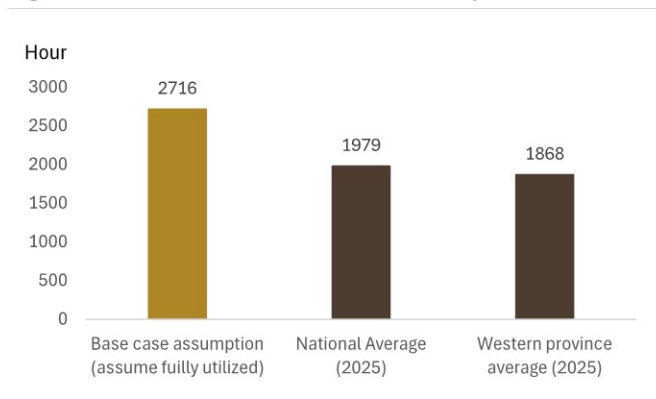
First, we assume tariff of Rmb0.257/kWh (incl. VAT), the same level as solar + ESS given direct-supply contracts are typically benchmarked uniformly across renewable resources.

Second, we assume utilisation of 31% (2,716 hours), based on the regional wind resource average across Mengxi, Gansu and Qinghai where Sand-Gobi-desert wind delivers 3,000-3,600 hours capacity factors in disclosed projects. This is well above the national grid wind average of 1,979 hours (see [Figure 14](#)).

Third, we set unit capex at Rmb4.3/W (incl. VAT), based on latest tender data and channel checks. We see Western build-out cost running roughly 25% below comparable East China onshore wind, supported by flat terrain, cheaper land lease, and large-base scale efficiencies in foundation works and grid collection.

Fourth, we size ESS at 20% of wind capacity / 4-hour duration. We assume 70% leverage at 2.5% interest rate.

Figure 14: Current Wind utilisation assumption



Source: CEC, UBS estimates

We size the 2030E Western AIDC profit pool under a 100% wind+ESS mix at Rmb20.8bn, scaling from Rmb3.2bn in 2026E to Rmb20.8bn in 2030E as installed capacity ramps to 95.3GW.

Figure 15: Profit pool if 100% from Wind + ESS

If 100% from Wind+ESS	as of 2030E
Wind newly added installed capacity for Western data center (GW)	95.3
ESS newly added installed capacity for Western data center (GWh)	38.1
Total net profit from Western data center (Rmb bn)	20.8

Source: UBS estimates

Sensitivity analysis

Profit pool sensitivity to total AIDC capacity build-out

We test profit pool sensitivity to the total nationwide AIDC capacity build-out, as shown in [Figure 16](#). The UBS telecom team estimate a total of 32.5GW of new data center installation between 2026-30E. Within the total installation, we sized between 55%-80% to be installed in the Western region, translating into a 2030E profit pool to IPPs ranging from Rmb12.4bn to Rmb18bn, with Rmb15.8bn being our base case.

Figure 16: Sensitivity of profit pool to new capacity build-out in Western region

Sensitivity Analysis - % of AIDC installation located in the West	New Western AIDC capacity build-out (GW)	Profit pool (Rmb bn)
	80%	33.8
	75%	31.7
(Base Case)	70%	29.5
	65%	27.4
	60%	25.3
	55%	23.2

Source: UBS estimates

Based on our market share assumption (CR Power 20%; CPID 10%; Longyuan 10%; Xinyi Energy 1%), the earnings contribution in 2030E ranges from 13-19% for CR Power, 17-25% for CPID, 20-29% for Longyuan, and 10-15% for Xinyi Energy (see [Figure 17](#)).

Figure 17: Sensitivity of company earnings contribution to Western AIDC capacity build-out

Uplift in 2030E earnings (%)		New Western AIDC capacity build-out (GW)					
		(Base case)					
		23.2	25.3	27.4	29.5	31.7	33.8
CR Power	Market share (20%)	13%	14%	15%	17%	18%	19%
CPID	Market share (10%)	17%	19%	20%	22%	23%	25%
Longyuan	Market share (10%)	20%	22%	24%	25%	27%	29%
Xinyi Energy	Market share (1%)	10%	11%	12%	13%	14%	15%

Source: UBS estimates

Project-level sensitivity to tariffs and utilisation

We test single-variable sensitivity on Western captive project unit profit and equity IRR across two key drivers: tariff discount to local wholesale and utilisation rate.

For the tariff discount, our base case applies a 15% discount to the average wholesale grid agent power purchase price across the four Western computing hub provinces. Assuming tariff discount values between 5% and 25%, we calculate that unit profit ranges from Rmb0.06/W to Rmb0.10/W for solar + ESS and Rmb0.16/W to Rmb0.27/W for wind + ESS, with equity IRR ranging from 15% to 26% for both (see [Figure 18](#) and [Figure 19](#)).

Figure 18: Solar – unit profit and equity IRR sensitivity to tariff discounts

Solar - discount to wholesale tariff	Unit profit (Rmb/W)	Equity IRR
5%	0.10	26%
10%	0.09	23%
15%	0.08	20%
20%	0.07	17%
25%	0.06	15%

Source: UBS estimates

Figure 19: Wind – unit profit and equity IRR sensitivity to tariff discounts

Wind - discount to wholesale tariff	Unit profit (Rmb/W)	Equity IRR
5%	0.27	26%
10%	0.25	23%
15%	0.22	21%
20%	0.19	18%
25%	0.16	15%

Source: UBS estimates

For utilisation, our base case assumes a 22% utilisation rate for solar (1,927 hours) and 31% for wind (2,716 hours). Assuming utilisation rates between -10% and +15% to

base case utilisation hours, we calculate that unit profit ranges from Rmb0.06/W to Rmb0.09/W for solar + ESS and Rmb0.15/W to Rmb0.29/W for wind + ESS, with equity IRR ranging from 14% to 27% for solar + ESS and 14% to 28% for wind + ESS.

Figure 20: Solar – unit profit and equity IRR sensitivity to utilisation hours

Solar - utilization hours	Unit profit (Rmb/W)	Equity IRR
15%	0.09	27%
10%	0.09	25%
5%	0.08	22%
0%	0.08	20%
-5%	0.08	18%
-10%	0.07	16%
-15%	0.06	14%

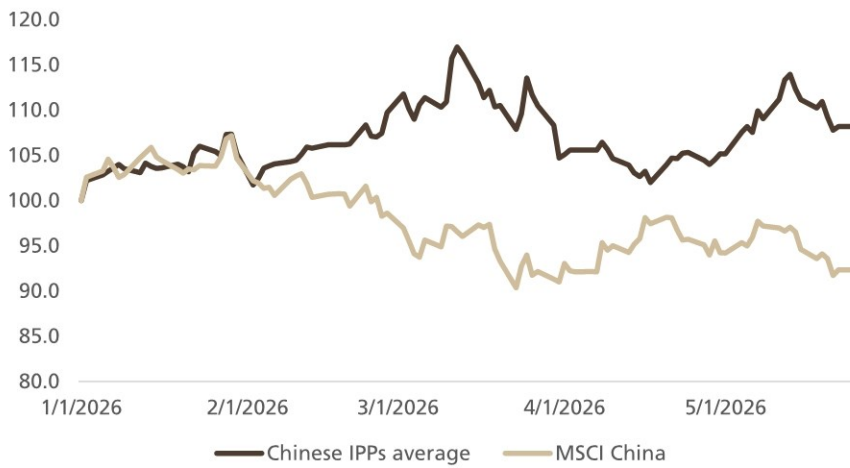
Source: UBS estimates

Figure 21: Wind – unit profit and equity IRR sensitivity to utilisation hours

Wind - utilization hours	Unit profit (Rmb/W)	Equity IRR
15%	0.29	28%
10%	0.27	25%
5%	0.24	23%
0%	0.22	21%
-5%	0.19	18%
-10%	0.17	16%
-15%	0.15	14%

Source: UBS estimates

WHAT'S PRICED IN?



Source: Reuters, UBS

China's IPPs have outperformed MSCI China by 17% YTD, largely driven by sector rotation to defensives amid macroeconomic and geopolitical uncertainties, in our view.

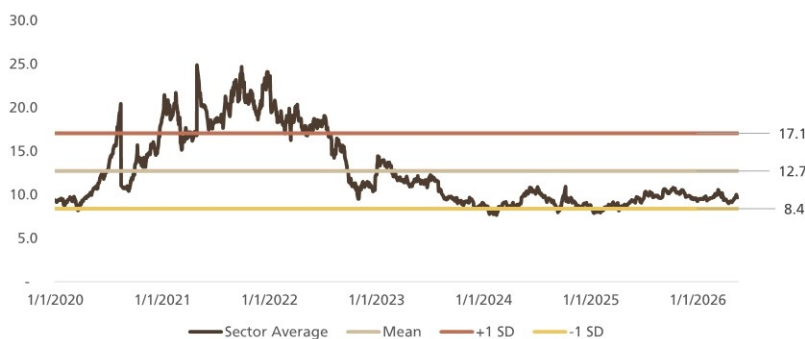
Despite the YTD rally, the sector is still trading at around 9.7x one-year forward PE, below its 2020-26 average of 12.7x, primarily due to lower YoY tariffs and higher coal costs squeezing margins in 2026E.

We think 2026 is likely to mark the trough for China's IPPs. High-frequency data suggests near-term pressure is easing, with El Niño supporting higher power demand, driving higher tariff and utilisation for the thermal and renewable segments. The rebound in coal prices is also positive for next year's tariff negotiations, since long-term contract tariffs are typically linked to thermal power prices, which in turn tracks coal prices.

On top of potentially troughing core businesses, we do not think the market has fully priced in the possible earnings upside from the Western AIDC theme. We see this as a structural re-rating driver that the market is overlooking.

With CR Power, CPID, Longyuan and Xinyi Energy each potentially capturing a slice of the Rmb39bn Western AIDC profit pool over 2026-30E, we anticipate a sector PE re-rating towards the historical mean of 12.7x.

Figure 23: Our covered IPP sector (ex-nuclear) one-year forward PE valuation



Source: Reuters, UBS estimates

Earnings estimate changes

China Resources Power

Earnings estimates and price target revisions:

We upgraded CR Power from Sell to Buy, lifting the price target from HK\$16.8 to HK\$33.6.

We revise 2026E/27E/28E EPS by -8%/-10%/-5% to mainly reflect: 1) roll-forward to 2025 actuals and company guidance for capacity, utilisation and tariff assumptions across the coal and renewable fleet; and 2) incremental earnings contribution from Western AIDC captive projects, captured as other income from 2026E onwards on a 20% capture rate of our 29.5GW addressable opportunity by 2030E.

We raise our DCF-based price target, driven by our terminal value rather than near-term earnings estimates. We lift our terminal ROIC assumption to 7.7% from 7.0%, reflecting CR Power's 20% capture rate of Western AIDC captive power projects. The increase in terminal ROIC is to reflect the capture of high IRR Western AIDC captive projects, whose 20% equity IRR sits well above the company's current ROE of 11%. This lifts our terminal NOPAT multiple to 15.4x from 14.5x, more than offsetting the near-term EPS estimate revisions. CR Power trades at 0.9x forward P/BV and 8.0x forward PE, with 2025E ROE of 11% and a 6% NP CAGR over 2026E-28E.

Our price target implies a dividend yield of 4.0% (five-year average of 5.3%) with a 7.0% WACC, terminal growth rate of 3.0%.

We derive our WACC by assuming a 4.3% risk-free rate, 8.7% cost of equity and 2.9% after-tax cost of debt.

Figure 24: Earnings estimate revisions for CR Power

Company	Ticker	UBS Earnings estimates			Consensus			Difference		
		2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
	0836.HK	12,925	13,060	14,413	12,822	13,151	13,648	1%	-1%	6%

HKD mn	Key Drivers	Changes %			New			Old		
		2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
CRpower (0836.HK)										
Coalpower										
	Utilization hour	265%	1591%	-469%	3,340	2,327	2,324	915	138	(629)
	Tariff	10%	10%	16%	3,611	3,453	3,446	3,290	3,128	2,969
	Capacity	-8%	-8%	-8%	0.336	0.336	0.336	0.365	0.365	0.365
	Fuel cost	20%	27%	27%	49,674	52,367	52,367	41,248	41,248	41,248
		40%	49%	56%	54,238	54,680	54,578	38,689	36,799	34,945
Renewable energy										
		-27%	-26%	-24%	9,585	10,733	12,088	13,169	14,439	15,877
Windpower										
	Utilization hour	-2%	-2%	-2%	2,263	2,263	2,263	2,310	2,310	2,310
	Tariff	-15%	-14%	-13%	0.33	0.33	0.33	0.39	0.38	0.38
	Capacity	14%	20%	27%	30,606	33,606	36,606	26,915	27,893	28,871
Solarpower										
	Utilization hour	-10%	-10%	-10%	1,252	1,252	1,252	1,385	1,385	1,385
	Tariff	-14%	-13%	-13%	0.265	0.265	0.265	0.307	0.306	0.305
	Capacity	-26%	-38%	-44%	16,560	19,010	21,460	22,522	30,442	38,362
Western AIDC										
	Other income	N/A	N/A	N/A	567	1,195	1,986	-	-	-
Recurring profit		-8%	-10%	-5%	12,925	13,060	14,413	14,084	14,576	15,247

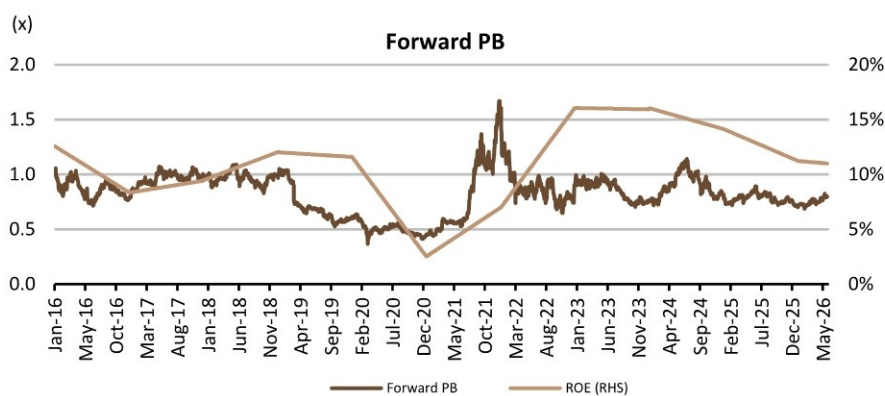
WACC derivation			
New			
Risk-free rate	4.3%	Terminal ROIC	7.7%
Equity risk premium	5.0%	Terminal growth rate	3.0%
Beta	0.9	WACC	7.0%
Cost of equity	8.7%	NOPAT multiple	15.4x
Cost of debt	3.9%		
Effective tax rate	25.0%		
After tax cost of debt	2.9%		
Long-term debt to total capital ratio (30%		
WACC	7.0%		
Long-term growth rate	3.0%		

WACC derivation			
Old			
Risk-free rate	4.3%	Terminal ROIC	7.0%
Equity risk premium	5.0%	Terminal growth rate	3.0%
Beta	0.9	WACC	7.1%
Cost of equity	8.7%	NOPAT multiple	14.5x
Cost of debt	3.9%		
Effective tax rate	25.0%		
After tax cost of debt	2.9%		
Long-term debt to total capital ratio (30%		
WACC	7.0%		
Long-term growth rate	3.0%		

Source: Reuters, company data, UBS estimates

Valuation: We believe CR Power is undervalued at 0.8x 2026E PB, based on 11.5% 2026E ROE. Our new one-year forward DCF-based price target of HK\$33.6 implies a 3.2% dividend yield and a 1.4x 2026E PB, higher than the 10-year average PB of 0.93x.

