京能集团

北京能源國際控股有限公司

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

MAJOR TRANSACTION
DISPOSAL OF THE TARGET COMPANIES TO A NON WHOLLY-OWNED SUBSIDIARY

THE DISPOSALS

On 29 December 2023 (after trading hours), BEIED (a non wholly-owned subsidiary of the Company), the Purchaser (a non wholly-owned subsidiary of the Company), Ping An Infrastructure Fund and each of the Target Companies 1 (each of them being a non wholly-owned subsidiary of the Company) entered into the respective Equity Transfer Agreements 1, which shall be effective conditional upon the satisfaction of the Effective Conditions, in relation to the disposals of each of the Target Companies 1, pursuant to which the Purchaser conditionally agreed to purchase, and BEIED conditionally agreed to sell, the entire equity interest in each of the Target Companies 1 at the Consideration 1 in accordance with the terms and conditions contained in the respective Equity Transfer Agreements 1.

On the same day (after trading hours), BEIED (a non wholly-owned subsidiary of the Company), the Purchaser (a non wholly-owned subsidiary of the Company), Ping An Infrastructure Fund, the Target Company F (a non wholly-owned subsidiary of the Company) and Qinghai Sixun (a non wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of BEIED) entered into the Equity Transfer Agreement 2, which shall be effective conditional upon the satisfaction of the Effective Conditions, in relation to the disposal of the Target Company F, pursuant to which the Purchaser conditionally agreed to purchase, and Qinghai Sixun conditionally agreed to sell, the entire equity interest in the Target Company F at the Consideration 2 in accordance with the terms and conditions contained in the Equity Transfer Agreement 2.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the Disposals shall be aggregated together since all transactions are entered into by the Group with Ping An Infrastructure Fund within a 12 month period. As the highest applicable percentage ratio in respect of the Disposals on an aggregate basis exceeds 25% but is less than 100%, the Disposals collectively constitute a major transaction of the Company and is therefore subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened by the Company to seek the Shareholders' approval of the Disposals and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details about the transactions contemplated under the Disposals; (ii) the notice of SGM; and (iii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 29 February 2024 as the Company needs more time to prepare and finalize information to be included in the circular.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment and/or, where applicable, waiver of the Conditions Precedent under the Equity Transfer Agreements. As the Disposals may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

On 29 December 2023 (after trading hours), BEIED (a non wholly-owned subsidiary of the Company), the Purchaser (a non wholly-owned subsidiary of the Company), Ping An Infrastructure Fund and each of the Target Companies 1 (each of them being a non wholly-owned subsidiary of the Company) entered into the respective Equity Transfer Agreements 1, which shall be effective conditional upon the satisfaction of the Effective Conditions, in relation to the disposals of each of the Target Companies 1, pursuant to which the Purchaser conditionally agreed to purchase, and BEIED conditionally agreed to sell, the entire equity interest in each of the Target Companies 1 at the Consideration 1 in accordance with the terms and conditions contained in the respective Equity Transfer Agreements 1.

On the same day (after trading hours), BEIED (a non wholly-owned subsidiary of the Company), the Purchaser (a non wholly-owned subsidiary of the Company), Ping An Infrastructure Fund, the Target Company F (a non wholly-owned subsidiary of the Company) and Qinghai Sixun (a non wholly-owned subsidiary of the Company and a direct wholly-owned subsidiary of BEIED) entered into the Equity Transfer Agreement 2, which shall be effective conditional upon the satisfaction of the Effective Conditions, in relation to the disposal of the Target Company F, pursuant to which the Purchaser conditionally agreed to purchase, and Qinghai Sixun conditionally agreed to sell, the entire equity interest in the Target Company F at the Consideration 2 in accordance with the terms and conditions contained in the Equity Transfer Agreement 2.

THE DISPOSALS

The Equity Transfer Agreements

The Equity Transfer Agreements are of similar principal terms, except for the identity of the Target Companies, which are set out as below:

Date	:	29 December 2023 (after trading hours)
Parties	:	(i) BEIED
		(ii) Qinghai Sixun (only applicable to the Equity Transfer Agreement 2)
		(iii) the Purchaser
		(iv) Ping An Infrastructure Fund
		(v) Each of the Target Companies

Equity interest to be disposed

Pursuant to the respective Equity Transfer Agreements, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interest in each of the Target Companies and the relevant rights associated with such equity interest.

Consideration and Payment Terms

Equity Transfer Agreement A	:	A consideration of approximately RMB110 million, being an amount equivalent to RMB170 million (as agreed by the parties, taking into account fair value of approximately RMB170 million of Target Company A as at the Benchmark Date) minus the undistributed profits attributable to the Vendor for the year ended 31 December 2022 of approximately RMB60 million
Equity Transfer Agreement B	:	A consideration of approximately RMB296 million, being an amount of approximately RMB330 million (as agreed by the parties, taking into account fair value of approximately RMB329 million of Target Company B as at the Benchmark Date) minus the undistributed profits attributable to the Vendor for the year ended 31 December 2022 of approximately RMB33 million

Equity Transfer Agreement C	:	A consideration of approximately RMB198 million, being an amount equivalent to RMB252 million (as agreed by the parties, taking into account fair value of approximately RMB252 million of Target Company C as at the Benchmark Date) minus the undistributed profits attributable to the Vendor for the year ended 31 December 2022 of approximately RMB54 million
Equity Transfer Agreement D	:	A consideration of approximately RMB54 million, being an amount equivalent to RMB75 million (as agreed by the parties, taking into account fair value of approximately RMB75 million of Target Company D as at the Benchmark Date) minus the undistributed profits attributable to the Vendor for the year ended 31 December 2022 of approximately RMB21 million
Equity Transfer Agreement E	:	A consideration of approximately RMB132 million, being an amount of approximately RMB155 million (as agreed by the parties, taking into account fair value of approximately RMB155 million of Target Company E as at the Benchmark Date) minus the undistributed profits attributable to the Vendor for the year ended 31 December 2022 of approximately RMB23 million
Equity Transfer Agreement 2	:	A consideration of approximately RMB63 million, being an amount equivalent to RMB75 million (as agreed by the parties, taking into account fair value of approximately RMB75 million of Target Company F as at the Benchmark Date) minus the undistributed profits attributable to the Vendor for the year ended 31 December 2022 of approximately RMB12 million

