THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Beijing Energy International Holding Co., Ltd**., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

(1) MAJOR TRANSACTION IN RELATION TO ENGINEERING, PROCUREMENT AND CONSTRUCTION CONTRACT FOR FACILITIES RELATING TO A 200MW WIND FARM PROJECT LOCATED IN HEILONGJIANG PROVINCE, THE PRC; (2) MAJOR TRANSACTION IN RELATION TO ENGINEERING, PROCUREMENT AND CONSTRUCTION CONTRACT RELATING TO A 100MW WIND POWER GENERATION PROJECT IN HEILONGJIANG PROVINCE, THE PRC; (3) MAJOR TRANSACTION IN RELATION TO DISPOSAL OF THE TARGET COMPANIES TO A NON WHOLLY-OWNED SUBSIDIARY; AND (4) NOTICE OF SPECIAL GENERAL MEETING

A notice convening a SGM to be held at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, the PRC) on Wednesday, 27 March 2024 at 11:00 a.m. is set out on pages 143 to 145 of this circular.

A form of proxy for the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

13 March 2024

CONTENTS

In this circular, unless context specifies otherwise, the following expressions shall have the meanings stated below:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"BEH"	Beijing Energy Holding Co., Ltd.*(北京能源集團有限責任公司), a company established in the PRC with limited liability and a controlling Shareholder holding 7,176,943,498 Shares of the Company, representing approximately 32.04% of the issued share capital of the Company as at the Latest Practicable Date
"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
"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
"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
"Benchmark Date"	31 December 2022
"Board"	the board of Directors
"China Water Resources Beifang"	China Water Resources Beifang Investigation, Design and Research Co., Ltd.(中水北方勘測設計研究有限責任公司), a company established in the PRC with limited liability

"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 of the Disposals"	completion of the Disposals pursuant to the Equity Transfer Agreements
"Conditions Precedent to the Disposals"	the conditions precedent to the Disposals of the equity interest of the Target Companies set out in each of the Equity Transfer Agreements
"connected persons"	has the meaning ascribed to it 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
"Consortium 1"	a consortium comprising China Water Resources Beifang (as the consortium leader) and Heilongjiang Longneng (as the consortium member)
"Consortium 2"	a consortium comprising HDEC (as the consortium leader) and Jingdian Energy Engineering (as the consortium member)
"controlling shareholder"	has the meanings ascribed to it under the Listing Rules
"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
"EPC"	engineering, procurement and construction
"EPC Contract 1"	the EPC contract entered into between Lanxi Chenghui, China Water Resources Beifang and Heilongjiang Longneng dated 9 November 2023 in relation to the Works

"EPC Contract 2"	the EPC contract entered into between Jingrui and the Consortium 2 dated 18 January 2024 in relation to the construction of the EPC Project (Phase 2)
"EPC Contracts"	collectively, the EPC Contract 1 and the EPC Contract 2
"EPC Project (Phase 1)"	phase I of the wind power generation project located in Harbin City, Heilongjiang Province, the PRC with the planned construction capacity of 100MW as disclosed in the announcement of the Company dated 19 December 2023
"EPC Project (Phase 2)"	the wind power generation project located in Harbin City, Heilongjiang Province, the PRC with a total planned construction capacity of 200MW, of which the planned construction capacity of phase II is 100MW
"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
"Equity Transfer Agreements" and each an "Equity Transfer Agreement"	collectively, the Equity Transfer Agreements 1 and the Equity Transfer Agreement 2
"Facility"	a wind farm located in Heilongjiang province, the PRC with total capacity of 200MW, together with, among others, a wind generating set and ancillary facilities with a total installed capacity of 200,000kW, a 220kV booster station, a 220kV transmission line, a 35kV collector line, a 20MW/40MWh energy storage and supporting system, and the corresponding upgrade and renovation of corresponding substation and access roads
"Group"	the Company and its subsidiaries