Figure 25: CR Power's one-year-forward PB



Source: Reuters, UBS estimates

In terms of PE, our price target implies a 12.5x 2026E PE, higher than the historical average of 8.8x, which we believe could be justified by the return uplift from high IRR AIDC projects in the Western regions.

Figure 26: CR Power's one-year-forward PE



Source: Reuters, UBS estimates

China Power International Development

Earnings estimates and price target revisions:

We upgraded CPID from Sell to Buy, lifting the price target from HK\$2.6 to HK\$5.1.

We revise 2026E/27E/28E EPS by -21%/-24%/-21% to mainly reflect: 1) roll-forward to 2025 actuals and company guidance for capacity, utilisation and tariff assumptions across the coal and renewable fleet; and 2) incremental earnings contribution from Western AIDC captive projects, captured as other income from 2026E onwards on a 10% capture rate of our ~29.5GW addressable opportunity by 2030E.

We raise our DCF-based price target, driven by our terminal value rather than near-term earnings estimates. We lift our terminal ROIC assumption to 7.2% from 7.1% to reflect the capture of high IRR Western AIDC captive projects, whose 20% equity IRR sits well above the company's current ROE of 6%. We expect a smaller terminal ROIC uplift than Longyuan despite the same 10% capture rate, as CPID's sizeable coal power plant fleet earns relatively lower marginal returns and dilutes the blended terminal return from incremental captive AIDC projects. This lifts our terminal NOPAT multiple to 15.7x from 15.4x, more than offsetting the near-term EPS estimate revisions. CPID trades at 0.69x forward P/BV and 12.9x forward PE, with 2025E ROE of 6% and an 11% NP CAGR over 2025E-27E.

Our price target implies a dividend yield of 3.7% (five-year average of 4.8%) with a 6.7% WACC and terminal growth rate of 3.0%.

We derive our WACC by assuming a 4.3% risk-free rate, 10.6% cost of equity and 2.2% after-tax cost of debt.

Figure 27: Earnings estimate revisions for CPID

Company	Ticker	UBS Earnings estimates			Consensus			Difference		
		2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
	2380.HK	3,222	3,528	3,941	3,147	3,221	3,447	2%	10%	14%

Rmb mn	Key Drivers	Changes %			New			Old		
		2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
CPID (2380.HK)										
Coalpower		23%	29%	41%	1,170	1,100	1,079	949	854	763
	Utilization hour	5%	5%	9%	5,027	4,870	4,863	4,789	4,627	4,468
	Tariff	-4%	-4%	-4%	0.372	0.372	0.372	0.388	0.388	0.388
	Capacity	7%	7%	7%	9,819	9,819	9,819	9,210	9,210	9,210
	Unit fuel cost	7%	7%	7%	0.252	0.252	0.252	0.235	0.235	0.235
Windpower		-11%	-20%	-22%	1,906	1,984	2,057	2,141	2,484	2,647
	Utilization hour	-2%	-2%	-2%	1,986	1,986	1,986	2,031	2,031	2,031
	Tariff	-16%	-16%	-16%	0.33	0.32	0.32	0.39	0.39	0.38
	Capacity	11%	4%	3%	18,997	20,747	22,497	17,042	20,042	21,792
Solar powers		-54%	-56%	-54%	605	716	825	1,330	1,626	1,801
	Utilization hour	-5%	-5%	-5%	1,298	1,298	1,298	1,361	1,361	1,361
	Tariff	-9%	-9%	-10%	0.322	0.317	0.312	0.354	0.350	0.347
	Capacity	0%	-3%	-3%	23,283	25,033	26,783	23,186	25,899	27,649
	Other income	N/A	N/A	N/A	284	592	971	-	-	-
Recurring profit		-21%	-24%	-21%	3,222	3,528	3,941	4,060	4,622	4,960

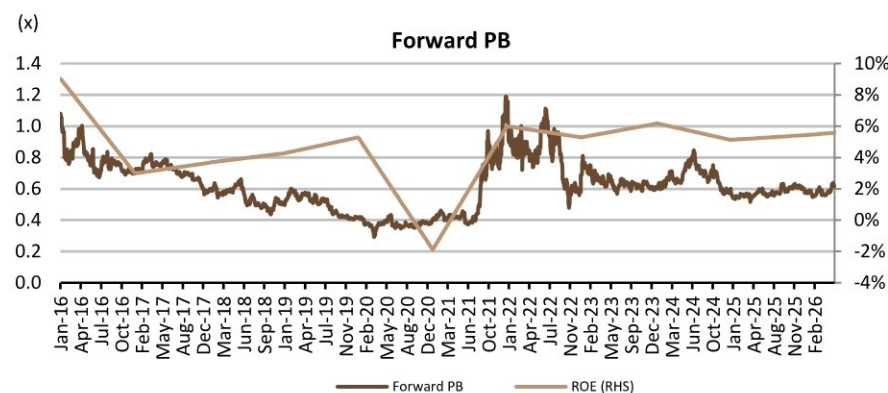
WACC derivation			
New			
Risk-free rate	4.3%	Terminal ROIC	7.2%
Equity risk premium	5.0%	Terminal growth rate	3.0%
Beta	1.3	WACC	6.7%
Cost of equity	10.6%	NOPAT multiple	15.7x
Cost of debt	2.8%		
Effective tax rate	21.0%		
After tax cost of debt	2.2%		
Long-term debt to total capital ratio (46%		
WACC	6.7%		
Long-term growth rate	3.0%		

WACC derivation			
Old			
Risk-free rate	4.3%	Terminal ROIC	7.1%
Equity risk premium	5.0%	Terminal growth rate	3.0%
Beta	1.3	WACC	6.8%
Cost of equity	10.6%	NOPAT multiple	15.4x
Cost of debt	2.8%		
Effective tax rate	21.0%		
After tax cost of debt	2.2%		
Long-term debt to total capital ratio (46%		
WACC	6.8%		
Long-term growth rate	3.0%		

Source: Reuters, company data, UBS estimates

Valuation: We believe CPID is undervalued at 0.65x 2026E PB, based on 5.4% 2026E ROE. Our new one-year forward DCF-based price target of HK\$5.1 implies a 3.6% dividend yield and a 0.92x 2026E PB, higher than the 10-year average of 0.63x.

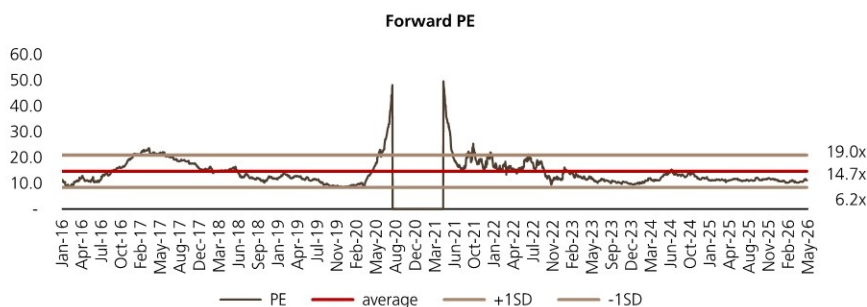
Figure 28: CPID's one year forward PB



Source: Reuters, UBS estimates

In terms of PE, our price target implies a 17.6x 2026E PE, higher than the historical average of 14.7x, which we believe could be justified by the return uplift from high IRR AIDC projects in the Western regions.

Figure 29: CPID's one year forward PE



Source: Reuters, UBS estimates

China Longyuan Power

Earnings estimates and price target revisions:

We reiterate Buy on Longyuan, lifting our price target from HK\$7.8 to HK\$9.3.

We revise 2026E/27E/28E EPS by -40%/-34%/-30% to mainly reflect: 1) roll-forward to 2025 actuals and company guidance for capacity, utilisation and tariff assumptions across the wind and renewable fleet; and 2) incremental earnings contribution from Western AIDC captive projects, captured as other income from 2026E onwards on a 10% capture rate of our ~29.5GW addressable opportunity by 2030E.

We raise our DCF-based price target, driven by our terminal value rather than near-term earnings estimates. We lift our terminal ROIC assumption to 7.4% from 7.1% to reflect the capture of high IRR Western AIDC captive projects, whose 20% equity IRR sits well above the company's current ROE of 5%. The uplift in terminal ROIC is roughly half the uplift we assign to CR Power, in line with Longyuan's capture rate of around half that of CR Power. This lifts our terminal NOPAT multiple to 14.9x from 12.8x, more than offsetting the near-term EPS estimate revisions. Longyuan trades at 0.7x forward P/BV and 10.4x forward PE, with 2025E ROE of 5% and a 12% NP CAGR over 2026E-28E.

Our price target implies a dividend yield of 1.7% (five-year average of 2.4%) with a 6.8% WACC and terminal growth rate of 1.0%.

We derive our WACC by assuming a 4.3% risk-free rate, 9.3% cost of equity and 1.5% after-tax cost of debt.

Figure 30: Earnings estimate revisions for Longyuan

Company	Ticker	UBS Earnings estimates			Consensus			Difference		
		2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Longyuan Power	0916.HK	4,428	5,156	5,592	4,484	5,114	5,176	-1%	1%	8%

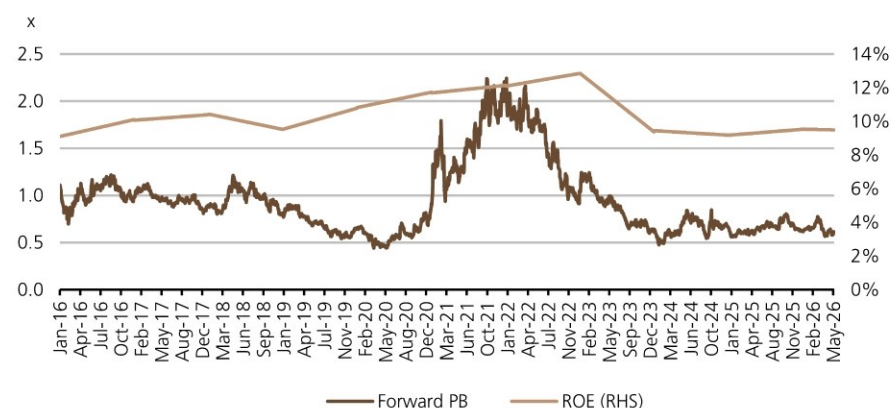
Rmb mn	Key Drivers	Changes %			New			Old		
		2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Longyuan (0916.HK)										
Windpower		-52%	-46%	-45%	3,587	4,437	4,853	7,536	8,241	8,767
	Utilization hour	-8%	-9%	-9%	2,050	2,046	2,044	2,239	2,237	2,236
	Tariff	-1%	-3%	-2%	0.399	0.385	0.379	0.405	0.397	0.388
	Capacity	-3%	2%	0%	32,147	36,377	38,377	33,051	35,664	38,277
Other renewables		1186%	1039%	-	842	719	739	65	63	0
	Estimated revenue per MW	-5%	-3%	-1%	0.259	0.259	0.257	0.271	0.267	0.261
	Capacity	-6%	-25%	-33%	13,847	14,087	15,087	14,660	18,660	22,660
	Depreciation per MW	-5%	-5%	-5%	0.129	0.129	0.129	0.136	0.136	0.136
Western AIDC		N/A	N/A	N/A	304	629	1,054	-	-	-
Recurring profit (Rmb mn)		-42%	-38%	-36%	4,428	5,156	5,592	7,602	8,304	8,767
EPS (Rmb)		-40%	-34%	-30%	0.53	0.62	0.67	0.88	0.93	0.96

WACC derivation		New		Old		
Risk-free rate	4.3%	Terminal ROIC	7.4%	4.3%	Terminal ROIC	7.1%
Equity risk premium	5.0%	Terminal growth rate	1.0%	5.0%	Terminal growth rate	1.0%
Beta	1.0	WACC	6.8%	1.0	WACC	7.7%
Cost of equity	9.3%	NOPAT multiple	14.9x	9.3%	NOPAT multiple	12.8x
Cost of debt	2.0%			3.5%		
Effective tax rate	26.2%			17.0%		
After tax cost of debt	1.5%			2.9%		
Long-term debt to total capital ratio	32%			25%		
WACC	6.8%			7.7%		
Long-term growth rate	1.0%			1.0%		

Source: Reuters, company data, UBS estimates

Valuation: We believe Longyuan is undervalued at 0.7x 2026E PB, based on 5.8% 2026E ROE. Our new one-year forward DCF-based price target of HK\$9.3 implies a 1.7% dividend yield and a 0.9x 2026E PB, in line with the 10-year average of 0.9x.