The total amount of Consideration payable by the Purchaser to the Vendor for the equity interest in all of the Target Companies is approximately RMB853 million, which shall be settled in the following manner:

1. the Vendor and Ping An Infrastructure Fund shall pay to designated bank account an total amount equivalent to the Consideration (the "**Investors' Payment**") in accordance with their respective shareholding of 51% and 49% in the Purchaser, respectively, within 5 working days upon fulfillment of all of the following conditions:

    i) the satisfaction of all of the conditions precedent as provided in each of the Equity Transfer Agreements, as detailed in the section headed "Conditions Precedent" below; and

ii) the completion of all procedures or materials required for change in business registration or filing in connection with the Disposals and the submission of such materials to the Purchaser or an institution jointly designated by the parties to hold in escrow, such materials include but are not limited to the shareholders' resolution approving the Disposals, the signed Equity Transfer Agreements for the purpose of change in business registration or filing (if required), original or copy of the business license of the Vendor and the Purchaser (if required), the articles of association of each of the Target Companies (as amended and restated) signed by the Purchaser, the power of attorney, the shareholders' resolution for appointment of directors as passed by the Purchaser in its capacity as the new shareholder, the directors' decision for appointment of senior management and the identification documents of the candidates for directors, supervisors and senior management as nominated by the Purchaser.

2. The Purchaser shall pay to the Vendor the Consideration within 10 working days upon fulfillment (or waiver in writing by the Purchaser) of all of the following conditions:

   i) the continuous satisfaction of all of the conditions under the Investors' Payment;

   ii) the completion of all procedures required for change in business registration in connection with the Disposals, as detailed in the section headed "Completion" below; and

   iii) the issuance of the payment notification letter by the Vendor to the Purchaser in respect of the Consideration.

Basis of determination of the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser after considering various factors, including (i) the audited net assets and fair value of each of the Target Companies as at 31 December 2022, adjusted by deducting the amount of undistributed profits attributable to the Vendor as at the same date, details of which have been disclosed in the section headed "Consideration and Payment terms" above; and (ii) the Valuation Reports pursuant to which the appraised value of the entire equity interest of each of the Target Company A, Target Company B, Target Company C, Target Company D, Target Company E and Target Company F as at 31 December 2022 was approximately RMB170 million, approximately RMB329 million, approximately RMB252 million, approximately RMB75 million, approximately RMB155 million and approximately RMB75 million, respectively.

The Directors are of the view that the Consideration is fair and reasonable and is in the interest of the Group and the Shareholders as a whole.

Conditions Precedent

(A) General Conditions Precedent

The completion of all of the Disposals is conditional upon the fulfilment (or waiver in writing by the Purchaser) of all of the following Conditions Precedent:

1. each of the Equity Transfer Agreements having been signed and taken effect;

2. the Purchaser having signed the articles of association of each of the Target Companies (as amended and restated) in the form and content stipulated in each of the Equity Transfer Agreements;

3. all parties having obtained the requisite approvals for each of the Disposals from their respective internal competent authorities, including but not limited to:

   i) the approval for the purchase/disposal of the entire equity interest in each of the Target Companies by the parties (as the case may be);

   ii) the approval for signing of the articles of association of each of the Target Companies (as amended and restated) by the Purchaser;

   iii) the approval for signing of each of the Equity Transfer Agreements; and

   iv) the authorization of the signatories for each of the Equity Transfer Agreements (if required);

4. each of the outgoing executive directors, supervisors or senior management of each of the Target Companies (if any), as confirmed by the parties, having submitted their resignation letters as effective on the date of Completion in the form and content stipulated in respective Equity Transfer Agreements, and each of the foregoing person having undertaken and confirmed that he/she shall not bring any claim against the Purchaser or any of the Target Companies regardless of whether they are entitled to any compensation for loss of office or other benefits;

5. BEJN Northwest or BEJN Northern having signed the project operation and management plan in relation to each of the Target Companies in the form and content stipulated in respective Equity Transfer Agreements;

6. the Purchaser having completed the review of the relevant issues prior to Completion and all issues discovered during such review having been addressed in a manner jointly confirmed by the parties;

7. the representations and warranties having been made by the Vendor and each of the Target Companies remaining true, complete, accurate and being not misleading in all material aspects from the date of each of the Equity Transfer Agreements to the date of Completion, and the Vendor and each of the Target Companies having complied with all obligations as provided in each of the Equity Transfer Agreements prior to Completion;

8. no any material adverse issues on the financial performance, prospects, assets or liabilities of each of the Target Companies having occurred or been continuing from the date of each of the Equity Transfer Agreements to the date of Completion; and

9. there having been no judgment, award, pending or potential litigation, arbitration, ruling, decision, or promulgated laws, regulations, rules or policies which may have a material adverse impact on (i) the Completion; (ii) the equity interest in each of the Target Companies to be held by the Purchaser; and (iii) the assets and operation of each of the Target Companies.

(B) Specific Conditions Precedent

The Completion of each of the Disposals is also conditional upon the fulfillment (or waiver in writing by the Purchaser) of the following specific Conditions Precedent as set forth in each of the Equity Transfer Agreements:

1. in relation to Equity Transfer Agreement A:

   i) Target Company A having obtained the written consent of Hohhot Branch of China Construction Bank Corporation* (中國建設銀行股份有限公司呼和浩特分行); and

   ii) each of the Vendor, Target Company A, Target Company D and Target Company E having completed the adjustment of debts and liabilities in accordance with the adjustment plan stipulated in relevant Equity Transfer Agreement and obtained the approval from the Purchaser;

2. in relation to Equity Transfer Agreement B:

   i) Target Company B having signed the debt settlement agreement in relation to the settlement of accounts receivable of approximately RMB3.7 million and accounts payable of approximately RMB9.5 million with Shuozhou Pinglu District Wolong Wind Energy Co., Ltd.* (朔州市平魯區臥龍風電有限公司) as approved by the Purchaser;

   ii) the pledge of receivables payable to Huaxia Financial Leasing Co., Ltd.* (華夏金融租賃有限公司) having been released and there having been no other form of pledge, mortgage or charge over any equity or assets of Target Company B; and

   iii) Target Company B having obtained the written consent of Shuozhou Branch of Bank of China Limited* (中國銀行股份有限公司朔州市分行).