"HDEC"	Powerchina Huadong Engineering Corporation Limited* (中國電建集團華東勘測設計研究院有限公司), a company established in the PRC with limited liability
"Heilongjiang Longneng"	Heilongjiang Longneng Electric Power Group Co., Ltd.* (黑龍江龍能電力集團有限公司), a company established in the PRC with limited liability
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Third Parties"	person(s) who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, third parties independent of, and not connected with, the Company and its connected person(s)
"Jingdian Energy Engineering"	Jingdian Energy Engineering Group Co., Ltd.* (京電能源工程集團有限公司), a company established in the PRC with limited liability
"Jingrui"	Jingrui (Harbin City) New Energy Co., Ltd.* (京瑞(哈爾濱市)新能源有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"kV"	kilovolt
"kW"	kilowatt(s), which equals to 1,000 watts
"Lanxi Chenghui"	Lanxi Chenghui Power Generation Co., Ltd.* (蘭西晟暉發電有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
"Latest Practicable Date"	7 March 2024, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

"MW"	megawatt(s), which equals 1,000,000 watts
"MWh"	megawatt-hour(s)
"MWp"	Megawatt(s) peak
"NEPDI"	Northeast Electric Power Design Institute Co., Ltd. of China Power Engineering Consulting Group* (中國電力工程顧問集團東北電力設計院有限公司), a company established in the PRC with limited liability
"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 purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Governmental Body"	has the meaning ascribed to it under Rule 19A.04 of the Listing Rules
"Previous EPC Contract"	the EPC contract entered into between Jingrui, NEPDI and Jingdian Energy Engineering dated 19 December 2023 in relation to the EPC Project (Phase 1) as disclosed in the announcement of the Company dated 19 December 2023
"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
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGM" or "Special General Meeting"	the special general meeting of the Company to be convened at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, the PRC) on Wednesday, 27 March 2024 at 11:00 a.m. or any adjournment thereof, and the notice of which is attached to this circular
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"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 Latest Practicable Date) 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 12 December 2023 prepared by the Valuer in the entire shareholders' equity interest of Target Company A
"Valuation Report B"	the valuation report dated 12 December 2023 prepared by the Valuer in the entire shareholders' equity interest of Target Company B
"Valuation Report C"	the valuation report dated 12 December 2023 prepared by the Valuer in the entire shareholders' equity interest of Target Company C
"Valuation Report D"	the valuation report dated 12 December 2023 prepared by the Valuer in the entire shareholders' equity interest of Target Company D
"Valuation Report E"	the valuation report dated 12 December 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)
"Works"	the EPC services undertaken by China Water Resources Beifang and Heilongjiang Longneng pursuant to the EPC Contract 1 for the construction of Facility, details of which are set out under the paragraph headed "The EPC Contract 1 – Principal terms of the EPC Contract 1 – Subject matter"
"%"	per cent

* *In this circular, the English names of the PRC entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

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)

Executive Directors:
Mr. Zhang Ping *(Chairman)*
Mr. Lu Zhenwei

Non-executive Directors:
Mr. Liu Guoxi
Mr. Su Yongjian
Mr. Li Hao
Mr. Lu Xiaoyu

Independent Non-executive Directors:
Ms. Jin Xinbin
Ms. Li Hongwei
Mr. Zhu Jianbiao

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business in Hong Kong:
Unit 1012, 10/F.
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

13 March 2024

To the Shareholders

Dear Sir or Madam,

(1) MAJOR TRANSACTION IN RELATION TO ENGINEERING, PROCUREMENT AND CONSTRUCTION CONTRACT FOR FACILITIES RELATING TO A 200MW WIND FARM PROJECT LOCATED IN HEILONGJIANG PROVINCE, THE PRC;
(2) MAJOR TRANSACTION IN RELATION TO ENGINEERING, PROCUREMENT AND CONSTRUCTION CONTRACT RELATING TO A 100MW WIND POWER GENERATION PROJECT IN HEILONGJIANG PROVINCE, THE PRC;
(3) MAJOR TRANSACTION IN RELATION TO DISPOSAL OF THE TARGET COMPANIES TO A NON WHOLLY-OWNED SUBSIDIARY; AND
(4) NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide you with, among other things, (i) details of the EPC Contract 1; (ii) details of the EPC Contract 2; (iii) details of the Equity Transfer Agreements and the Disposals contemplated thereunder; (iv) the notice of SGM; and (v) other information as required under the Listing Rules, to enable you to make an informed decision on whether to vote for or against those resolutions to be proposed at the SGM.