Figure 31: Longyuan's one year forward PB



Source: Reuters, UBS estimates

In terms of PE, our price target implies a 14.2x 2026E PE, higher than the historical average of 10.0x, which we believe could be justified by the return uplift from high IRR AIDC projects in the Western regions.

Figure 32: Longyuan's one year forward PE



Source: Reuters, UBS estimates

Xinyi Energy

Earnings estimates and price target revisions:

We upgrade Xinyi Energy from Neutral to Buy, lifting price target from HK\$1.25 to HK\$1.57.

We revise 2026E/27E/28E EPS by -6%/2%/+5% to mainly reflect: 1) roll-forward to 2025 actuals and company guidance for capacity, utilisation and tariff assumptions across the solar farm fleet; and 2) incremental earnings contribution from Western AIDC captive projects, captured as other income from 2026E onwards on a 1% capture rate of our ~29.5GW addressable opportunity by 2030E.

We raise our DCF-based price target, driven by our terminal value rather than near-term earnings estimates. We lift our terminal ROIC assumption to 7.7% from 7.0% to reflect the capture of high IRR Western AIDC captive projects, whose 20% equity IRR sits well above the company's current ROE of 7%. We expect a meaningful uplift in terminal ROIC despite Xinyi's 1% capture rate, as we believe even limited captive AIDC contribution could significantly shift the blended terminal return due to the company's small existing asset base. This lifts our terminal NOPAT multiple to 12.2x from 11.5x, more than offsetting the near-term EPS estimate revisions. Xinyi Energy trades at 0.7x forward P/BV and 10.1x forward PE, with 2025E ROE of 7% and an 18% NP CAGR over 2026E-28E.

Our price target implies a dividend yield of 4.4% (five-year average of 5.3%) with an 8.0% WACC and terminal growth rate of 3.0%.

We derive our WACC by assuming a 4.3% risk-free rate, 9.7% cost of equity and 3.0% after-tax cost of debt.

Figure 33: Earnings estimate revisions for Xinyi Energy

		UBS Earnings estimates			Consensus			Difference		
		2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Company	Xinyi Energy									
	3868.HK	916	1,075	1,270	970	1,010	1,041	-6%	6%	22%

		Changes %			New			Old		
		2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Rmb mn	Key Drivers									
Solar Farm										
	Utilization hour	-1%	-1%	-1%	1,056	1,056	1,056	1,063	1,063	1,063
	Tariff	-4%	-2%	-1%	0.471	0.469	0.468	0.490	0.480	0.473
	Capacity	6%	1%	-2%	4,905	5,105	5,305	4,631	5,031	5,431
	Unit Capex (HKD/W)	-17%	-17%	-17%	2.2	2.2	2.2	2.7	2.7	2.7
Net finance expense		19%	14%	0%	(326)	(292)	(258)	(275)	(257)	(257)
Western AIDC Other income		N/A	N/A	N/A	30	62	102	-	-	-
Recurring profit		-5%	0%	7%	916	1,075	1,270	960	1,075	1,188
EPS (Rmb)		-6%	-2%	5%	0.11	0.13	0.15	0.12	0.13	0.14

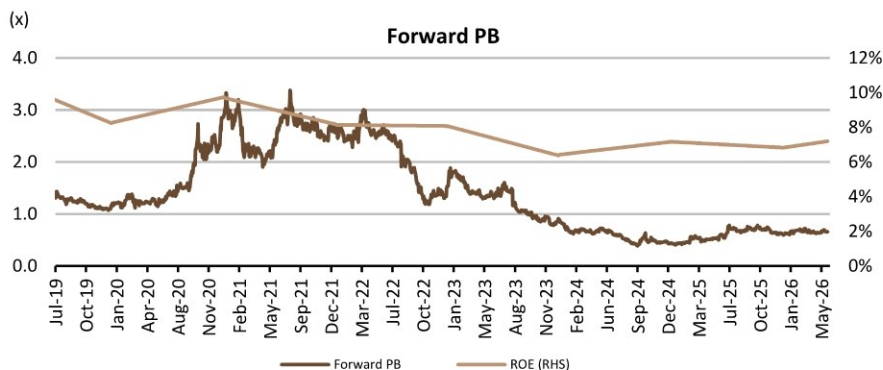
WACC derivation		New	
	Risk-free rate	4.3%	Terminal ROIC
	Equity risk premium	5.0%	Terminal growth rate
	Beta	1.1	WACC
	Cost of equity	9.7%	NOPAT multiple
	Cost of debt	4.0%	
	Effective tax rate	24.7%	
	After tax cost of debt	3.0%	
	Long-term debt to total capital ratio (%)	25%	
	WACC	8.0%	
	Long-term growth rate	3.0%	

WACC derivation		Old	
	Risk-free rate	4.3%	Terminal ROIC
	Equity risk premium	5.0%	Terminal growth rate
	Beta	1.1	WACC
	Cost of equity	9.7%	NOPAT multiple
	Cost of debt	4.0%	
	Effective tax rate	26.0%	
	After tax cost of debt	3.0%	
	Long-term debt to total capital ratio (%)	25%	
	WACC	8.0%	
	Long-term growth rate	3.0%	

Source: Reuters, company data, UBS estimates

Valuation: We believe Xinyi Energy is undervalued at 0.7x 2026E PB, based on 7% 2026E ROE. Our new one-year forward DCF-based price target of HK\$1.57 implies a 4.4% dividend yield and a 0.9x 2026E PB, below the historical average of 1.4x.

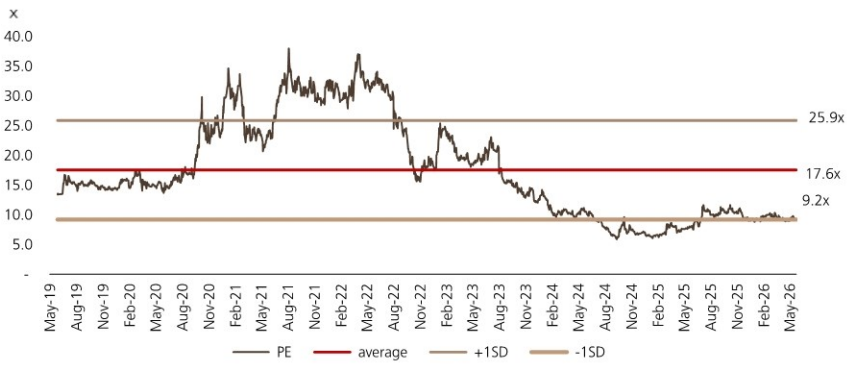
Figure 34: Xinyi Energy's one year forward PB



Source: Reuters, UBS estimates

In terms of PE, our price target implies a 12.9x 2026E PE, lower than the historical average of 17.6x, leaving further room for upside as the return uplift from high IRR Western AIDC projects feeds through to earnings.

Figure 35: Xinyi Energy's one year forward PE



Source: Reuters, UBS estimates

UBS Research THESIS MAP a guide to our thinking and what's where in this report**PIVOTAL QUESTIONS****Q: Are Western AIDCs a meaningful new source of earnings growth for CR Power?**

Yes. We forecast Western AIDCs' captive projects to deliver incremental Other income of HK\$567m in 2026, HK\$1,195m in 2027 and HK\$1,986m in 2028. This is based on our assumption of a 20% capture rate of the 29.5GW Western opportunity by 2030E, lifting cumulative 2026-30E earnings by 5%.

Q: Why are Western AIDCs' project economics stronger than CR Power's existing portfolio?

Primarily due to higher utilisation. Western China's captive solar and wind utilization is at a respective 1,927 hours and 2,716 hours a year under 24/7 direct-supply offtake, well above national grid averages. We expect this to drive 20% equity IRRs for captive projects, nearly 2x the 11% ROE for CR Power's current portfolio.

UBS VIEW

We upgrade CR Power to Buy from Sell and lift its price target to HK\$33.60 from HK\$16.80. We see Western AIDC build-out as a new earnings stream that the market has not priced in yet, driven by domestic AI token consumption scaling 1,400x over two years and the AI-Energy Mutual Empowerment Action Plan formalising direct-supply renewable contracts in April 2026. The captive AIDC contribution could lift terminal ROIC above WACC in our valuation.

EVIDENCE

1) Daily AI token consumption reached 140 trillion in March 2026, a 1,400x increase from approximately 100bn in early 2024, according to the National Data Administration. 2) The government announced the AI-Energy Mutual Empowerment Action Plan on 8 April 2026. Datang's Zhongwei project came online in May 2026 as the first large-scale compute-power coordination grid-connection nationwide. 3) Qingyang Phase II disclosed direct-supply tariffs at Rmb0.1948/kWh, an 18% discount to the local benchmark tariff. 4) Western China's solar utilisation of around 1,927 hours and wind of around 2,716 hours a year under direct-supply offtake, versus national averages of 1,088 hours and 1,979 hours.

WHAT'S PRICED IN?

CR Power trades at trough valuation due to concerns about tariff cuts and slowing traditional demand. We think the market has not priced in any Western AIDC contribution to its earnings. With CR Power potentially capturing a slice of the Rmb39bn Western AIDC profit pool over 2026-30E, we expect the PE to re-rate as the impact of increased demand filters through to earnings.

UPSIDE/DOWNSIDE SPECTRUM

China Resources Power - 0836.HK Price

**Value drivers (2026E)**

	Avg. coal power tariff (ex. VAT)	Coal power utilisation hours	Unit fuel cost
HK\$36.0 upside	HK\$0.353/kWh	3,791	HK\$0.272/kWh
HK\$33.6 base	HK\$0.336/kWh	3,611	HK\$0.302/kWh
HK\$14.0 downside	HK\$0.286/kWh	3,250	HK\$0.317/kWh

Source: UBS estimates

COMPANY DESCRIPTION

China Resources Power is an independent power producer in China focusing on coal-fired and wind power-generation units. The company also has investments in coal mines, many of which it has sold, to provide a partial hedge to its power business.

UBS Research THESIS MAP a guide to our thinking and what's where in this report

PIVOTAL QUESTIONS

Q: How meaningful is Western AIDCs' contribution to CPID's earnings?

We forecast Western AIDC captive projects to deliver incremental Other income of Rmb284m for 2026, Rmb592m for 2027 and Rmb971m for 2028. This is based on our assumption of a 10% capture rate, lifting cumulative 2026-30E earnings by 22%.

Q: Why does CPID's Western AIDC have the highest operating leverage among our covered IPPs?

The ROE of CPID's current portfolio sits at 6%, the lowest among our four covered IPPs. Captive Western projects typically deliver 20% equity IRRs, supported by Western China's solar utilisation of around 1,927 hours and wind of around 2,716 hours a year under direct-supply contracts. The wider IRR-to-ROE gap translates into greater earnings uplift potential for each incremental project.

UBS VIEW

We upgrade CPID to Buy from Sell and lift its price target to HK\$5.10 from HK\$2.60. We see Western AIDC build-out as a new earnings stream that the market has not priced in yet, driven by domestic AI token consumption scaling 1,400x over two years and the AI-Energy Mutual Empowerment Action Plan formalising direct-supply renewable contracts in April 2026.

1) Daily AI token consumption reached 140 trillion in March 2026, a 1,400x increase from approximately 100bn in early 2024, according to the National Data Administration. 2) The government announced the AI-Energy Mutual Empowerment Action Plan on 8 April 2026. Datang's Zhongwei project came online in May 2026 as the first large-scale compute-power coordination grid-connection nationwide. 3) Qingyang Phase II disclosed direct-supply tariffs at Rmb0.1948/kWh, an 18% discount to the local benchmark tariff. 4) Western China's solar utilisation of around 1,927 hours and wind of around 2,716 hours a year under direct-supply offtake, versus national averages of 1,088 hours and 1,979 hours.

WHAT'S PRICED IN?

CPID trades at trough valuation due to concerns about tariff cuts and slowing traditional demand. We think the market has not priced in any Western AIDC contribution to its earnings. With CPID potentially capturing the largest relative earnings uplift among our four covered IPPs, we expect PE to re-rate as the impact of increased demand filters through to earnings.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers 2026E	Blended tariff (Rmb/kWh)	Coal power utilisation hours	Unit fuel cost
HK\$5.6 upside	Rmb0.390/kWh	5,278	Rmb0.226/kWh
HK\$5.1 base	Rmb0.372/kWh	5,027	Rmb0.252/kWh
HK\$2.8 downside	Rmb0.316/kWh	4,524	Rmb0.264/kWh

Source: UBS estimates

COMPANY DESCRIPTION

China Power International Development (CPID) is principally engaged in the generation and sale of electricity in mainland China, including investment, development, operation and management of coal-fired power, hydropower, wind power and photovoltaic power plants. Its businesses are located in the major power grid regions of China.

UBS Research THESIS MAP a guide to our thinking and what's where in this report

PIVOTAL QUESTIONS

Q: Is Western AIDC a meaningful new growth source for Longyuan?

Yes. We forecast Western AIDC captive projects to deliver incremental Other income of Rmb304m in 2026, Rmb629m in 2027 and Rmb1,054m in 2028. on a 10% capture rate, lifting cumulative 2026-30E earnings by 11%.

Q: How do Western captive wind economics compare with those of Longyuan's existing portfolio?

Western captive wind delivers around 2,716 hours under direct-supply offtake, well above the 1,979 hour national grid average. The captive contract structure preserves the full resource hour advantage that public-grid wind cannot capture, driving 20% equity IRR on captive projects vs Longyuan's current 5% portfolio ROE.