3. in relation to Equity Transfer Agreement C:

   i) the Vendor having returned to Target Company C a sum of RMB400 million in full and Target Company C having repaid to BEH Finance Co., Ltd.* (京能集團財務有限公司) ("**BEH Finance**"), the principal amount of RMB400 million under a loan agreement, with the interest accrued thereon on or before the Benchmark Date to be borne by Target Company C. If Target Company C shall be held liable for breach of contract in relation to the repayment of the aforesaid principal amount of RMB400 million to BEH Finance, the Vendor shall compensate Target Company C in respect of any amounts paid as liquidated damages or other economic expenditure;

   ii) Target Company C having obtained the written consent of ABC Financial Leasing Co., Ltd.* (農銀金融租賃有限公司);

   iii) Target Project C having been verified and confirmed as one of the compliant projects for renewable energy power generation subsidy (if any) and listed as one of the qualified recipients for such subsidy; and

   iv) the EPC contractor has completed the replacement and repair of the box-type transformer and related facilities in Target Project C and met the requirements related to the quality of the works.

4. in relation to Equity Transfer Agreement D:

    i) each of the Vendor, Target Company A, Target Company D and Target Company E having completed the adjustment of debts and liabilities in accordance with the adjustment plan stipulated in relevant Equity Transfer Agreement and obtained the approval from the Purchaser;

    ii) Target Company D having made a written notification to Industrial Bank Financial Leasing Co., Ltd.*（興業金融租賃有限責任公司）and obtained a written confirmation from the same;

    iii) Target Company D having signed the debt swap agreement with the relevant financial institution(s) and obtained the approval from the Purchaser; and

    iv) Target Project D having been included as one of the qualified projects for renewable energy power generation subsidy.

5. in relation to Equity Transfer Agreement E:

    i) each of the Vendor, Target Company A, Target Company D and Target Company E having completed the adjustment of debts and liabilities in accordance with the adjustment plan set forth in the appendixes to the relevant Equity Transfer Agreement and obtained the approval from the Purchaser and the principal amount payable by the Vendor to Target Company E shall become approximately RMB106,311,000 subsequent to such adjustment;

    ii) Target Company E having obtained the written consent of ABC Financial Leasing Co., Ltd.*（農銀金融租賃有限公司）and BEH Finance; and

    iii) Target Project E having been included as one of the qualified projects for renewable energy power generation subsidy.

6. in relation to Equity Transfer Agreement 2:

    i) Target Company F having obtained the written consent of Ledu Branch of Industrial and Commercial Bank of China Limited*（中國工商銀行股份有限公司樂都支行）; and

    ii) Target Project F having been included as one of the qualified projects for renewable energy power generation subsidy.

Completion

Within ten (10) working days from the date of fulfilment (or waiver in writing by the Purchaser) of all the Conditions Precedent or any other time as agreed by BEIED and the Purchaser, BEIED and the Purchaser shall cooperate to complete the procedures required for change in business registration, which include but are not limited to the following, (i) the registration of the Purchaser as the 100% shareholder of each of the Target Companies; (ii) the change in executive directors, supervisors or senior management as approved or nominated by the Purchaser; and (iii) the filing of the articles of association of each of the Target Companies (as amended and restated). The date on which the change in business registration is completed shall be the date of Completion.

The effectiveness of Equity Transfer Agreements is subject to the completion of the respective internal decision-making and compliance processes of each of the parties and the duly signing and sealing of the Equity Transfer Agreements by each of the parties' authorized representatives ("**Effective Conditions**").

Financial effects of the Disposals

Upon Completion, each of the Target Companies will remain an indirect non wholly-owned subsidiary of the Company and their respective financial results, assets and liabilities will remain consolidated into the consolidated financial statements of the Group.

Termination of the Equity Transfer Agreements

If any of the Conditions Precedent are not fulfilled or waived in writing by the Purchaser on or before 31 December 2024 or any other date as agreed by the Purchaser and the Vendor, the respective Equity Transfer Agreements shall be automatically terminated, save for, among others, the provisions on confidentiality, transaction fees and taxes, governing law and dispute resolution and effectiveness.

INFORMATION OF THE PARTIES

Information of the Group, the Vendor and the Purchaser

The Company is a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 686) and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other clean energy projects.

BEIED is a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company. As at the date of this announcement, the actual paid-in capital of BEIED is held as to approximately 57.63% indirectly by the Company, 42.01% indirectly by Agricultural Bank of China Limited（中國農業銀行股份有限公司）(a joint stock company established in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 1288), and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601288)) and 0.36% by Silk Road New Energy (Changzhou) Co., Ltd.*（絲綢之路新能源（常州）有限公司）, which is indirectly held as to approximately 70.57% by the Company and 29.43% by ICBC Financial Asset Investment Co., Ltd.*（工銀金融資產投資有限公司）, which is in turn wholly-owned by Industrial and Commercial Bank of China Limited*（中國工商銀行股份有限公司）(a joint stock company established in the PRC with limited liability, H shares and offshore preference shares of which are listed on the Stock Exchange (H shares stock code: 1398 and USD preference shares stock code: 4620), and the A shares and domestic preference shares of which are listed on the Shanghai Stock Exchange (A shares stock code: 601398 and domestic preference shares stock codes: 360011, 360036). It is principally engaged in the investment, development and operation of solar energy and other clean energy.