2. THE EPC CONTRACT 1

Reference is made to the announcement of the Company dated 9 November 2023 in respect of, among others, the EPC Contract 1.

On 9 November 2023 (after trading hours), Lanxi Chenghui (as the principal), a subsidiary of the Company, entered into the EPC Contract 1 with China Water Resources Beifang (as one of the contractors and the consortium leader) and Heilongjiang Longneng (as one of the contractors and the consortium member). Pursuant to the EPC Contract 1, China Water Resources Beifang and Heilongjiang Longneng will perform the Works in relation to the construction of the Facility. The contract price of the EPC Contract 1 amounted to approximately RMB1,228 million (tax inclusive).

Principal terms of the EPC Contract 1

The principal terms of the EPC Contract 1 are set out as below:

Date: 9 November 2023 (after trading hours)

Parties:

(i) Lanxi Chenghui (as the principal), a subsidiary of the Company;

(ii) China Water Resources Beifang (as one of the contractors and the consortium leader), a third party independent of the Company and the connected persons of the Company as at the Latest Practicable Date; and

(iii) Heilongjiang Longneng (as one of the contractors and the consortium member), a third party independent of the Company and the connected persons of the Company as at the Latest Practicable Date.

Subject matter: Pursuant to the EPC Contract 1, the Consortium 1 agrees to serve as the EPC contractors to provide EPC services to Lanxi Chenghui for the construction of Facility. The EPC services under the Works shall include the survey, design, engineering, procurement, supply, construction, installation, testing, commissioning, and hand over of the Facility which is permitted to, and capable of, complying with the agreed technical standards specified in the technical agreement attached to the EPC Contract 1.

In addition, the Consortium 1 shall be responsible for, among others, all permanent and temporary land acquisition, compliance procedures, revegetation, ecological management, external coordination, 20MW/40MWh energy storage system (to satisfy the requirements of energy storage of the relevant authorities), and other works arising out of and in connection with the construction of the Facility as set forth in the EPC Contract 1. The Consortium 1 shall also guarantee the achievement of the performance standards set forth in the EPC Contract 1.

Construction period: The Works is scheduled to commence subject to the written notice from Lanxi Chenghui to the Consortium 1, and the grid connection in full capacity is expected to be taken place by June 2024 under the EPC Contract 1.

Contract Price and payment method: The consideration of the EPC Contract 1 is approximately RMB1,228 million (tax inclusive) which consists of equipment and materials payment, construction and installation payment, design and technical services payment and other fees, the details of the payment structure are as follow:

Payments & fees		*Approximately RMB' million*
1.	Equipment and materials payment	541
2.	Construction and installation payment	544
3.	Design and technical services payment	14
4.	Other fees	129
Total		**1,228**

The contract price shall be settled in the following manners:

(i) Advance Payment 1

10% of the contract price (representing approximately RMB123 million (tax inclusive)) as advance payment (the "**Advance Payment 1**") shall be paid to the Consortium 1 upon the fulfillment of the following conditions, including (i) the EPC Contract 1 being effective; (ii) the receipt of the letter of performance guarantee and letter of advance payment guarantee (each is equivalent to 10% of the total contract value under the EPC Contract 1 and is irrevocable and payable on demand); and (iii) the receiving of a receipt for Advance Payment 1 from the Consortium 1 to Lanxi Chenghui.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Lanxi Chenghui shall pay to the Consortium 1 with respect to the equipment and materials payment, construction and installation payment, design and technical services payment and other fees. In furtherance to the above, Lanxi Chenghui shall pay up to 95% of the equipment and materials payment, 97% of the construction and installation payment, 95% of the design and technical services payment and 95% of the other fees (representing an aggregate sum of approximately RMB1,177 million (tax inclusive), inclusive of the Advance Payment 1) upon the fulfilment of certain conditions set out under the EPC Contract 1, including, among others, achieving satisfactory results from the inspection of the completed project and obtaining relevant compliance approvals (if applicable).