UBS VIEW

We maintain our Buy rating on Longyuan and raise our price target to HK\$9.30 from HK\$7.80. We see Western AIDC build-out as a new earnings stream that the market has not priced in yet, driven by domestic AI token consumption scaling 1,400x over two years and the AI-Energy Mutual Empowerment Action Plan formalising direct-supply renewable contracts in April 2026. Longyuan has the highest uplift in IRR-to-ROE estimates among our four covered IPPs, at around 4x.

EVIDENCE

1) Daily AI token consumption reached 140 trillion in March 2026, a 1,400x increase from approximately 100bn in early 2024, according to the National Data Administration. 2) The government announced the AI-Energy Mutual Empowerment Action Plan on 8 April 2026. Datang's Zhongwei project came online in May 2026 as the first large-scale compute-power coordination grid-connection nationwide. 3) Qingyang Phase II disclosed direct-supply tariffs at Rmb0.1948/kWh, an 18% discount to the local benchmark tariff. 4) Western China's solar utilisation of around 1,927 hours and wind of around 2,716 hours a year under direct-supply offtake, versus national averages of 1,088 hours and 1,979 hours.

WHAT'S PRICED IN?

Longyuan trades at multi-year trough P/BV on curtailment concerns and renewable subsidy collection delays. We think the market has not priced in any Western AIDC contribution to earnings. With Longyuan offering the highest project-IRR-to-portfolio-ROE uplift potential among our four covered IPPs, we expect PE to re-rate as the impact of increased demand filters through to earnings.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Blended tariff (ex. VAT)	Wind power utilisation hours	Volume percentage of market power sales
HK\$10.5 upside	Rmb0.419/kWh	2,153	50%
HK\$9.3 base	Rmb0.399/kWh	2,050	64%
HK\$4.8 downside	Rmb0.359/kWh	1,845	80%

Source: UBS estimates

COMPANY DESCRIPTION

China Longyuan is the largest wind power developer and operator in China and one of the largest wind power operators in the world. In most provinces of China that have significant wind resources, Longyuan is the market leader.

UBS Research THESIS MAP a guide to our thinking and what's where in this report

PIVOTAL QUESTIONS

Q: Is Western AIDC a meaningful new growth source for Xinyi Energy?

Yes. We forecast Western AIDC captive projects to deliver incremental Other income of Rmb30m in 2026, Rmb62m in 2027 and Rmb102m in 2028. This is based on our assumption of a 1% capture rate, lifting cumulative 2026-30E earnings by around 7%. In our view, the 1% capture rate (versus 10-20% for the other three covered IPPs) reflects Xinyi Energy's limited newbuild appetite and no existing Western footprint.

Q: Why are Western AIDCs' project economics stronger than Xinyi Energy's existing portfolio?

Primarily due to higher utilisation. Western China's captive solar and wind utilization is at a respective 1,927 hours and 2,716 hours a year under 24/7 direct-supply offtake, well above national grid averages. We expect this to drive 20% equity IRRs for captive projects, around 3x the 7% ROE for Xinyi Energy's current portfolio.

UBS VIEW

We upgrade Xinyi Energy to Buy from Neutral and raise our price target to HK\$1.57 from HK\$1.25. We see Western AIDC build-out as a new earnings stream that the market has not priced in yet, driven by domestic AI token consumption scaling 1,400x over two years and the AI-Energy Mutual Empowerment Action Plan formalising direct-supply renewable contracts in April 2026. The 1% capture rate is structurally lower than the 10-20% applied to the other three covered IPPs given Xinyi Energy's limited new-build appetite and no existing Western footprint.

1) Daily AI token consumption reached 140 trillion in March 2026, a 1,400x increase from approximately 100bn in early 2024, according to the National Data Administration. 2) The government announced the AI-Energy Mutual Empowerment Action Plan on 8 April 2026. Datang's Zhongwei project came online in May 2026 as the first large-scale compute-power coordination grid-connection nationwide. 3) Qingyang Phase II disclosed direct-supply tariffs at Rmb0.1948/kWh, an 18% discount to the local benchmark tariff. 4) Western China's solar utilisation of around 1,927 hours and wind of around 2,716 hours a year under direct-supply offtake, versus national averages of 1,088 hours and 1,979 hours.

WHAT'S PRICED IN?

Xinyi Energy trades at multi-year trough P/BV on renewable subsidy collection delays. We think the market has not priced in any Western AIDC contribution to earnings. With Xinyi Energy potentially capturing a slice of the Rmb39bn Western AIDC profit pool, even at the potential 1% capture rate, we expect PE to re-rate as the impact of increased demand filters through to earnings.

UPSIDE/DOWNSIDE SPECTRUM



Value drivers	Blended tariff (ex. VAT)	Solar power utilisation hour
HK\$1.90 upside	Rmb 0.494/kWh	1,109
HK\$1.57 base	Rmb 0.471/kWh	1,056
HK\$0.90 downside	Rmb 0.424/kWh	957

Source: UBS estimates

COMPANY DESCRIPTION

Xinyi Energy is a China-based solar farm operator engaged in the management and operation of solar farms through its subsidiaries, and generates revenue by selling electricity to subsidiaries of the State Grid. The company operates Jinzhai Solar Farm, Sanshan Solar Farm, Nanping Solar Farm, Lixin Solar Farm, Binhai Solar Farm, HongAn Solar Farm and Wuwei Solar Farm, among others. These solar farms are mainly located in Anhui, Hubei and Tianjin provinces in China. The company is a subsidiary of Xinyi Solar, which is principally engaged in solar glass production.

CPID (2380.HK)

	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Income Statement (Rmbm)										
Revenues	44,262	54,213	49,029	47,952	-2.2	49,382	3.0	51,367	53,545	55,956
Gross profit	27,461	37,856	37,046	35,562	-4.0	37,381	5.1	39,382	41,464	43,636
EBITDA (UBS)	17,796	24,831	25,978	26,598	2.4	28,206	6.0	29,975	31,776	33,615
Depreciation & amortisation	(9,081)	(12,663)	(14,041)	(15,073)	-7.3	(15,792)	-4.8	(16,512)	(17,231)	(17,950)
EBIT (UBS)	8,715	12,167	11,936	11,525	-3.4	12,414	7.7	13,464	14,546	15,665
Associates & investment income	706	733	834	796	-4.5	767	-3.7	745	731	724
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(3,995)	(4,889)	(4,911)	(5,231)	-6.5	(5,417)	-3.5	(5,536)	(5,652)	(5,513)
Exceptionals (incl goodwill)	0	0	0	0	-	0	-	0	0	0
Pre-tax profit	5,427	8,011	7,859	7,090	-9.8	7,764	9.5	8,673	9,624	10,877
Tax	(893)	(1,471)	(1,941)	(1,489)	23.3	(1,630)	-9.5	(1,821)	(2,021)	(2,284)
Profit after tax	4,534	6,540	5,918	5,601	-5.4	6,133	9.5	6,852	7,603	8,593
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(1,874)	(3,176)	(3,008)	(2,379)	20.9	(2,606)	-9.5	(2,911)	(3,230)	(3,650)
Extraordinary items	(424)	(497)	(494)	0	-	0	-	0	0	0
Net earnings (local GAAP)	2,236	2,867	2,416	3,222	33.3	3,528	9.5	3,941	4,373	4,942
Net earnings (UBS)	2,660	3,364	2,910	3,222	10.7	3,528	9.5	3,941	4,373	4,942
Tax rate (%)	16.4	18.4	24.7	21.0	-15.0	21.0	0.0	21.0	21.0	21.0
Per Share (Rmb)										
EPS (UBS, diluted)	0.22	0.27	0.24	0.26	10.7	0.29	9.5	0.32	0.35	0.40
EPS (local GAAP, diluted)	0.18	0.23	0.20	0.26	33.3	0.29	9.5	0.32	0.35	0.40
EPS (UBS, basic)	0.22	0.27	0.24	0.26	10.7	0.29	9.5	0.32	0.35	0.40
DPS (net) (HK\$)	0.15	0.24	0.19	0.18	-5.4	0.20	9.5	0.22	0.25	0.28
Cash EPS (UBS, diluted) ¹	0.95	1.30	1.37	1.48	7.9	1.56	5.6	1.65	1.75	1.85
Book value per share	4.34	4.44	4.74	4.86	2.5	4.97	2.3	5.09	5.23	5.39
Average shares (diluted)	12,370	12,370	12,370	12,370	0.0	12,370	0.0	12,370	12,370	12,370
Balance Sheet (Rmbm)										
Cash and equivalents	5,819	6,105	6,526	23,051	253.2	38,351	66.4	53,869	69,825	66,351
Other current assets	39,823	45,534	51,105	50,221	-1.7	51,415	2.4	53,150	55,069	57,212
Total current assets	45,642	51,638	57,630	73,272	27.1	89,767	22.5	107,019	124,894	123,564
Net tangible fixed assets	211,050	236,646	250,210	253,187	1.2	249,492	-1.5	245,136	240,122	234,455
Net intangible fixed assets	17,376	16,201	16,203	16,203	0.0	16,203	0.0	16,203	16,203	16,203
Investments / other assets	31,738	35,970	43,512	41,019	-5.7	39,181	-4.5	37,827	37,030	36,776
Total assets	305,807	340,456	367,556	383,681	4.4	394,643	2.9	406,185	418,249	410,998
Trade payables & other ST liabilities	38,037	31,496	33,595	33,718	0.4	33,600	-0.4	33,596	33,625	33,697
Short term debt	37,134	61,687	58,615	62,090	5.9	64,117	3.3	66,144	68,171	64,489
Total current liabilities	75,171	93,182	92,211	95,809	3.9	97,717	2.0	99,739	101,796	98,186
Long term debt	127,448	130,708	146,738	155,436	5.9	160,510	3.3	165,584	170,658	161,441
Other long term liabilities	8,167	9,033	10,575	10,575	0.0	10,575	0.0	10,575	10,575	10,575
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	210,786	232,923	249,524	261,820	4.9	268,803	2.7	275,899	283,029	270,203
Common s/h equity	53,640	54,897	58,638	60,087	2.5	61,462	2.3	62,997	64,700	66,625
Minority interests	41,381	52,635	59,394	61,773	4.0	64,379	4.2	67,290	70,520	74,170
Total liabilities & equity	305,807	340,456	367,556	383,681	4.4	394,643	2.9	406,185	418,249	410,998
Cash Flow (Rmbm)										
Net income (before pref divs)	2,236	2,867	2,416	3,222	33.3	3,528	9.5	3,941	4,373	4,942
Depreciation & amortisation	9,081	12,663	14,041	15,073	7.3	15,792	4.8	16,512	17,231	17,950
Net change in working capital	(3,488)	(9,260)	(1,527)	1,007	-	(1,313)	-	(1,739)	(1,890)	(2,071)
Other operating	1,650	3,854	3,093	1,778	-42.5	1,839	3.4	2,166	2,499	2,926
Operating cash flow	9,479	10,124	18,024	21,080	17.0	19,846	-5.9	20,879	22,213	23,748
Tangible capital expenditure	(25,450)	(27,524)	(20,463)	(18,050)	11.8	(12,143)	32.7	(12,099)	(12,150)	(12,206)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	(1,394)	(7,649)	(2,221)	3,289	-	2,649	-19.5	2,042	1,462	902
Investing cash flow	(26,844)	(35,172)	(22,684)	(14,761)	34.9	(9,494)	35.7	(10,056)	(10,689)	(11,304)
Equity dividends paid	(1,385)	(2,272)	(2,004)	(1,967)	1.9	(2,154)	-9.5	(2,406)	(2,670)	(3,017)
Share issues / (buybacks)	5,009	32	663	0	-	0	-	0	0	0
Other financing	7,148	7,030	(1,490)	0	-	0	-	0	0	0
Change in debt & pref shares	51,682	27,812	12,959	12,173	-6.1	7,101	-41.7	7,101	7,101	(12,899)
Financing cash flow	62,454	32,602	10,128	10,206	0.8	4,947	-51.5	4,695	4,431	(15,916)
Cash flow inc/(dec) in cash	45,090	7,553	5,469	16,526	202.2	15,300	-7.4	15,518	15,956	(3,473)
FX / non cash items	(43,558)	(7,268)	(5,048)	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	1,532	285	421	16,526	NM	15,300	-7.4	15,518	15,956	(3,473)