Qinghai Sixun is a company established in the PRC with limited liability, a direct wholly-owned subsidiary of BEIED and a non wholly-owned subsidiary of the Company. It is principally engaged in operation of wind energy, solar energy and other clean energy and the sales of related parts.

Ping An Infrastructure Fund is a limited liability partnership established in the PRC. The executive partner of Ping An Infrastructure Fund is Beijing Zhiying, holding approximately 0.03% of the equity interest of Ping An Infrastructure Fund as of the date of this announcement; and the limit partner of Ping An Infrastructure Fund is Ping An Life Insurance, holding approximately 99.97% of the equity interest of Ping An Infrastructure Fund as of the date of this announcement. The ultimate beneficial owner of both Beijing Zhiying and Ping An Life Insurance is Ping An Group.

The Purchaser is a company established in the PRC with limited liability pursuant to a conditional joint venture agreement entered into on 19 December 2023 by BEIED and Ping An Infrastructure Fund in respect of the formation of the joint venture in the PRC for investment, operation and management of new energy projects, including but not limited to photovoltaic power generation and wind power generation. As of the date of this announcement, the Purchaser is held as to 51% and 49% by BEIED and Ping An Infrastructure Fund, respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Ping An Infrastructure Fund and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company as at the date of this announcement.

Information of the Target Companies

Each of the Target Companies is a company established in the PRC with limited liability. As of the date of this announcement, each of the Target Companies is wholly owned by the Vendor directly.

Target Company A

Target Company A owns an operational solar power plant with the grid-connected capacity of 50MW located in Urad Rear Banner, Inner Mongolia, the PRC, and is principally engaged in the operation of solar power plants in the PRC.

The audited financial information of the Target Company A for the years ended 31 December 2022 and 2021 are as follows:

	For the year ended 31 December	
	2022	2021
	RMB' million	*RMB' million*
Net profit before tax	23.9	28.5
Net profit after tax	19.9	25.8

As at 31 December 2022, the audited net assets of Target Company A was approximately RMB169.9 million.

Target Company B

Target Company B owns an operational wind power plant with the grid-connected capacity of 99.5MW located in Shuozhou City, Shanxi Province, the PRC, and is principally engaged in the operation of wind power plants in the PRC.

The audited financial information of the Target Company B for the years ended 31 December 2022 and 2021 are as follows:

	For the year ended 31 December	
	2022	2021
	RMB' million	*RMB' million*
Net profit before tax	40.6	37.8
Net profit after tax	35.5	32.7

As at 31 December 2022, the audited net assets of the Target Company B was approximately RMB268.6 million.

Target Company C

Target Company C owns an operational photovoltaic power plant with the grid-connected capacity of 49.5MW located in Changji Prefecture, Xinjiang Uygur Autonomous Region, the PRC, and is principally engaged in the operation of photovoltaic power plants in the PRC.

The audited financial information of the Target Company C for the years ended 31 December 2022 and 2021 are as follows:

	For the year ended 31 December	
	2022	2021
	RMB' million	*RMB' million*
Net profit before tax	19.5	40.8
Net profit after tax	19.5	40.8

As at 31 December 2022, the audited net assets of the Target Company C was approximately RMB251.3 million.

Target Company D

Target Company D owns an operational wind power plant with the grid-connected capacity of 49.5MW located in Changji Prefecture, Xinjiang Uygur Autonomous Region, the PRC, and is principally engaged in the operation of wind power plants and photovoltaic power plants in the PRC.

The audited financial information of the Target Company D for the years ended 31 December 2022 and 2021 are as follows:

	For the year ended 31 December	
	2022	2021
	RMB' million	*RMB' million*
Net profit before tax	13.8	9.9
Net profit after tax	13.8	9.9

As at 31 December 2022, the audited net assets of the Target Company D was approximately RMB73.7 million.

Target Company E

Target Company E owns an operational wind power plant with the grid-connected capacity of 49.5MW located in Changji Prefecture, Xinjiang Uygur Autonomous Region, the PRC, and is principally engaged in the investment in construction of thermal power plants, thermal power generation, wind power generation, solar power generation and other energy generation.

The audited financial information of the Target Company E for the years ended 31 December 2022 and 2021 are as follows:

	For the year ended 31 December	
	2022	2021
	RMB' million	*RMB' million*
Net profit before tax	22.5	3.4
Net profit after tax	22.5	3.4

As at 31 December 2022, the audited net assets of the Target Company E was approximately RMB119.0 million.

Target Company F

Target Company F owns an operational wind power plant with the grid-connected capacity of 40MW located in Haidong City, Qinghai Province, the PRC, and is principally engaged in the operation of wind power plants and photovoltaic power plants in the PRC.

The audited financial information of the Target Company F for the years ended 31 December 2022 and 2021 are as follows:

	For the year ended 31 December	
	2022	2021
	RMB' million	*RMB' million*
Net profit before tax	13.8	nil
Net profit before tax	13.8	nil

As at 31 December 2022, the audited net assets of the Target Company F was approximately RMB73.8 million.

REASONS AND BENEFITS OF THE DISPOSALS

Having considered the Company's debt ratio position, the Company is of the view that (i) the Disposals will be a good opportunity for the Group to improve liquidity, thereby improving the Company's ability to make necessary capital expenditures and develop business opportunity; (ii) the net proceeds from the Disposals (after deducting relevant costs and expenses in connection with the Disposals) can improve the Company's cash flow situation; and (iii) the introduction of an external reputable shareholder, namely, Ping An Infrastructure Fund, with a strong business presence in the investment of power generation industry can bring strategic benefits to our Group.

Summary of the Valuation Reports

The appraised values of the entire equity interest of each of the Target Companies under the Valuation Reports were prepared using the income approach, through the use of the discounted cash flow method. As a result, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

General assumptions

Details of the key assumptions used in determining the values of the entire equity interest in each of the Target Companies upon which the Valuation Reports were issued are set out below:

(i) General Assumptions

1. Transaction assumption, which is to assume that all assets to be valued are already in the process of transaction, and the Valuer carries out the valuation based on the trading conditions of the assets to be valued in a simulated market.