(iii) Quality Assurance Fund

Under the EPC Contract 1, the remaining 5% of the equipment and materials payment, 3% of the construction and installation payment, 5% of the design and technical services payment and 5% of the other fees (representing an aggregate sum of approximately RMB51 million (tax inclusive)) shall be retained by Lanxi Chenghui (the "**Quality Assurance Fund**"), and shall be paid to the Consortium 1 upon the fulfilment of the conditions set out in the "Quality guarantee" below.

Escrow account: The Consortium 1 shall jointly establish an escrow account for receiving payments under the EPC Contract 1, which shall be jointly managed by Lanxi Chenghui and the Consortium 1 and subject to the terms specified in the EPC Contract 1. The usage of the fund shall be approved by Lanxi Chenghui and for the sole purpose of performing the EPC Contract 1.

Performance guarantee: Under the EPC Contract 1, the Consortium 1 shall provide a letter of performance guarantee issued by a qualified commercial bank agreed by Lanxi Chenghui with an amount equivalent to 10% of the contract price, to guarantee the due performance by the Consortium 1 of its obligations under the EPC Contract 1.

The letter of performance guarantee shall be released upon the project completion settlement.

Advance payment guarantee: Under the EPC Contract 1, together with the letter of performance guarantee, the Consortium 1 shall provide a letter of advance payment guarantee issued by a qualified commercial bank agreed by Lanxi Chenghui with an amount equivalent to 10% of the contract price, to guarantee that the Advance Payment 1 will be used in accordance with the terms of the EPC Contract 1.

The letter of advance payment guarantee shall be released once the Advance Payment 1 is fully utilized along the progress of the project in accordance with the terms of the EPC Contract 1.

Quality guarantee: Under the EPC Contract 1, for the release of the Quality Assurance Fund after date on which the completion of Works is accepted by the Group and at any time within the warranty period (i.e. one year after the inspection and acceptance of the completion of the Works), the Consortium 1 can opt to provide a letter of quality guarantee with an amount equivalent to the Quality Assurance Fund, to guarantee the due performance of the obligation of the Consortium 1 to rectify all defects within the warranty periods in accordance with the terms of the quality warranty attached to the EPC Contract 1.

The Quality Assurance Fund shall be released upon the fulfilment of the following conditions:

(a) all defects of the Works have been rectified during the warranty periods, and a certificate confirming the same has been issued by Lanxi Chenghui;

(b) all agreed technical standards stated in the EPC Contract 1 have been met; and if there is any quality issue, the Consortium 1 shall have already resolved the issue in accordance with the EPC Contract 1; and

(c) before the expiration of the warranty period under the EPC Contract 1, with respect to any equipment with warranty periods exceeding one year, the Consortium 1 shall unconditionally transfer the rights to the quality assurance obligation of the relevant suppliers of such equipment to Lanxi Chenghui.

The Group shall perform the rights and obligations under the EPC Contract 1 subject to the approval by the Shareholders and other approvals required under the Listing Rules.

Basis for Determination of the Contract Price under the EPC Contract 1

The contract price under the EPC Contract 1 was determined by the parties after arm's length negotiation and through a tendering selection process. In particular, the Company has considered the following factors during the selection of the contractors and the determination of the contract price: (i) the design and construction proposal submitted; (ii) the track record of the candidates of contractors on performing similar projects; (iii) the size of operation, manpower and financial performance of the candidates of contractors; (iv) the expected power capacity (measured in MW) of the relevant wind farm; and (v) the prevailing market price of the provision of similar EPC services.

Reasons for and Benefits of Entering into the EPC Contract 1

Taking into account that wind power generation has been increasing rapidly in recently years and will be one of the most important driving forces for renewable energy power generation in the PRC as stated in the "14th Five-Year Plan", the Company is optimistic about the prospect of wind power industry in the foreseeable future. Surrounding the national large bases plan, the layout of large-scale wind power generation bases in "Northeast China, North China and Northwest China" is expected to be accelerated.