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Valuation (x)								
P/E (local GAAP, diluted)	15.3	13.4	14.9	12.6	11.4	10.2	9.2	8.1
P/E (UBS, diluted)	12.8	11.5	12.4	12.6	11.4	10.2	9.2	8.1
P/CEPS	2.9	2.4	2.1	2.2	2.1	2.0	1.9	1.8
Equity FCF (UBS) yield %	(51.3)	(45.1)	(6.8)	7.5	19.2	21.9	25.1	28.7
Dividend yield (net) %	4.9	7.1	6.0	4.8	5.3	5.9	6.5	7.4
P/BV	0.6	0.7	0.6	0.7	0.7	0.6	0.6	0.6
EV/revenues (core)	4.4	4.7	5.6	7.0	6.7	6.4	6.1	5.7
EV/EBITDA (UBS core)	11.0	10.2	10.6	12.6	11.8	11.0	10.2	9.5
EV/EBIT (core)	22.5	20.8	23.0	29.0	26.8	24.4	22.3	20.4
EV/OpFCF (core)	43.3	>100	28.6	28.5	32.2	30.0	27.2	24.8
EV/op. invested capital	0.9	1.0	0.9	1.1	1.1	1.1	1.1	1.1
Enterprise value (Rmbm)								
Market cap.	31,154	38,554	35,976	40,134	40,134	40,134	40,134	40,134
Net debt (cash)	133,688	172,526	192,559	196,651	190,375	182,068	173,432	164,292
Buy out of minorities	41,381	52,635	59,394	61,773	64,379	67,290	70,520	74,170
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	206,222	263,715	287,928	345,503	342,528	337,131	331,725	326,235
Non core assets	(10,261)	(10,990)	(13,728)	(11,235)	(9,352)	(8,055)	(7,324)	(7,147)
Core enterprise value	195,961	252,725	274,201	334,268	333,176	329,076	324,401	319,088
Growth (%)								
Revenue	1.3	22.5	(9.6)	(2.2)	3.0	4.0	4.2	4.5
EBITDA (UBS)	16.6	39.5	4.6	2.4	6.0	6.3	6.0	5.8
EBIT (UBS)	14.6	39.6	(1.9)	(3.4)	7.7	8.5	8.0	7.7
EPS (UBS, diluted)	(3.4)	26.5	(13.5)	10.7	9.5	11.7	11.0	13.0
Net DPS	20.0	60.6	(20.8)	(5.4)	9.5	11.7	11.0	13.0
Margins & Profitability (%)								
Gross profit margin	62.0	69.8	NM	74.2	NM	NM	NM	NM
EBITDA margin	40.2	45.8	53.0	55.5	57.1	58.4	59.3	60.1
EBIT (UBS) margin	19.7	22.4	24.3	24.0	25.1	26.2	27.2	28.0
Net earnings (UBS) margin	6.0	6.2	5.9	6.7	7.1	7.7	8.2	8.8
ROIC (EBIT)	4.2	4.6	4.1	3.8	4.1	4.5	4.9	5.3
ROIC post tax	3.4	3.7	2.9	2.9	3.1	3.4	3.8	4.1
ROE (UBS)	5.3	6.2	5.1	5.4	5.8	6.3	6.8	7.5
Capital structure & Coverage (x)								
Net debt / EBITDA	8.9	7.5	7.7	7.3	6.6	5.9	5.3	4.7
Net debt / total equity %	167.1	173.2	168.5	159.6	148.0	136.5	125.0	113.3
Net debt / (net debt + total equity) %	62.6	63.4	62.7	61.5	59.7	57.7	55.6	53.1
Net debt/EV %	64.8	65.4	66.9	56.9	55.6	54.0	52.3	50.4
Capex / depreciation %	NM	NM	145.7	119.7	76.9	73.3	70.5	68.0
Capex / revenue %	NM	NM	NM	NM	24.6	23.6	22.7	21.8
EBIT / net interest	2.4	2.6	2.6	2.4	2.4	2.6	2.7	3.0
Dividend cover (UBS)	1.6	1.2	1.3	1.5	1.5	1.5	1.5	1.5
Div. payout ratio (UBS) %	63.1	81.7	76.1	65.1	65.1	65.1	65.1	65.1
Revenues by division (Rmbm)								
Renewables	17,784	26,036	26,226	26,462	28,004	29,549	31,099	32,652
Coal	23,929	24,269	19,499	18,900	18,357	18,335	18,470	18,803
ESS	2,548	3,908	2,304	2,590	3,021	3,483	3,976	4,502
Others	1	0	1,000	0	0	0	0	(1)
Total	44,262	54,213	49,029	47,952	49,382	51,367	53,545	55,956
EBIT (UBS) by division (Rmbm)								
Renewables	5,914	7,009	10,100	9,528	10,734	11,389	12,047	12,709
Coal	2,418	2,553	2,876	2,467	2,375	2,371	2,394	2,451
ESS	43	80	140	52	225	259	296	335
Others	340	2,525	(1,180)	(522)	(920)	(555)	(191)	170
Total	8,715	12,167	11,936	11,525	12,414	13,464	14,546	15,665

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

China Resources Pwr (0836.HK)

	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Income Statement (HK\$m)										
Revenues	103,334	105,284	102,010	114,797	12.5	118,612	3.3	121,691	125,752	131,047
Gross profit	48,825	53,049	56,180	60,238	7.2	63,612	5.6	66,793	70,231	73,994
EBITDA (UBS)	35,158	39,814	40,241	42,040	4.5	44,162	5.0	46,898	49,891	53,209
Depreciation & amortisation	(14,720)	(16,417)	(18,076)	(22,325)	-23.5	(24,136)	-8.1	(25,359)	(26,583)	(27,806)
EBIT (UBS)	20,437	23,396	22,165	19,714	-11.1	20,026	1.6	21,538	23,309	25,404
Associates & investment income	1,601	1,157	2,294	1,171	-49.0	1,015	-13.3	1,042	1,097	1,190
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(4,116)	(3,962)	(3,883)	(4,052)	-4.4	(4,184)	-3.3	(4,065)	(3,904)	(3,709)
Exceptionals (incl goodwill)	(2,424)	(395)	(365)	0	-	0	-	0	0	0
Pre-tax profit	15,499	20,197	20,212	16,833	-16.7	16,857	0.1	18,515	20,502	22,885
Tax	(3,389)	(4,218)	(3,706)	(3,179)	14.2	(3,195)	-0.5	(3,518)	(3,905)	(4,368)
Profit after tax	12,110	15,979	16,506	13,654	-17.3	13,661	0.1	14,997	16,597	18,518
Preference dividends	(329)	(328)	(268)	(433)	-61.4	(433)	0.0	(433)	(433)	(433)
Minorities	(778)	(1,263)	(1,719)	(296)	82.8	(169)	43.0	(151)	(156)	(190)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	11,003	14,388	14,519	12,925	-11.0	13,060	1.0	14,413	16,008	17,894
Net earnings (UBS)	13,427	14,783	14,884	12,925	-13.2	13,060	1.0	14,413	16,008	17,894
Tax rate (%)	21.9	20.9	18.3	18.9	3.0	19.0	0.4	19.0	19.0	19.1
Per Share (HK\$)										
EPS (UBS, diluted)	2.79	3.07	3.09	2.69	-13.2	2.71	1.0	3.00	3.33	-
EPS (local GAAP, diluted)	2.29	2.99	3.02	2.69	-11.0	2.71	1.0	3.00	3.33	-
EPS (UBS, basic)	2.79	3.07	3.09	2.69	-13.2	2.71	1.0	3.00	3.33	-
DPS (net) (HK\$)	1.42	1.15	1.13	1.07	-4.6	1.09	1.0	1.20	1.33	1.49
Cash EPS (UBS, diluted) ¹	5.85	6.49	6.85	7.33	6.9	7.73	5.5	8.27	8.85	-
Book value per share	17.66	20.61	23.14	24.70	6.7	26.34	6.6	28.25	30.38	32.76
Average shares (diluted)	4,810	4,810	4,810	4,810	0.0	4,810	0.0	4,810	4,810	4,810
Balance Sheet (HK\$m)										
Cash and equivalents	4,083	5,834	11,675	14,391	23.3	12,210	-15.2	12,725	15,557	20,980
Other current assets	45,534	48,023	48,606	52,825	8.7	52,000	-1.6	50,702	49,689	49,000
Total current assets	49,617	53,857	60,280	67,216	11.5	64,210	-4.5	63,427	65,246	69,980
Net tangible fixed assets	225,123	257,884	294,549	309,488	5.1	322,316	4.1	333,922	344,304	353,463
Net intangible fixed assets	5,918	5,824	6,470	6,470	0.0	6,470	0.0	6,470	6,470	6,470
Investments / other assets	41,737	44,900	48,065	45,737	-4.8	44,624	-2.4	43,839	43,117	42,443
Total assets	322,396	362,464	409,364	428,911	4.8	437,621	2.0	447,658	459,137	472,356
Trade payables & other ST liabilities	58,226	51,705	67,163	58,489	-12.9	60,118	2.8	61,705	63,663	66,084
Short term debt	33,365	50,207	59,592	65,518	9.9	65,032	-0.7	64,547	64,061	63,575
Total current liabilities	91,590	101,912	126,755	124,007	-2.2	125,150	0.9	126,251	127,724	129,660
Long term debt	125,827	140,160	148,527	163,298	9.9	162,088	-0.7	160,877	159,667	158,456
Other long term liabilities	431	441	442	442	0.0	442	0.0	442	442	442
Preferred shares	10,664	10,687	10,920	10,920	0.0	10,920	0.0	10,920	10,920	10,920
Total liabilities (incl pref shares)	228,513	253,199	286,645	298,667	4.2	298,600	0.0	298,491	298,754	299,478
Common s/h equity	84,974	99,151	111,296	118,799	6.7	126,689	6.6	135,878	146,120	157,612
Minority interests	8,909	10,114	11,424	11,444	0.2	12,332	7.8	13,290	14,263	15,265
Total liabilities & equity	322,396	362,464	409,364	428,911	4.8	437,621	2.0	447,658	459,137	472,356
Cash Flow (HK\$m)										
Net income (before pref divs)	11,333	14,716	14,787	13,358	-9.7	13,493	1.0	14,846	16,441	18,327
Depreciation & amortisation	14,720	16,417	18,076	22,325	23.5	24,136	8.1	25,359	26,583	27,806
Net change in working capital	(3,342)	(422)	9,160	(11,927)	-	2,490	-	2,614	2,638	2,699
Other operating	1,853	(1,188)	(371)	1,206	-	773	-35.9	615	502	445
Operating cash flow	24,564	29,523	41,652	24,963	-40.1	40,891	63.8	43,435	46,164	49,277
Tangible capital expenditure	(38,777)	(49,700)	(47,178)	(36,814)	22.0	(36,492)	0.9	(36,373)	(36,254)	(36,135)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	(6,125)	(3,234)	(511)	0	-	0	-	0	0	0
Investing cash flow	(44,902)	(52,933)	(47,689)	(36,814)	22.8	(36,492)	0.9	(36,373)	(36,254)	(36,135)
Equity dividends paid	(3,057)	(7,090)	(5,155)	(5,421)	-5.2	(5,170)	4.6	(5,224)	(5,765)	(6,403)
Share issues / (buybacks)	0	12,686	8,735	0	-	0	-	0	0	0
Other financing	(3,029)	(8,064)	4,103	(708)	-	286	-	373	384	379
Change in debt & pref shares	23,137	27,905	4,360	20,697	374.7	(1,696)	-	(1,696)	(1,696)	(1,696)
Financing cash flow	17,051	25,436	12,043	14,567	21.0	(6,580)	-	(6,546)	(7,077)	(7,720)
Cash flow inc/(dec) in cash	(3,287)	2,025	6,006	2,716	-54.8	(2,181)	-	515	2,833	5,422
FX / non cash items	(351)	(274)	(166)	0	-	0	0.0	0	0	0
Balance sheet inc/(dec) in cash	(3,638)	1,751	5,840	2,716	-53.5	(2,181)	-	515	2,833	5,422

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

Valuation (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
P/E (local GAAP, diluted)	7.2	6.6	6.2	8.0	7.9	7.2	6.4	-
P/E (UBS, diluted)	5.9	6.4	6.0	8.0	7.9	7.2	6.4	-
P/CEPS	2.8	3.0	2.7	2.9	2.8	2.6	2.4	-
Equity FCF (UBS) yield %	(18.1)	(21.3)	(6.2)	(11.5)	4.3	6.8	9.6	12.7
Dividend yield (net) %	8.6	5.8	6.0	5.0	5.1	5.6	6.2	6.9
P/BV	0.9	1.0	0.8	0.9	0.8	0.8	0.7	0.7
EV/revenues (core)	2.1	2.5	2.7	2.7	2.6	2.6	2.5	2.4
EV/EBITDA (UBS core)	6.1	6.6	6.9	7.4	7.1	6.9	6.4	5.9
EV/EBIT (core)	10.5	11.2	12.6	15.7	15.6	14.9	13.7	12.4
EV/OpFCF (core)	6.5	6.9	7.3	7.9	7.7	7.6	7.2	6.8
EV/op. invested capital	1.0	1.0	0.9	1.0	0.9	0.9	0.9	0.9
Enterprise value (HK\$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Market cap.	78,724	94,687	89,743	103,232	103,232	103,232	103,232	103,232
Net debt (cash)	150,211	180,496	201,292	216,355	216,355	224,724	221,355	215,531
Buy out of minorities	8,909	10,114	11,424	11,444	12,332	13,290	14,263	15,265
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	237,844	285,297	302,459	331,032	331,919	341,246	338,850	334,029
Non core assets	(23,114)	(22,324)	(23,537)	(21,209)	(20,096)	(19,311)	(18,588)	(17,914)
Core enterprise value	214,730	262,973	278,922	309,822	311,823	321,935	320,261	316,114
Growth (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Revenue	0.0	1.9	(3.1)	12.5	3.3	2.6	3.3	4.2
EBITDA (UBS)	32.0	13.2	1.1	4.5	5.0	6.2	6.4	6.7
EBIT (UBS)	67.6	14.5	(5.3)	(11.1)	1.6	7.6	8.2	9.0
EPS (UBS, diluted)	126.1	10.1	0.7	(13.2)	1.0	10.4	11.1	-
Net DPS	141.5	(19.0)	(1.7)	(4.6)	1.0	10.4	11.1	11.8
Margins & Profitability (%)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Gross profit margin	47.2	50.4	55.1	52.5	53.6	54.9	55.8	56.5
EBITDA margin	34.0	37.8	39.4	36.6	37.2	38.5	39.7	40.6
EBIT (UBS) margin	19.8	22.2	21.7	17.2	16.9	17.7	18.5	19.4
Net earnings (UBS) margin	13.0	14.0	14.6	11.3	11.0	11.8	12.7	13.7
ROIC (EBIT)	9.2	9.0	7.5	6.2	5.9	6.2	6.5	7.0
ROIC post tax	7.3	7.1	6.0	4.9	4.7	4.9	5.2	5.6
ROE (UBS)	16.1	16.1	14.1	11.2	10.6	11.0	11.4	11.8
Capital structure & Coverage (x)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Net debt / EBITDA	4.7	4.9	5.2	5.4	5.1	4.8	4.4	4.0
Net debt / total equity %	176.6	178.7	169.0	173.0	162.4	149.9	136.6	122.6
Net debt / (net debt + total equity) %	63.8	64.1	62.8	63.4	61.9	60.0	57.7	55.1
Net debt/EV %	63.2	63.3	66.6	65.4	68.0	65.9	65.3	64.5
Capex / depreciation %	NM	NM	NM	164.9	151.2	143.4	136.4	130.0
Capex / revenue %	NM	NM	NM	NM	NM	29.9	28.8	27.6
EBIT / net interest	5.4	6.2	6.3	5.2	5.0	5.6	6.3	7.2
Dividend cover (UBS)	2.0	2.7	2.7	2.5	2.5	2.5	2.5	-
Div. payout ratio (UBS) %	50.7	37.3	36.4	40.0	40.0	40.0	40.0	-
Revenues by division (HK\$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Thermal	80,053	79,645	76,457	84,531	85,130	84,992	85,836	87,915
Renewables	23,281	25,639	25,553	30,266	33,482	36,699	39,915	43,132
Others	0	0	0	0	0	0	1	0
Total	103,334	105,284	102,010	114,797	118,612	121,691	125,752	131,047
EBIT (UBS) by division (HK\$m)	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Renewables	13,306	14,392	12,424	15,053	16,601	18,150	19,699	21,247
Thermal	7,131	9,005	9,741	4,662	3,425	3,388	3,610	4,156
Others	0	(1)	0	(1)	0	0	0	1
Total	20,437	23,396	22,165	19,714	20,026	21,538	23,309	25,404