2. Open market assumption, which is made on the conditions of the market where the assets are proposed to enter and how the assets will be affected under such market conditions. An open market refers to fully developed and comprehensive market conditions, which means a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have opportunity and time to access adequate market information, and where transactions between buyers and sellers are conducted under voluntary, rational, non-compulsory or unrestricted conditions.

3. Continuous use assumption, which is an assumption made on the conditions of the market where the assets are proposed to enter and the status of the assets under such market conditions. Firstly, the assets to be valued are in use; and secondly, it is assumed that the assets in use will be used continuously. Under the conditions of continuous use assumption, no consideration is given to the change of use or the best utilisation conditions of the assets. The scope of applicability of the valuation results is subject to limitations.

4. Enterprise going-concern assumption, which is a valuation assumption made by taking the overall assets of each of the Target Companies as the valuation object. In other words, such Target Company, as an operating entity, will operate as a going concern in accordance with its business objectives under the external environment where it operates. The operators of such Target Company are accountable for and capable of assuming responsibilities; such Target Company conducts lawful operations and is able to earn appropriate profits to maintain its ability to continue as a going concern.

(ii) Assumptions under income approach

1. There are no significant changes in the relevant prevailing laws, regulations and policies of the PRC, no significant changes in the macro-economic conditions of the PRC and no significant changes in the political, economic and social environment in the regions where the parties to the transaction are located, and no material adverse impact caused by other unforeseeable factors and force majeure.

2. It is assumed that each of the Target Companies continues to operate until the end of the forecast period with reference to the actual status of their respective assets as at the Benchmark Date.

3. It is assumed that the operators of each of the Target Companies are responsible, and the management of such Target Company is capable of performing their duties.

4. Unless otherwise stated, it is assumed that each of the Target Companies fully complies with all relevant laws and regulations.

5. It is assumed that the accounting policies to be adopted in the future by each of the Target Companies are in all material aspects generally consistent with the accounting policies adopted in the compilation of their respective Valuation Reports.

6. It is assumed that the business scope and mode of each of the Target Companies are consistent with the current direction on the basis of the existing management mode and management level.

7. It is assumed that the electricity supply at which the assets of each of the Target Companies are situated shall remain stable and there shall be no material or substantive changes.

8. There are no material changes in the interest rates, exchanges rates, tax bases and tax rates, policy-based levies, etc.

9. There are no other force majeure and unforeseeable factors that may give rise to material adverse impact on each of the Target Companies.

10. It is assumed that the forecasted annual cash flow shall be generated by each of the Target Companies during the forecast period and the assets expected to be recovered at the end of the forecast period shall be recovered accordingly.

11. It is assumed that, subsequent to the Benchmark Date, the products and/or services offered by each of the Target Companies shall maintain prevailing competitive market conditions.

12. It is assumed that the price and method of calculation for electricity bill payable by each of the Target Companies during the forecast period shall remain consistent with the existing level and method and there shall not be any changes in the future.

13. It is assumed that each of the Target Projects is capable of reaching their respective design service lives and the relevant equipment shall be maintained in a continuous state of sound repair in the future in order to preserve its design efficiency.

14. In relation to Valuation Report C, Valuation Report D, Valuation Report E and Valuation Report F only, pursuant to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region published by the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission (MOF Notice 2020 No. 23) (《財政部、稅務總局、國家發展改革委關於延續西部大開發企業所得稅政策的公告》(財政部公告2020年第23號)), enterprise income tax will be levied at a reduced rate of 15% on enterprises located in the western region in the encouraged industries from 1 January 2021 to 31 December 2030, each of Target Project D, Target Project E and Target Project F shall be entitled to the preferential tax treatment of "three exemptions, three halves" (三免三減半) since it has first generated income in 2021 (in the case of Target Project D and Target Project E) and 2022 (in the case of Target Project F), such that it shall be exempted from corporate income tax for the period from 2021 to 2023 (in the case of Target Project D and Target Project E) or from 2022 to 2024 (in the case of Target Project F) and its corporate income tax will be levied by half for the period from 2024 to 2026 (in the case of Target Project D and Target Project E) or from 2025 to 2027 (in the case of Target Project F). Each of Target Project C, Target Project D, Target Project E and Target Project F is expected to continue to be entitled to the preferential tax rate of 15% even after 2031.

15. In relation to Valuation Report A, Valuation Report C, Valuation Report D, Valuation Report E and Valuation Report F only, it is assumed that, after conducting interview with the management of each of Target Company A, Target Company C, Target Company D, Target Company E and Target Company F, the respective service agreement in relation to the production and operation of the power station for the year of 2023 entered into between them and BEJN Northern or BEJN Northwest (as the case may be) will no longer be entered into and executed from 2024 onwards, and each of Target Company A, Target Company C, Target Company D, Target Company E and Target Company F shall operate the power station by itself. As such, each of Valuation Report A, Valuation Report C, Valuation Report D, Valuation Report E and Valuation Report F was prepared on the basis that the power station shall be self-operated from 2024 onwards.

16. In relation to Valuation Report C, Valuation Report D, Valuation Report E and Valuation Report F only, it is assumed that each of Target Project C, Target Project D, Target Project E and Target Project F, which is in the process of application for national electricity tariff subsidy, shall be regarded as eligible for such subsidy during 2023 and such subsidy income during the forecast period is expected to be recovered within 2 years.

17. It is assumed that the fixed assets of each of the Target Companies shall be recovered at their residual values as at the end of the forecast period.