Starting from 2021, the Group has accelerated the pace of scale expansion development of clean energy and expansion of the scale of the wind power business has been one of the key focuses of the Group in this regard.

The EPC Contract 1 represents the Group's continuing effort to develop wind farm projects in "Northeast China, North China and Northwest China". The entering into of the EPC Contract 1 for wind farms located in Heilongjiang would be in line with the national policies in terms of layout of sizeable power bases, as well as the Group's strategy to further develop and diversify the clean energy portfolio.

In view of the above, the Directors are of the view that the EPC Contract 1 will enable the Company to further expand its scale of business in the wind farm industry through the construction of quality wind power generation projects so as to enhance returns to the Shareholders.

Information of the parties

The Company is 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) 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.

Lanxi Chenghui is a subsidiary of the Company established in the PRC with limited liability. Lanxi Chenghui is a direct wholly-owned subsidiary of BEIED. As at the Latest Practicable Date, 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. Lanxi Chenghui is primarily engaged in, among others, the investment, construction, operation and management of wind power generation, photovoltaic power generation and biomass power generation projects.

China Water Resources Beifang is a company established in the PRC with limited liability, which is principally engaged in engineering design, surveying and mapping. As at the Latest Practicable Date, to the best information of the Directors, China Water Resources Beifang is owned as to 51% by the General Institute of Water Conservancy and Hydropower Planning and Design of the Ministry of Water Resources* (水利部水利水電規劃設計總院), a PRC Governmental Body, 40% by Haihe River Water Conservancy Commission of the Ministry of Water Resources* (水利部海河水利委員會) and 9% by the agency service bureau of the Ministry of Water Resources* (水利部機關服務局).

Heilongjiang Longneng is a company established in the PRC with limited liability, which is principally engaged in electric power engineering, professional engineering, building engineering and water conservancy and hydropower engineering construction. As at the Latest Practicable Date, to the best information of the Directors, Heilongjiang Longneng is owned as to 55.29% by Suihua Juxin New Energy Power Generation Co., Ltd.* (綏化市聚鑫新能源發電有限公司), a company owned as to 90% by Liu Mingzhi (劉明芝) and 10% by Hu Xiaoru (胡小茹), and the remaining is owned as to 18.27% by Wang Chenggang (王成剛), 17.9% by Chen Yulong (陳玉龍), 4.27% by Xu Hailong (徐海龍) and 4.27% by Song Xianfeng (宋顯峰).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, China Water Resources Beifang, Heilongjiang Longneng and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company as at the Latest Practicable Date.

Listing Rules Implications

As the highest applicable percentage ratio in respect of the EPC Contract 1 exceeds 25% but is less than 100%, the EPC Contract 1 constitutes a major transaction of the Company and is therefore subject to reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

3. THE EPC CONTRACT 2

References are made to (i) the announcement of the Company dated 18 January 2024 in respect of, among others, the EPC Contract 2 and (ii) the announcement of the Company dated 19 December 2023 in respect of, among others, the Previous EPC Contract.

On 18 January 2024, Jingrui, a wholly-owned subsidiary of the Company, as the principal, entered into the EPC Contract 2 with the Consortium 2, as the contractors. Pursuant to the EPC Contract 2, the Consortium 2 will provide EPC services to Jingrui for the construction of the EPC Project (Phase 2). The contract price under the EPC Contract 2 amounted to approximately RMB571 million (tax inclusive).

Principal terms of the EPC Contract 2

The principal terms of the EPC Contract 2 are set out as below:

Date:	18 January 2024
Parties:	(i) Jingrui (as the principal) (ii) Consortium 2 (as the contractors)
Subject Matter:	Pursuant to the EPC Contract 2, the Consortium 2 agreed to serve as the EPC contractors to provide EPC services to Jingrui for the construction of the EPC Project (Phase 2). The EPC services under the EPC Contract 2 include, among others, the survey, design, procurement of equipment and materials, construction, installation, testing and acceptance works (including governmental and special acceptance) of the EPC Project (Phase 2). The Consortium 2 shall be responsible for all the relevant expenses incurred for the construction of the EPC Project (Phase 2).