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Longyuan Power (0916.HK)

Income Statement (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Revenues	37,638	37,148	30,177	30,366	0.6	32,928	8.4	34,391	35,859	37,334
Gross profit	23,582	23,172	17,244	17,020	-1.3	17,965	5.6	18,576	19,193	19,817
EBITDA (UBS)	22,192	24,240	23,507	23,426	-0.3	25,553	9.1	27,158	28,763	30,409
Depreciation & amortisation	(10,620)	(11,594)	(12,933)	(13,346)	-3.2	(14,963)	-12.1	(15,815)	(16,666)	(17,517)
EBIT (UBS)	11,571	12,646	10,574	10,079	-4.7	10,590	5.1	11,343	12,097	12,891
Associates & investment income	2,379	711	475	45	-90.5	133	193.8	106	222	355
Other non-operating income	0	0	0	0	-	0	-	0	0	0
Net interest	(3,699)	(3,579)	(3,519)	(3,143)	10.7	(2,703)	14.0	(2,655)	(2,608)	(2,560)
Exceptionals (incl goodwill)	(2,134)	(399)	(266)	0	-	0	-	0	0	0
Pre-tax profit	8,118	9,379	7,264	6,982	-3.9	8,021	14.9	8,794	9,711	10,686
Tax	(1,408)	(1,677)	(1,646)	(1,798)	-9.3	(2,031)	-12.9	(2,368)	(2,593)	(2,923)
Profit after tax	6,710	7,702	5,618	5,184	-7.7	5,990	15.5	6,426	7,118	7,763
Preference dividends	(155)	0	0	0	-	0	-	0	0	0
Minorities	(554)	(1,995)	(980)	(755)	23.0	(833)	-10.3	(834)	(850)	(849)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	6,002	5,706	4,638	4,428	-4.5	5,156	16.4	5,592	6,268	6,913
Net earnings (UBS)	8,136	6,106	4,904	4,428	-9.7	5,156	16.4	5,592	6,268	6,913
Tax rate (%)	17.3	17.9	22.7	25.8	13.7	25.3	-1.7	26.9	26.7	27.4
Per Share (Rmb)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
EPS (UBS, diluted)	0.97	0.73	0.59	0.53	-9.7	0.62	16.4	0.67	0.75	0.83
EPS (local GAAP, diluted)	0.72	0.68	0.55	0.53	-4.5	0.62	16.4	0.67	0.75	0.83
EPS (UBS, basic)	0.97	0.73	0.59	0.53	-9.7	0.62	16.4	0.67	0.75	0.83
DPS (net) (Rmb)	0.22	0.23	0.16	0.16	-4.3	0.18	16.4	0.20	0.22	0.24
Cash EPS (UBS, diluted) ¹	2.24	2.12	2.13	2.13	-0.3	2.41	13.2	2.56	2.74	2.92
Book value per share	8.34	8.71	8.91	9.30	4.4	9.76	5.0	10.25	10.81	11.41
Average shares (diluted)	8,382	8,360	8,360	8,360	0.0	8,360	0.0	8,360	8,360	8,360
Balance Sheet (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Cash and equivalents	4,811	3,152	2,012	6,823	239.1	5,330	-21.9	11,687	18,934	27,198
Other current assets	40,602	47,261	47,950	43,626	-9.0	40,501	-7.2	38,454	36,820	35,568
Total current assets	45,413	50,412	49,962	50,449	1.0	45,831	-9.2	50,141	55,754	62,765
Net tangible fixed assets	169,370	181,647	189,001	201,285	6.5	200,736	-0.3	199,336	197,085	193,983
Net intangible fixed assets	10,966	11,403	11,769	11,769	0.0	11,769	0.0	11,769	11,769	11,769
Investments / other assets	12,515	14,467	14,345	14,230	-0.8	14,115	-0.8	14,000	13,885	13,770
Total assets	238,263	257,930	265,077	277,734	4.8	272,451	-1.9	275,246	278,493	282,287
Trade payables & other ST liabilities	22,805	23,311	20,190	23,927	18.5	16,689	-30.3	17,326	17,852	18,482
Short term debt	49,958	55,859	59,612	61,722	3.5	60,754	-1.6	59,786	58,818	57,850
Total current liabilities	72,763	79,170	79,802	85,650	7.3	77,443	-9.6	77,113	76,670	76,332
Long term debt	78,665	90,441	94,903	98,175	3.4	96,674	-1.5	95,173	93,672	92,171
Other long term liabilities	2,390	2,295	1,950	1,838	-5.7	1,726	-6.1	1,614	1,502	1,390
Preferred shares	2,023	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	155,841	171,906	176,655	185,663	5.1	175,843	-5.3	173,900	171,844	169,893
Common s/h equity	69,924	73,039	74,697	77,767	4.1	81,626	5.0	85,708	90,339	95,416
Minority interests	12,497	12,985	13,724	14,303	4.2	14,981	4.7	15,638	16,310	16,978
Total liabilities & equity	238,263	257,930	265,077	277,734	4.8	272,451	-1.9	275,246	278,493	282,287
Cash Flow (Rmbm)	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Net income (before pref divs)	6,157	5,706	4,638	4,428	-4.5	5,156	16.4	5,592	6,268	6,913
Depreciation & amortisation	10,620	11,594	12,933	13,346	3.2	14,963	12.1	15,815	16,666	17,517
Net change in working capital	(9,036)	(6,898)	166	4,344	NM	3,768	-13.2	2,350	1,937	1,555
Other operating	658	1,968	671	801	19.3	680	-15.0	791	695	799
Operating cash flow	8,400	12,371	18,408	22,919	24.5	24,568	7.2	24,548	25,566	26,785
Tangible capital expenditure	(26,162)	(27,082)	(23,992)	(22,029)	8.2	(22,213)	-0.8	(14,108)	(14,108)	(14,108)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	(2,357)	(215)	(102)	0	-	0	-	0	0	0
Other investing	4,329	1,202	499	73	-85.4	73	0.0	73	73	73
Investing cash flow	(24,191)	(26,096)	(23,594)	(21,956)	6.9	(22,140)	-0.8	(14,035)	(14,035)	(14,035)
Equity dividends paid	(827)	(1,866)	(2,740)	(1,358)	50.4	(1,297)	4.5	(1,510)	(1,638)	(1,836)
Share issues / (buybacks)	1,007	541	53	0	-	0	-	0	0	0
Other financing	(850)	(2,736)	(560)	(176)	68.5	(156)	11.8	(177)	(177)	(182)
Change in debt & pref shares	633	15,096	7,355	5,382	-26.8	(2,469)	-	(2,469)	(2,469)	(2,469)
Financing cash flow	(36)	11,036	4,107	3,848	-6.3	(3,922)	-	(4,156)	(4,284)	(4,487)
Cash flow inc/(dec) in cash	(15,828)	(2,689)	(1,079)	4,811	-	(1,494)	-	6,357	7,247	8,264
FX / non cash items	2,300	1,030	(60)	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	(13,528)	(1,659)	(1,139)	4,811	-	(1,494)	-	6,357	7,247	8,264

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Valuation (x)								
P/E (local GAAP, diluted)	10.1	8.5	11.3	11.1	9.5	8.7	7.8	7.1
P/E (UBS, diluted)	7.4	8.0	10.7	11.1	9.5	8.7	7.8	7.1
P/CEPS	3.2	2.7	2.9	2.8	2.4	2.3	2.1	2.0
Equity FCF (UBS) yield %	(29.4)	(30.2)	(10.7)	1.8	4.8	21.3	23.4	25.8
Dividend yield (net) %	3.1	3.8	2.7	2.7	3.1	3.3	3.8	4.1
P/BV	0.9	0.7	0.7	0.6	0.6	0.6	0.5	0.5
EV/revenues (core)	4.8	5.0	6.7	6.7	6.2	5.8	5.3	4.9
EV/EBITDA (UBS core)	8.1	7.6	8.6	8.7	8.0	7.4	6.7	6.0
EV/EBIT (core)	15.5	14.5	19.0	20.2	19.3	17.6	15.8	14.1
EV/OpFCF (core)	8.2	7.6	8.6	8.7	8.0	7.4	6.7	6.0
EV/op. invested capital	1.0	0.9	0.9	0.9	0.9	0.9	0.8	0.8
Enterprise value (Rmbm)								
Market cap.	60,221	48,790	52,331	49,037	49,037	49,037	49,037	49,037
Net debt (cash)	116,585	134,492	147,825	152,788	152,586	147,686	138,415	128,190
Buy out of minorities	12,497	12,985	13,724	14,303	14,981	15,638	16,310	16,978
Pension provisions/other	1,283	1,354	1,091	1,091	1,091	1,091	1,091	1,091
Total enterprise value	190,586	197,621	214,972	217,220	217,695	213,451	204,853	195,296
Non core assets	(11,651)	(13,627)	(13,729)	(13,614)	(13,499)	(13,384)	(13,268)	(13,153)
Core enterprise value	178,935	183,994	201,243	203,606	204,197	200,068	191,584	182,143
Growth (%)								
Revenue	(5.6)	(1.3)	(18.8)	0.6	8.4	4.4	4.3	4.1
EBITDA (UBS)	0.1	9.2	(3.0)	(0.3)	9.1	6.3	5.9	5.7
EBIT (UBS)	(2.8)	9.3	(16.4)	(4.7)	5.1	7.1	6.6	6.6
EPS (UBS, diluted)	11.9	(24.8)	(19.7)	(9.7)	16.4	8.5	12.1	10.3
Net DPS	89.5	2.4	(28.7)	(4.3)	16.4	8.5	12.1	10.3
Margins & Profitability (%)								
Gross profit margin	62.7	62.4	57.1	56.0	54.6	54.0	53.5	53.1
EBITDA margin	59.0	65.3	NM	NM	NM	NM	NM	NM
EBIT (UBS) margin	30.7	34.0	35.0	33.2	32.2	33.0	33.7	34.5
Net earnings (UBS) margin	21.6	16.4	16.3	14.6	15.7	16.3	17.5	18.5
ROIC (EBIT)	6.2	6.1	4.8	4.4	4.5	4.8	5.3	5.7
ROIC post tax	5.4	5.1	3.7	3.2	3.4	3.5	3.9	4.2
ROE (UBS)	12.2	8.5	6.6	5.8	6.5	6.7	7.1	7.4
Capital structure & Coverage (x)								
Net debt / EBITDA	5.7	5.9	6.5	6.5	6.0	5.3	4.6	4.0
Net debt / total equity %	152.7	166.4	172.5	166.3	157.4	141.4	125.2	109.3
Net debt / (net debt + total equity) %	60.4	62.5	63.3	62.4	61.2	58.6	55.6	52.2
Net debt/EV %	61.2	68.1	68.8	70.3	70.1	69.2	67.6	65.6
Capex / depreciation %	NM	NM	185.5	165.1	148.5	89.2	84.7	80.5
Capex / revenue %	NM	NM	NM	NM	NM	NM	NM	NM
EBIT / net interest	3.8	3.7	3.1	3.2	4.0	4.3	4.7	5.2
Dividend cover (UBS)	4.4	3.2	3.6	3.4	3.4	3.4	3.4	3.4
Div. payout ratio (UBS) %	22.9	31.1	27.6	29.3	29.3	29.3	29.3	29.3
Revenues by division (Rmbm)								
Wind	27,496	28,761	25,995	25,782	28,116	29,163	30,200	31,227
Others	10,142	8,387	4,182	4,584	4,812	5,228	5,659	6,107
Total	37,638	37,148	30,177	30,366	32,928	34,391	35,859	37,334
EBIT (UBS) by division (Rmbm)								
Wind	11,132	13,258	9,678	8,221	8,410	8,559	8,718	8,886
Others	439	(612)	896	1,858	2,180	2,784	3,379	4,005
Total	11,571	12,646	10,574	10,079	10,590	11,343	12,097	12,891

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Xinyi Energy (3868.HK)