18. In relation to Valuation Report A only,

    i) It is assumed that the operation and maintenance fees incurred by Target Company A during the forecast period shall be substantially at the same level for the year of 2022 and there shall not be any changes in the future.

    ii) It is assumed that the subsidy income of electricity tariff of Target Company A during the forecast period is expected to be recovered within 2 years.

iii) Pursuant to the Notice on the Publication of Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment by the Ministry of Finance, State Administration of Taxation, National Development and Reform Commission (2008) (CaiShui 2008 No. 116) (《財政部、國家稅務總局、國家發展改革委關於公佈公共基礎設施項目企業所得稅優惠目錄（2008年版）的通知》（財稅[2008]116號）) and the Notice on the Execution of Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment by the Ministry of Finance and State Administration of Taxation (CaiShui 2008 No. 46) (《財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知》（財稅[2008]46號）), the new solar power generation project of Target Project A is included in the relevant preferential catalogue, and Target Project A is in compliance with the relevant requirements under the catalogue of solar power generation projects and any revenue generated thereof shall be exempted from the PRC enterprise income tax upon filing for a period of 3 years from the commencement of operation. Further, pursuant to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region (MOF Notice 2020 No. 23) (《關於延續西部大開發企業所得稅政策的公告》（財政部公告2020年第23號）) published by the Ministry of Finance, State Administration of Taxation and National Development and Reform Commission, enterprise income tax will be levied at a reduced rate of 15% on enterprises located in the western region in the encouraged industries from 1 January 2021 to 31 December 2030. Target Project A is in compliance with the relevant requirements and thus entitled to such reduced tax rate of 15%. It is expected that such preferential tax treatment shall be continued for a long time taking into account the historical continuation of such policies in the western region of the PRC and for the purpose of this valuation.

19. In relation to Valuation Report C only, the other sources of revenue for Target Company C mainly originate from two agreements entered into between Target Company C and Qitai Guohe, namely (a) the lease agreement entered in 2021 in relation to the booster station at an annual rental of RMB18 million (tax inclusive) for a term of 25 years; and (b) the technical service agreement entered into in 2022 in relation to the operation and maintenance of the booster station under which the fee payable for 2023 is RMB0.8 million (tax inclusive), which is assumed to be of the same term as the aforementioned lease agreement.

Confirmations

Grant Thornton Hong Kong Limited ("**Grant Thornton**"), being the auditor of the Company, has reviewed and reported to the Directors in respect of the compilation of the discounted future cash flows in connection with the valuation of each of the Target Companies prepared by the Valuer used in their respective Valuation Reports, which do not involve the adoption of accounting policies.

The Directors confirm that the fair value of the entire equity interest of each of the Target Companies in their respective Valuation Reports as at the Benchmark Date, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry. A report from Grant Thornton in compliance with Rule 14.62(2) of the Listing Rules is included in Appendix I to this announcement and a letter from the Board in compliance with Rule 14.62(3) of the Listing Rules is included in Appendix II to this announcement.

Experts and consents

The qualifications of the experts who have given their statements in this announcement are as follows:

Name	Qualification
Grant Thornton	Certified Public Accountants Registered Public Interest Entity Auditor
Pan-China Assets Appraisal Co., Ltd.	Valuer

Each of the Valuer and Grant Thornton has given and has not withdrawn its respective written consent to the publication of this announcement with inclusion of its report/letter and all references to its name (including its qualifications) in the form and context of this announcement in which they are included.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of the Valuer and Grant Thornton is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither the Valuer nor Grant Thornton has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the Disposals shall be aggregated together since all transactions are entered into by the Group with Ping An Infrastructure Fund within a 12 month period. As the highest applicable percentage ratio in respect of the Disposals on an aggregate basis exceeds 25% but is less than 100%, the Disposals collectively constitute a major transaction of the Company and is therefore subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened by the Company to seek the Shareholders' approval of the Disposals and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details about the transactions contemplated under the Disposals; (ii) the notice of SGM; and (iii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 29 February 2024 as the Company needs more time to prepare and finalize information to be included in the circular.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfilment and/or, where applicable, waiver of the Conditions Precedent under the Equity Transfer Agreements. As the Disposals may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings as set out below:

"BEIED"	BEI Energy Development (Beijing) Co., Ltd.* (京能國際能源發展(北京)有限公司), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company
"BEJN Northern"	BEJN International Holdings Co., Ltd. (Northern Branch Company)* (北京京能國際控股有限公司北方分公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

"BEJN Northwest"	BEJN International Holdings Co., Ltd. (Northwest Branch Company)*（北京京能國際控股有限公司西北分公司）, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Beijing Zhiying"	Beijing Zhiying Enterprise Management Co., Ltd.*（北京市致贏企業管理有限公司）, a company established in the PRC with limited liability and ultimately controlled and owned by Ping An Group
"Benchmark Date"	31 December 2022
"Board"	the board of Directors of the Company
"Company"	Beijing Energy International Holding Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 686)
"Completion"	completion of the Disposals pursuant to the Equity Transfer Agreements
"Conditions Precedent"	the conditions precedent to the Disposals of the equity interest of the Target Companies set out in each of the Equity Transfer Agreements
"connected person(s)"	has the meanings ascribed thereto under the Listing Rules
"Consideration 1"	the total consideration receivable by the Vendor pursuant to the Equity Transfer Agreements 1
"Consideration 2"	the total consideration receivable by the Vendor pursuant to the Equity Transfer Agreement 2
"Consideration"	collectively, Consideration 1 and Consideration 2
"Director(s)"	the director(s) of the Company
"Disposals"	all of the proposed disposals of the entire equity interest in each of the Target Companies by the Vendor, as contemplated under the Equity Transfer Agreements

"Equity Transfer Agreement A"	the conditional equity transfer agreement dated 29 December 2023 entered into by BEIED, the Purchaser, Ping An Infrastructure Fund and Target Company A in relation to the disposal of the entire equity interest of Target Company A on the terms and conditions set out therein
"Equity Transfer Agreement B"	the conditional equity transfer agreement dated 29 December 2023 entered into by BEIED, the Purchaser, Ping An Infrastructure Fund and Target Company B in relation to the disposal of the entire equity interest of Target Company B on the terms and conditions set out therein
"Equity Transfer Agreement C"	the conditional equity transfer agreement dated 29 December 2023 entered into by BEIED, the Purchaser, Ping An Infrastructure Fund and Target Company C in relation to the disposal of the entire equity interest of Target Company C on the terms and conditions set out therein
"Equity Transfer Agreement D"	the conditional equity transfer agreement dated 29 December 2023 entered into by BEIED, the Purchaser, Ping An Infrastructure Fund and Target Company D in relation to the disposal of the entire equity interest of Target Company D on the terms and conditions set out therein
"Equity Transfer Agreement E"	the conditional equity transfer agreement dated 29 December 2023 entered into by BEIED, the Purchaser, Ping An Infrastructure Fund and Target Company E in relation to the disposal of the entire equity interest of Target Company E on the terms and conditions set out therein
"Equity Transfer Agreements 1"	collectively, the Equity Transfer Agreement A, the Equity Transfer Agreement B, the Equity Transfer Agreement C, the Equity Transfer Agreement D and the Equity Transfer Agreement E