In addition, the Consortium 2 shall also be responsible for all permanent and temporary land acquisition, compliance procedures, revegetation, restoration of pavement in the process of construction and external coordination arising out of and in connection with the construction of the EPC Project (Phase 2), including the joint testing and cooperation of communication with the EPC Project (Phase 1).

The Consortium 2 shall implement and complete the construction of the EPC Project (Phase 2) in accordance with the EPC Contract 2 and remedy any failure or defects during the one-year warranty period of the EPC Project (Phase 2) carried out under the EPC Contract 2.

Construction Period: The construction of the EPC Project (Phase 2) shall commence upon the written notice from Jingrui, and is expected to complete within 367 calendar days from the date on which the written notice has been served under the EPC Contract 2.

Contract Price and Payment Method: The contract price under the EPC Contract 2 is approximately RMB571 million (tax inclusive) which consists of equipment and materials payment, construction and installation payment, design and consulting payment and other fees, the details of the payment structure are as follow:

Payment & fees	*Approximately RMB' million*
1. Equipment and materials payment	233
2. Construction and installation payment	265
3. Design and consulting payment	6
4. Other fees	67
Total	571

The payment shall be settled as follows:

(i) Advance Payment 2

20% of the contract price under the EPC Contract 2 (representing approximately RMB114 million (tax inclusive)) as advance payment (the "**Advance Payment 2**") shall be paid to the Consortium 2 upon the fulfillment of the following conditions, including (i) the EPC Contract 2 being signed and effective; (ii) the receipt of the letter of performance guarantee (equivalent to 10% of the contract price under the EPC Contract 2, and is irrevocable and payable on demand) and the letter of advance payment guarantee (equivalent to 10% of the contract price under the EPC Contract 2, and is unconditional, irrevocable, irrefutable and payable on demand); and (iii) the issue of valid receipts with equivalent amounts by the Consortium 2 to Jingrui.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Jingrui shall pay to the Consortium 2 with respect to the construction and installation payment, equipment and materials payment, design and consulting payment and other fees. In furtherance to the above, Jingrui shall pay up to 97% of the construction and installation payment, 95% of the equipment and materials payment, 95% of the design and consulting payment and 95% of the other fees (representing an aggregate sum of up to approximately RMB547 million (tax inclusive), inclusive of the Advance Payment 2) upon the fulfilment of certain conditions set out under the EPC Contract 2, including, among others, completion of settlement audit for the EPC Project (Phase 2), and special value-added tax invoice(s) issued by the Consortium.2.

(iii) Quality Assurance Fund

3% of the construction and installation payment, 5% of the equipment and materials payment, 5% of the design and consulting payment and 5% of other fees (representing an aggregate sum of approximately RMB24 million (tax inclusive)) under the EPC Contract 2 shall be retained by Jingrui without accrual of interest as quality assurance fund and be paid to the Consortium 2 (after deduction of any part thereof pursuant to the EPC Contract 2) until the expiration of the one-year warranty period, which is one year starting from the date of the acceptance of the construction of the EPC Project (Phase 2) subject to the fulfillment of the following conditions:

(1) resolving all defects of the construction works and equipment within the warranty period and a quality confirmation letter issued by Jingrui;

(2) meeting the agreed technical standards stated in the EPC Contract 2. If there is quality issue, the Consortium 2 shall complete the quality repairs in accordance with the EPC Contract 2; and

(3) before the expiration of the warranty period under the EPC Contract 2, with respect to any equipment with warranty period exceeding one year, the unconditional transfer of the rights to the quality assurance obligation of the relevant suppliers of such equipment by the Consortium 2 to Jingrui.