	12/23	12/24	12/25	12/26E	%ch	12/27E	%ch	12/28E	12/29E	12/30E
Income Statement (Rmbm)										
Revenues	2,281	2,440	2,453	2,473	0.8	2,590	4.7	2,715	2,850	2,994
Gross profit	1,548	1,600	1,516	1,493	-1.5	1,569	5.1	1,653	1,745	1,847
EBITDA (UBS)	2,102	2,224	2,272	2,325	2.3	2,535	9.0	2,792	3,098	3,453
Depreciation & amortisation	(604)	(694)	(780)	(821)	-5.3	(855)	-4.1	(888)	(922)	(955)
EBIT (UBS)	1,497	1,530	1,493	1,503	0.7	1,680	11.7	1,904	2,177	2,498
Associates & investment income	0	0	0	0	-	0	-	0	0	0
Other non-operating income	0	0	0	41	NM	41	0.0	41	41	41
Net interest	(322)	(362)	(362)	(326)	9.9	(292)	10.4	(258)	(260)	(262)
Exceptionals (incl goodwill)	0	0	93	0	-	0	-	0	0	0
Pre-tax profit	1,175	1,168	1,224	1,218	-0.5	1,429	17.3	1,688	1,958	2,277
Tax	(275)	(376)	(302)	(300)	0.5	(352)	-17.3	(416)	(483)	(562)
Profit after tax	900	792	922	918	-0.5	1,076	17.3	1,271	1,475	1,715
Preference dividends	0	0	0	0	-	0	-	0	0	0
Minorities	(2)	(1)	(1)	(1)	0.0	(1)	0.0	(1)	(1)	(1)
Extraordinary items	0	0	0	0	-	0	-	0	0	0
Net earnings (local GAAP)	898	791	921	916	-0.5	1,075	17.3	1,270	1,474	1,714
Net earnings (UBS)	898	791	923	916	-0.7	1,075	17.3	1,270	1,474	1,714
Tax rate (%)	23.4	32.2	24.7	24.7	0.0	24.7	0.0	24.7	24.7	24.7
Per Share (Rmb)										
EPS (UBS, diluted)	0.11	0.10	0.11	0.11	-0.7	0.13	17.3	0.15	0.17	0.20
EPS (local GAAP, diluted)	0.11	0.10	0.11	0.11	-0.5	0.13	17.3	0.15	0.17	0.20
EPS (UBS, basic)	0.11	0.10	0.11	0.11	-0.7	0.13	17.3	0.15	0.17	0.20
DPS (net) (HK\$)	0.06	0.05	0.06	0.07	8.3	0.07	7.5	0.08	0.08	0.08
Cash EPS (UBS, diluted) ¹	0.19	0.18	0.20	0.21	2.1	0.23	11.1	0.26	0.28	0.32
Book value per share	1.53	1.51	1.60	1.60	-0.1	1.65	3.5	1.73	1.82	1.94
Average shares (diluted)	7,906	8,283	8,424	8,424	0.0	8,424	0.0	8,424	8,424	8,424
Balance Sheet (Rmbm)										
Cash and equivalents	588	354	951	2,231	134.6	3,436	54.0	4,826	6,417	8,256
Other current assets	3,943	4,587	4,659	4,188	-10.1	3,940	-5.9	3,693	3,447	3,201
Total current assets	4,531	4,941	5,610	6,418	14.4	7,376	14.9	8,519	9,864	11,457
Net tangible fixed assets	13,680	15,395	15,000	14,625	-2.5	14,216	-2.8	13,774	13,298	12,788
Net intangible fixed assets	987	1,244	1,204	1,204	0.0	1,204	0.0	1,204	1,204	1,204
Investments / other assets	66	88	602	602	0.0	602	0.0	602	602	602
Total assets	19,263	21,668	22,416	22,850	1.9	23,398	2.4	24,099	24,969	26,052
Trade payables & other ST liabilities	489	636	687	687	0.0	687	0.0	687	687	687
Short term debt	3,315	2,541	2,197	2,217	0.9	2,236	0.9	2,256	2,276	2,296
Total current liabilities	3,804	3,178	2,884	2,903	0.7	2,923	0.7	2,943	2,963	2,982
Long term debt	2,401	4,789	5,100	5,146	0.9	5,192	0.9	5,238	5,283	5,329
Other long term liabilities	929	1,197	1,194	1,194	0.0	1,194	0.0	1,194	1,194	1,194
Preferred shares	0	0	0	0	-	0	-	0	0	0
Total liabilities (incl pref shares)	7,134	9,164	9,178	9,243	0.7	9,309	0.7	9,375	9,440	9,506
Common s/h equity	12,130	12,504	13,238	13,606	2.8	14,089	3.5	14,725	15,528	16,547
Minority interests	0	0	0	0	-	0	-	0	0	0
Total liabilities & equity	19,263	21,669	22,416	22,850	1.9	23,398	2.4	24,099	24,969	26,052
Cash Flow (Rmbm)										
Net income (before pref divs)	898	791	921	916	-0.5	1,075	17.3	1,270	1,474	1,714
Depreciation & amortisation	604	694	780	821	5.3	855	4.1	888	922	955
Net change in working capital	(1,215)	(568)	68	471	NM	248	-47.4	247	246	246
Other operating	388	39	(118)	(4)	96.9	(4)	0.0	(4)	(4)	(4)
Operating cash flow	676	956	1,651	2,205	33.6	2,174	-1.4	2,402	2,638	2,911
Tangible capital expenditure	(2,298)	(2,296)	(655)	(446)	32.0	(446)	0.0	(446)	(446)	(446)
Intangible capital expenditure	0	0	0	0	-	0	-	0	0	0
Net (acquisitions) & disposals	0	0	0	0	-	0	-	0	0	0
Other investing	21	8	5	5	0.0	5	0.0	5	5	5
Investing cash flow	(2,277)	(2,288)	(651)	(441)	32.2	(441)	0.0	(441)	(441)	(441)
Equity dividends paid	(752)	(392)	(451)	(550)	-22.0	(593)	-7.9	(636)	(671)	(697)
Share issues / (buybacks)	1,628	0	0	0	-	0	-	0	0	0
Other financing	(1,672)	(118)	85	0	-	0	-	0	0	0
Change in debt & pref shares	1,454	1,615	(33)	66	-	66	0.0	66	66	66
Financing cash flow	659	1,105	(398)	(484)	-21.5	(528)	-9.0	(570)	(605)	(631)
Cash flow inc/(dec) in cash	(943)	(227)	602	1,280	112.6	1,205	-5.8	1,390	1,591	1,839
FX / non cash items	(9)	(7)	(6)	0	-	0	-	0	0	0
Balance sheet inc/(dec) in cash	(952)	(234)	596	1,280	114.6	1,205	-5.8	1,390	1,591	1,839

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts. ¹ Cash EPS (UBS, diluted) is calculated using UBS net income adding back depreciation and amortization.

	12/23	12/24	12/25	12/26E	12/27E	12/28E	12/29E	12/30E
Valuation (x)								
P/E (local GAAP, diluted)	16.6	9.5	9.2	10.1	8.5	7.2	6.2	5.3
P/E (UBS, diluted)	16.6	9.5	9.2	10.1	8.5	7.2	6.2	5.3
P/CEPS	9.9	5.1	5.0	5.3	4.7	4.2	3.8	3.4
Equity FCF (UBS) yield %	(11.9)	(18.6)	12.0	19.0	18.9	21.3	23.9	26.9
Dividend yield (net) %	3.0	4.9	5.8	5.4	5.8	6.2	6.5	6.7
P/BV	1.2	0.6	0.6	0.7	0.7	0.6	0.6	0.6
EV/revenues (core)	8.0	5.4	5.9	5.8	5.1	4.4	3.7	3.0
EV/EBITDA (UBS core)	8.6	6.0	6.4	6.2	5.2	4.3	3.4	2.6
EV/EBIT (core)	12.1	8.7	9.7	9.6	7.9	6.3	4.9	3.6
EV/OpFCF (core)	12.1	8.7	9.7	9.6	7.9	6.3	4.9	3.6
EV/op. invested capital	1.2	0.7	0.8	0.8	0.7	0.7	0.6	0.6
Enterprise value (Rmbm)								
Market cap.	13,636	7,205	8,310	9,159	9,159	9,159	9,159	9,159
Net debt (cash)	4,521	6,052	6,661	5,739	4,562	3,330	1,905	255
Buy out of minorities	0	0	0	0	0	0	0	0
Pension provisions/other	0	0	0	0	0	0	0	0
Total enterprise value	18,157	13,257	14,971	14,899	13,722	12,489	11,064	9,414
Non core assets	0	0	(495)	(495)	(495)	(495)	(495)	(495)
Core enterprise value	18,157	13,257	14,476	14,403	13,226	11,994	10,569	8,919
Growth (%)								
Revenue	14.5	7.0	0.5	0.8	4.7	4.8	5.0	5.1
EBITDA (UBS)	14.2	5.8	2.2	2.3	9.0	10.2	11.0	11.5
EBIT (UBS)	13.0	2.2	(2.4)	0.7	11.7	13.3	14.3	14.8
EPS (UBS, diluted)	(1.1)	(16.0)	14.7	(0.7)	17.3	18.1	16.0	16.3
Net DPS	(59.1)	(21.9)	29.3	8.3	7.5	6.8	4.0	3.7
Margins & Profitability (%)								
Gross profit margin	67.9	65.6	61.8	60.4	60.6	60.9	61.2	61.7
EBITDA margin	NM	NM	NM	NM	NM	NM	NM	NM
EBIT (UBS) margin	65.6	62.7	60.8	60.8	64.9	70.1	76.4	83.4
Net earnings (UBS) margin	39.4	32.4	37.6	37.1	41.5	46.8	51.7	57.2
ROIC (EBIT)	9.6	8.3	7.7	8.1	9.4	11.0	13.2	15.8
ROIC post tax	7.3	5.6	6.3	6.1	7.1	8.3	9.9	11.9
ROE (UBS)	8.1	6.4	7.2	6.8	7.8	8.8	9.7	10.7
Capital structure & Coverage (x)								
Net debt / EBITDA	2.4	3.1	2.8	2.2	1.6	1.0	0.4	(0.2)
Net debt / total equity %	42.3	55.8	47.9	37.7	28.3	18.1	7.4	(3.8)
Net debt / (net debt + total equity) %	29.7	35.8	32.4	27.4	22.1	15.3	6.8	(4.0)
Net debt/EV %	24.9	45.7	44.5	38.5	33.3	26.7	17.2	2.7
Capex / depreciation %	NM	NM	84.0	54.3	52.2	50.2	48.4	46.7
Capex / revenue %	NM	NM	26.7	18.0	17.2	16.4	15.6	14.9
EBIT / net interest	4.6	4.2	4.1	4.6	5.7	7.4	8.4	9.5
Dividend cover (UBS)	2.0	2.1	1.9	1.8	1.9	2.1	2.4	2.7
Div. payout ratio (UBS) %	49.7	47.1	53.1	56.2	51.5	46.6	41.7	37.2
Revenues by division (Rmbm)								
Solar power generation	2,281	2,440	2,453	2,473	2,590	2,715	2,850	2,994
Others	0	0	0	0	0	0	0	0
Total	2,281	2,440	2,453	2,473	2,590	2,715	2,850	2,994
EBIT (UBS) by division (Rmbm)								
Solar power generation	1,497	1,530	1,493	1,503	1,680	1,904	2,177	2,498
Others	0	0	0	0	0	0	0	0
Total	1,497	1,530	1,493	1,503	1,680	1,904	2,177	2,498

Source: Company accounts, UBS estimates. (UBS) metrics use reported figures which have been adjusted by UBS analysts.

Valuation Method and Risk Statement

For China Resources Power, we derive our price target using a DCF methodology. Key downside risks include higher-than-expected coal prices, higher-than-expected debt-servicing costs, higher-than-expected power plant construction costs and lower-than-expected power plant utilisation rates.

For CPID, we base our price target for on DCF. Risks include: a high gearing ratio from high debt: despite CPID's rapid growth, which will likely continue, the growth is partially driven by leverage. CPID has the highest gearing ratio (194% net debt to equity as of 2021) among peers, and it should remain high as CPID further devotes capex to renewable energy capacity; 2) short- to medium-term pressure on cash flow: as CPID enters an investment-intensive business transition period, low power yield from new capacity is likely to be accompanied by high capex requirements. As a result, CPID could face cash flow pressure from both the financing and operating points of view; and 3) equity financing might be needed, given high gearing and financing requirements.

For China Longyuan Power, we derive our price target based on a DCF methodology. Key risks for Longyuan include: lower-than-expected utilisation rates of wind turbines; and reduced levels of policy support for wind power (including VAT privileges, concessionary income tax treatment and special feed-in tariffs); lower-than-expected wind power tariffs; higher-than-expected curtailment rates; lower-than-expected power demand; lower-than-expected prices for the sale of carbon-certified emission reduction credits.

For Xinyi Energy, our price target is based on a DCF methodology. We believe downside risks include: 1) slower-than-expected installed solar capacity expansion in China; 2) a bigger-than-expected tariff cut for solar projects; and 3) a lack of subsidy funding sources.

The renewable power sector is subject to the following risks: 1) slower-than-expected domestic renewable-energy installed-capacity growth; 2) larger-than-expected tariff cuts for renewable energy; 3) a slower-than-expected decline in solar-power costs; 4) a lack of subsidy funding sources; and 5) competition from other power resources under future power reform.

Quantitative Research Review

UBS Global Research publishes a quantitative assessment of its analysts' responses to certain questions about the likelihood of an occurrence of a number of short term factors in a product known as the 'Quantitative Research Review'. The views for this month can be found below. Views contained in this assessment on a particular stock reflect only the views on those short term factors which are a different timeframe to the 12-month timeframe reflected in any equity rating set out in this note. For previous responses please make reference to (i) previous UBS Global Research reports; and (ii) where no applicable research report was published that month, the Quantitative Research Review which can be found at <https://neo.ubs.com/quantitative>, or contact your UBS sales representative for access to the report or the Quantitative Research Team on ubs-quant-answers@ubs.com. A consolidated report which contains all responses is also available and again you should contact your UBS sales representative for details and pricing or the Quantitative Research Team on the email above.

Dongfang Electric Corporation

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	5
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	5
4. Relative to the current CONSENSUS EPS forecast, is the next company EPS update likely to lead to: (1 = negative surprise vs consensus, 3 = in-line with consensus, 5 = positive surprise vs consensus expectations, N/A = no view)	4
5. What's driving the difference?	
6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of:(1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Dongfang Electric-A

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	5
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	5
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7. What's driving the difference?	