"Equity Transfer Agreement 2"	the conditional equity transfer agreement dated 29 December 2023 entered into by BEIED, the Purchaser, Ping An Infrastructure Fund, Target Company F and Qinghai Sixun in relation to the disposal of the entire equity interest of Target Company F on the terms and conditions set out therein
"EPC"	engineering, procurement and construction
"Equity Transfer Agreements" and each an "Equity Transfer Agreement"	collectively, the Equity Transfer Agreements 1 and the Equity Transfer Agreement 2
"Group"	the Company and its subsidiaries
"Independent Third Party(ies)"	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Group and its connected persons and their respective ultimate beneficial owner(s) or their respective associates
"kV"	kilovolt
"kW"	kilowatts
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"MW"	megawatts
"Ping An Group"	Ping An Insurance (Group) Company of China, Ltd.* (中國平安保險(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability, whose A shares are listed on the Shanghai Stock Exchange (stock code: 601318) and H shares are listed on the Stock Exchange (stock code: 2318)
"Ping An Infrastructure Fund"	Shenzhen Ping An Phase I Infrastructure Industry Fund Partnership (Limited Partnership)* (深圳市平安一期基礎設施產業基金合夥企業(有限合夥)), a limited liability partnership established in the PRC

"Ping An Life Insurance"	Ping An Life Insurance Company of China, Ltd.* (中國平安人壽保險股份有限公司), a joint stock company established in the PRC with limited liability and ultimately controlled and owned by Ping An Group
"PRC"	the People's Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	Beijing Energy (Shenzhen) Energy Investment Co., Ltd.* (京能(深圳)能源投資有限責任公司), a company established in the PRC with limited liability and held as to 51% by BEIED and 49% by Ping An Infrastructure Fund
"Qinghai Sixun"	Qinghai Sixun New Energy Co., Ltd.* (青海思迅新能源有限公司), a company established under the laws of the PRC with limited liability and a direct wholly-owned subsidiary of BEIED
"Qitai Guohe"	Qitai County Guohe Teruide New Energy Co., Ltd.* (奇台縣國合特銳德新能源有限公司), a company established in the PRC with limited liability
"RMB"	Renminbi, the lawful currency of the PRC
"SGM"	the special general meeting of the Company to be convened for considering and, if thought fit, approving the Equity Transfer Agreements and the transactions contemplated thereunder
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of issued share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company A"	Wulate Houqi Yuanhai New Energy Co., Ltd.* (烏拉特後旗源海新能源有限責任公司), a company established in the PRC with limited liability and directly wholly owned by the Vendor

"Target Company B"	Youyu County Sineng Wind Energy Co., Ltd.* (右玉縣斯能風電有限公司), a company established in the PRC with limited liability and directly wholly owned by the Vendor
"Target Company C"	Changji Yijing Photovoltaics Technology Co., Ltd.* (昌吉億晶光伏科技有限公司), a company established in the PRC with limited liability and directly wholly owned by the Vendor
"Target Company D"	Mulei County Tongchuan Fengguang New Energy Co., Ltd.* (木壘縣通川風光新能源有限公司), a company established in the PRC with limited liability and directly wholly owned by the Vendor
"Target Company E"	Xinjiang Xinyou New Energy Power Co., Ltd.* (新疆信友新能源發電有限公司), a company established in the PRC with limited liability and directly wholly owned by the Vendor
"Target Company F"	Haidong Ledu District Rongzhi New Energy Development Co., Ltd. * (海東市樂都區融智新能源開發有限公司), a company established in the PRC with limited liability and directly wholly owned by BEIED
"Target Companies"	collectively, Target Company A, Target Company B, Target Company C, Target Company D, Target Company E and Target Company F
"Target Companies 1"	collectively, Target Company A, Target Company B, Target Company C, Target Company D and Target Company E
"Target Project A"	the construction and operation of ecological photovoltaic power plant with the construction capacity of 20MWp and ecological photovoltaic power plant with the construction capacity of 100MWp (with construction of capacity of 30MWp being completed as of the date of this announcement) in Urad Rear Banner, Bayannaoer City, Inner Mongolia, the PRC by Target Company A
"Target Project B"	the construction and operation of wind power plant with the construction capacity of 99.5MW in Youyu County, Shuozhou City, Shanxi Province, the PRC by Target Company B

"Target Project C"	the construction and operation of the photovoltaic power plant with the construction capacity of 200,000 kW (phase 1 and phase 2) and the photovoltaic booster and pooling station with the construction capacity of 220 kV in Qitai County, Changji Prefecture, Xinjiang Uygur Autonomous Region, the PRC by Target Company C
"Target Project D"	the construction and operation of the wind power plant with the construction capacity of 49.5MW (phase 2) in Mulei County, Changji Prefecture, Xinjiang Uygur Autonomous Region, the PRC by Target Company D
"Target Project E"	the construction and operation of wind power plant with the construction capacity of 50MW in Qitai County, Changji Prefecture, Xinjiang Uygur Autonomous Region, the PRC by Target Company E
"Target Project F"	the construction and operation of dispersed wind power plant with the construction capacity of 40MW in Haidong City, Qinghai Province, the PRC by Target Company F
"Target Projects"	collectively, Target Project A, Target Project B, Target Project C, Target Project D, Target Project E and Target Project F
"Valuation Report A"	the valuation report dated 23 October 2023 prepared by the Valuer in the entire shareholders' equity interest of Target Company A
"Valuation Report B"	the valuation report dated 23 October 2023 prepared by the Valuer in the entire shareholders' equity interest of Target Company B
"Valuation Report C"	the valuation report dated 23 November 2023 prepared by the Valuer in the entire shareholders' equity interest of Target Company C
"Valuation Report D"	the valuation report dated 15 November 2023 prepared by the Valuer in the entire shareholders' equity interest of Target Company D
"Valuation Report E"	the valuation report dated 23 November 2023 prepared by the Valuer in the entire shareholders' equity interest of Target Company E

"Valuation Report F"	the valuation report dated 12 December 2023 prepared by the Valuer in the entire shareholders' equity interest of Target Company F
"Valuation Reports"	collectively, Valuation Report A, Valuation Report B, Valuation Report C, Valuation Report D, Valuation Report E and Valuation Report F
"Valuer"	Pan-China Assets Appraisal Co., Ltd.*（北京天健興業資產評估有限公司）, an independent valuer appointed by the Company
"Vendor"	in respect of Equity Transfer Agreement A, Equity Transfer Agreement B, Equity Transfer Agreement C, Equity Transfer Agreement D and Equity Transfer Agreement E, means BEIED; and in respect of Equity Transfer Agreement 2, means Qinghai Sixun (a direct wholly-owned subsidiary of BEIED)
"%"	per cent

For and on behalf of
Beijing Energy International Holding Co., Ltd.
Zhang Ping
Chairman of the Board

Hong Kong, 29 December 2023

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman) and Mr. Lu Zhenwei; the non-executive directors of the Company are Mr. Liu Guoxi, Mr. Su Yongjian, Mr. Li Hao and Mr. Lu Xiaoyu; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao.

* *For identification purpose only*

APPENDIX I – REPORT FROM GRANT THORNTON HONG KONG LIMITED

The following is the text of a report received from the Company's auditor and reporting accountants, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

The Board of Directors
Beijing Energy International Holding Co., Ltd.
Unit 1012, 10th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

29 December 2023

Dear Sirs

Report on calculations of discounted future estimated cash flows in connection with the valuations of the equity interests in Wulate Houqi Yuanhai New Energy Co., Ltd., Youyu County Sineng Wind Energy Co., Ltd., Changji Yijing Photovoltaics Technology Co., Ltd., Mulei County Tongchuan Fengguang New Energy Co., Ltd., Xinjiang Xinyou New Energy Power Co., Ltd. and Haidong Ledu District Rongzhi New Energy Development Co., Ltd. (collectively, the "Target Companies")

To the board of directors of Beijing Energy International Holding Co., Ltd. (the "Company")

We have examined the calculations of the discounted future estimated cash flows on which the valuations dated 23 October 2023, 12 November 2023, 15 November 2023, 23 November 2023 prepared by Pan-China Assets Appraisal Co., Ltd. in respect of the entire equity interest in the Target Companies as at 31 December 2022 is based (the "**Valuations**"). The Valuations based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and reference to the Valuations will be included in an announcement dated 29 December 2023 issued by the Company in connection with the transfer of equity interest in the Target Companies (the "**Announcement**").

Directors' responsibilities

The directors of the Company are responsible for the reasonableness and validity of the assumptions as set out in the Announcement (the "**Assumptions**"), based on which the discounted future estimated cash flows and the Valuations are prepared.

Professional ethics and quality management

We have complied with the ethical requirements in "Code of Ethics for Professional Accountants" issued by HKICPA. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

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

Reporting accountants' responsibilities

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuations are based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. The discounted future estimated cash flows does not involve the adoption of accounting policies. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in accordance with the Assumptions.

Our work does not constitute any valuation of the equity interests in the Target Companies. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuations and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects in accordance with the Assumptions.

Grant Thornton Hong Kong Limited
Certified Public Accountants

Hong Kong

APPENDIX II – LETTER FROM THE BOARD

29 December 2023

Listing Division
The Stock Exchange of Hong Kong Limited
12th Floor, Two Exchange Square,
8 Connaught Place, Central, Hong Kong

Dear Sirs or Madams,

MAJOR TRANSACTION – DISPOSAL OF THE TARGET COMPANIES TO A NON WHOLLY-OWNED SUBSIDIARY

We refer to the announcement of Beijing Energy International Holding Co., Ltd. (the "**Company**") dated 29 December 2023 in relation to the captioned transaction. Unless the context otherwise requires, terms defined in the announcement shall have the same meanings in this letter when used herein.

We refer to the valuation reports dated 23 October 2023, 12 November 2023, 15 November 2023 and 23 November 2023 prepared by the Valuer, Pan-China Assets Appraisal Co., Ltd., in relation to the valuations of the entire equity interests in Wulate Houqi Yuanhai New Energy Co., Ltd., Youyu County Sineng Wind Energy Co., Ltd., Changji Yijing Photovoltaics Technology Co., Ltd., Mulei County Tongchuan Fengguang New Energy Co., Ltd., Xinjiang Xinyou New Energy Power Co., Ltd. and Haidong Ledu District Rongzhi New Energy Development Co., Ltd.. Such valuations constitute profit forecasts under Rule 14.61 of the Listing Rules.

The Board has reviewed and prepared the information and documents relating to the basis and assumptions on which the discounted cash flows in the valuations are based and the calculation method used, and reviewed the valuations (for which the Valuer is responsible) prepared by the Valuer. The Board has also considered the report from Grant Thornton Hong Kong Limited, the auditor of the Company, as set out in Appendix I to the Announcement regarding the calculations of the discounted cash flows in the valuations.

On the basis of the foregoing, in accordance with the requirements under Rule 14.62(3) of the Listing Rules, the Board confirms that the valuations prepared by the Valuer has been made after due and careful enquiry.

For and on behalf of
Beijing Energy International Holding Co., Ltd.
Zhang Ping
Chairman of the Board