Question	Response
8. Is there an upcoming catalyst for the company over the next three months?	Positive Catalyst
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10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

China Resources Pwr

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher 3 = no change, 5 = getting better, N/A = no view)	4
3. Over the last 3-6 months in broad terms have things been improving/no change/getting worse for this stock? Rate on a scale of 1-5 (1 = getting a lot worse, 3 = not much change, 5 = getting a lot better, N/A = no view)	3
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CPID

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
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Question	Response
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Longyuan Power

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	4
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8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

Xinyi Energy

Question	Response
1. Is the industry structure facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting worse, 3 = no change, 5 = getting better, N/A = no view)	2
2. Is the regulatory/government environment facing the firm likely to improve or deteriorate over the next six months? Rate on a scale of 1-5 (1 = getting tougher, 3 = no change, 5 = getting better, N/A = no view)	3
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6. Relative to YOUR current earnings forecast, is there relatively greater risk at the next earnings result of: (1 = downside skew risk to earnings, 3 = equal upside or downside risk to earnings, 5 = upside skew risk to earnings, N/A = no view)	3
7. What's driving the difference?	
8. Is there an upcoming catalyst for the company over the next three months?	
9. Is there an actual or approximate date for the catalyst?	

Question	Response
10. Is the catalyst date an actual or approximate date?	
11. What is the catalyst?	

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12-Month Rating	Definition	Coverage ¹	IB Services ²
Buy	FSR is > 6% above the MRA.	54%	24%
Neutral	FSR is between -6% and 6% of the MRA.	40%	21%
Sell	FSR is > 6% below the MRA.	6%	21%

Source: UBS. Rating allocations are as of 31 March 2026.

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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Company Name	Reuters	12-month rating	Price	Price date
China Longyuan Power ¹⁸	0916.HK	Buy	HK\$6.78	02 Jun 2026
China Power International Development	2380.HK	Sell	HK\$3.76	02 Jun 2026
China Resources Power ¹⁶	0836.HK	Sell	HK\$21.46	02 Jun 2026
Xinyi Energy	3868.HK	Neutral	HK\$1.26	02 Jun 2026

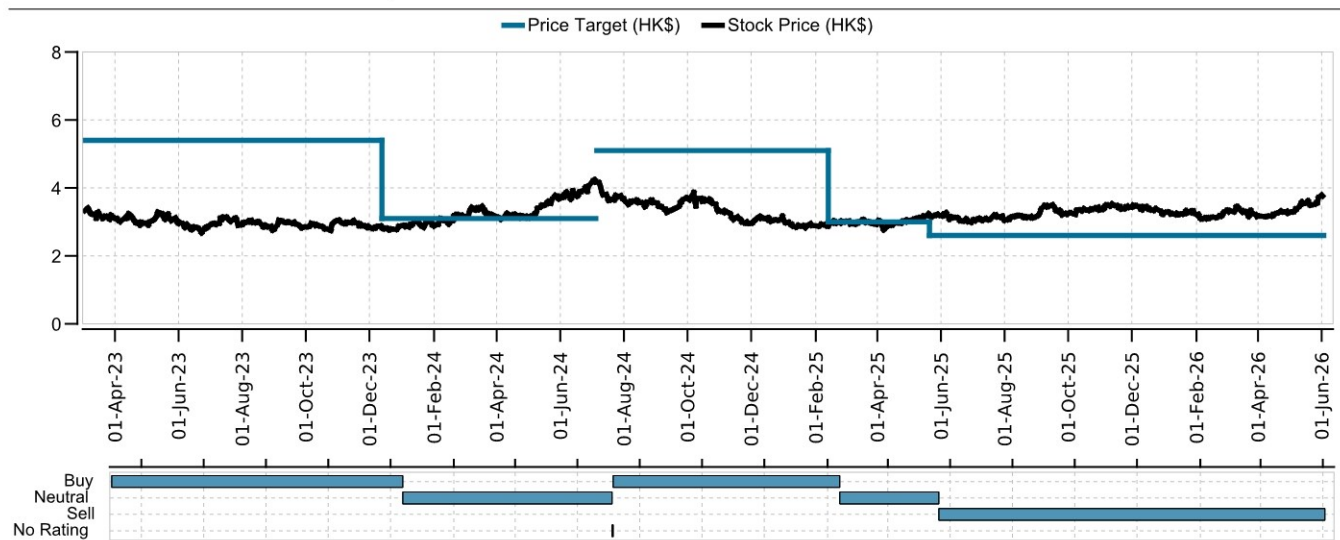
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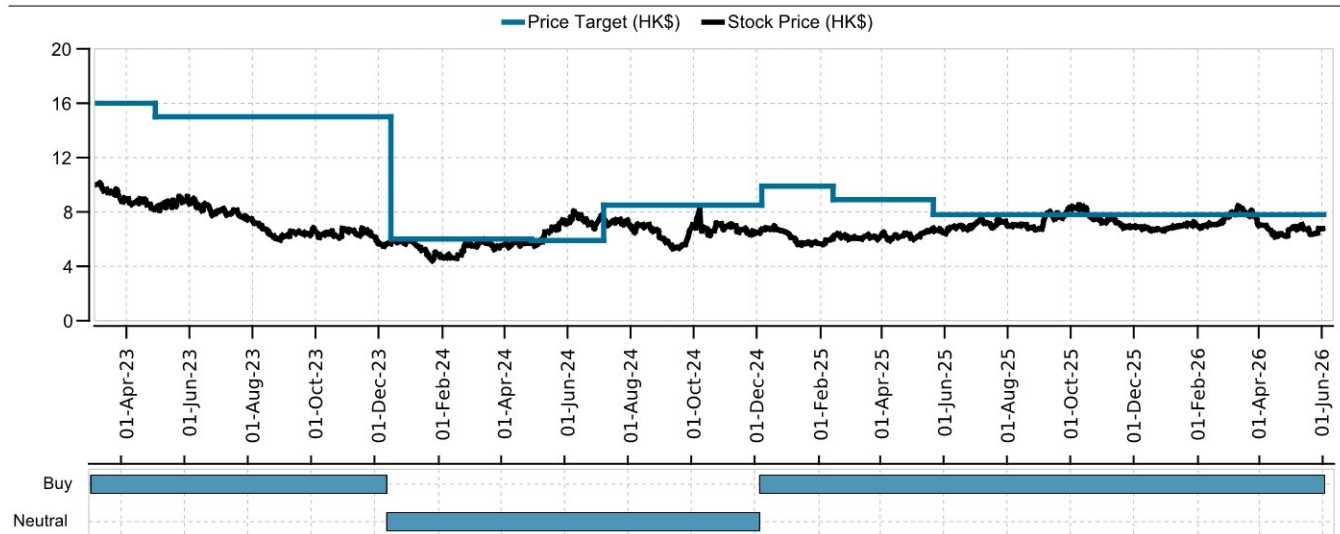
China Power International Development (HK\$)



Date	Stock Price (HK\$)	Price Target (HK\$)	Rating
2023-03-02	3.23	5.40	Buy
2023-12-12	2.88	3.10	Neutral
2024-07-04	4.24	-	No Rating
2024-07-05	4.18	5.10	Buy
2025-02-12	2.88	3.00	Neutral
2025-05-20	3.24	2.60	Sell

Source: UBS Global Research; LSEG Eikon as of 02-Jun-2026. All prices as of local market close. Ratings as of date shown.

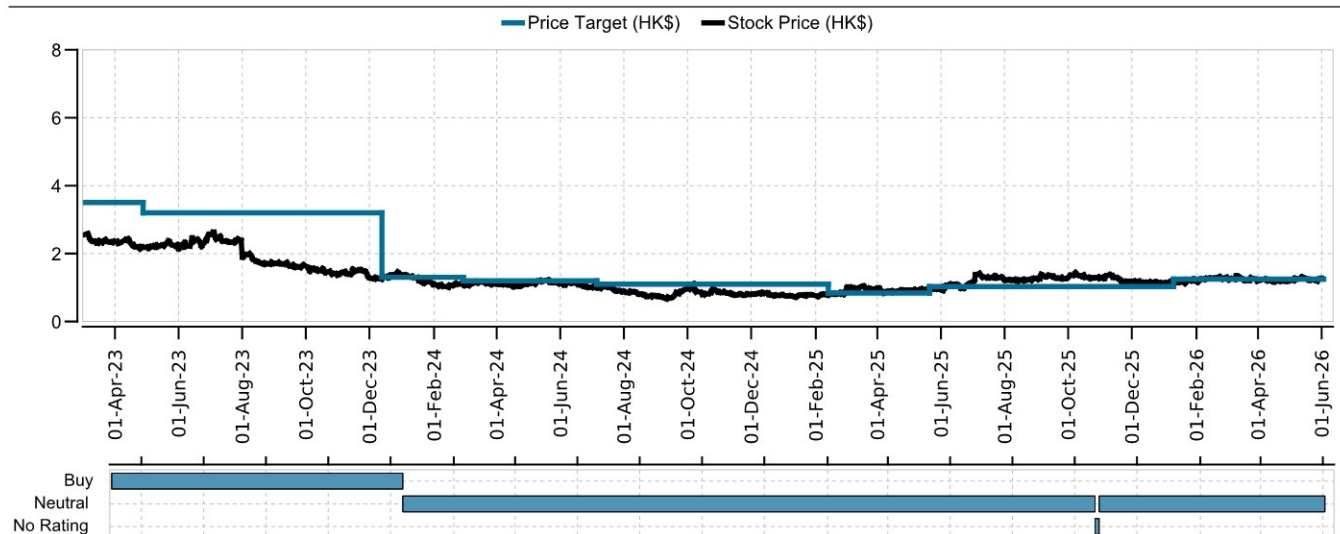
China Longyuan Power (HK\$)



Date	Stock Price (HK\$)	Price Target (HK\$)	Rating
2023-03-02	9.84	16.00	Buy
2023-04-28	8.20	15.00	Buy
2023-12-12	5.69	6.00	Neutral
2024-04-26	5.72	5.90	Neutral
2024-07-05	7.59	8.50	Neutral
2024-12-05	6.55	9.90	Buy
2025-02-12	6.05	8.90	Buy
2025-05-20	6.75	7.80	Buy

Source: UBS Global Research; LSEG Eikon as of 02-Jun-2026. All prices as of local market close. Ratings as of date shown.

Xinyi Energy (HK\$)

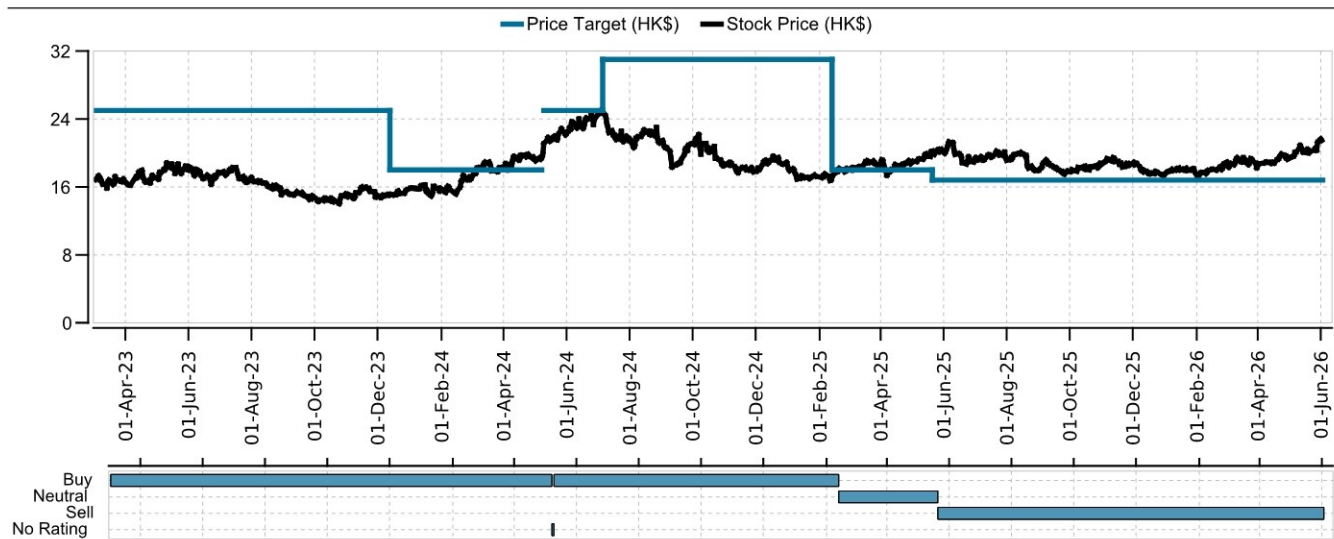


Date	Stock Price (HK\$)	Price Target (HK\$)	Rating
2023-03-02	2.50	3.50	Buy
2023-04-27	2.20	3.20	Buy
2023-12-12	1.26	1.30	Neutral
2024-02-28	1.10	1.20	Neutral
2024-07-05	1.00	1.10	Neutral
2025-02-12	0.79	0.84	Neutral
2025-05-20	0.95	1.03	Neutral
2025-10-20	1.30	-	No Rating

Date	Stock Price (HK\$)	Price Target (HK\$)	Rating
2025-10-24	1.28	1.03	Neutral
2026-01-09	1.17	1.25	Neutral

Source: UBS Global Research; LSEG Eikon as of 02-Jun-2026. All prices as of local market close. Ratings as of date shown.

China Resources Power (HK\$)



Date	Stock Price (HK\$)	Price Target (HK\$)	Rating
2023-03-02	16.12	25.00	Buy
2023-12-12	15.04	18.00	Buy
2024-05-07	19.28	-	No Rating
2024-05-09	19.90	25.00	Buy
2024-07-05	24.70	31.00	Buy
2025-02-12	16.82	18.00	Neutral
2025-05-20	20.15	16.80	Sell

Source: UBS Global Research; LSEG Eikon as of 02-Jun-2026. All prices as of local market close. Ratings as of date shown.

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