Performance Guarantee:	Under the EPC Contract 2, the Consortium 2 shall provide a letter of performance guarantee issued by a commercial bank (as agreed upon by Jingrui) with an amount equivalent to 10% of the contract price under the EPC Contract 2 (the "**Letter of Performance Guarantee**") within 30 days after the EPC Contract 2 becomes effective, to guarantee the due performance by the Consortium 2 of their obligations under the EPC Contract 2. The validity period of the Letter of Performance Guarantee shall expire upon the completion and settlement of the EPC Project (Phase 2). In the event the provision of the Letter of Performance Guarantee is overdue by more than 60 days, Jingrui is entitled to terminate the EPC Contract 2 and the Consortium 2 will be responsible for any losses incurred thereunder.
Advance Payment Guarantee:	Under the EPC Contract 2, after the EPC Contract 2 becomes effective and prior to Jingrui's payment of the Advance Payment 2 to the Consortium 2, the Consortium 2 shall provide a letter of advance payment guarantee issued by a commercial bank (as agreed upon by Jingrui) with an amount equivalent to 10% of the contract price under the EPC Contract 2, to guarantee that the Advance Payment 2 will be used in accordance with the terms of the EPC Contract 2. The letter of advance payment guarantee shall be released once the Advance Payment 2 is fully utilised along the progress of the project in accordance with the terms of the EPC Contract 2.
Escrow Account:	The Consortium 2 shall establish an escrow account for receiving certain payments under the EPC Contract 2, which shall be jointly managed by Jingrui and the Consortium 2, and subject to the terms specified in the EPC Contract 2. The usage of the fund in the escrow account shall be approved by Jingrui and for the sole purpose of performing the EPC Project (Phase 2).

The Group shall perform the rights and obligations under the EPC Contract 2 subject to the approval by the Shareholders and other approvals required under the Listing Rules.

Basis for Determination of the Contract Price under the EPC Contract 2

The contract price under the EPC Contract 2 was determined by the parties after arm's length negotiation and through a tendering selection process. In particular, the Company has considered the following factors during the selection of the contractors and the determination of the relevant contract price: (i) the design and construction proposal submitted; (ii) the track record of the candidates of contractors on performing similar projects; (iii) the size of operation, manpower and financial performance of the candidates of contractors; (iv) the expected power capacity (measured in MW) of the EPC Project (Phase II); and (v) the prevailing market price of the provision of similar EPC services.

Reasons for and benefits of entering into the EPC Contract 2

Having considered the development and the expected return from the investment in wind power generation in the renewable energy industry in the PRC, the Company is optimistic about the prospect of such industry in the foreseeable future. Surrounding the national large bases plan, the layout of large-scale wind power generation bases in "Northeast China, North China and Northwest China" is expected to be accelerated.

The Group has accelerated the pace of scale expansion development of clean energy and expansion of the scale of the wind power business, which has been one of the key focuses of the Group in this regard. To the best of the Directors' knowledge, HDEC and Jingdian Energy Engineering are well-established companies with substantial experience in the construction and development of renewable energy power generation projects in the PRC. The entering into of the EPC Contract 2 would be in line with the national policies in terms of layout of sizeable power bases and will enable the Company to further expand its scale of business in wind power station in the renewable energy industry and diversify the clean energy portfolio through the construction of quality wind power generation projects so as to enhance returns to the Shareholders.

In view of the above, the Directors have reviewed the EPC Contract 2 and are of the view that the terms and conditions of the EPC Contract 2 are fair and reasonable and the transaction contemplated thereunder is entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Information of the parties

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.

Jingrui is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is primarily engaged in power generation business, power transmission business and power supply (distribution) business.

HDEC is a company established in the PRC with limited liability and is primarily engaged in, among others, contracting of EPC projects, provision of technical services including planning, surveying, design, consultation, supervision and inspection of engineering projects in the PRC and aboard, whole process engineering consulting, marine engineering surveying and investment, construction, operation and maintenance of infrastructure projects. As at the Latest Practicable Date, to the best information of the Directors, HDEC is a wholly-owned subsidiary of Power Construction Corporation of China, Ltd.*(中國電力建設股份有限公司), a joint stock company established in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601669).

Jingdian Energy Engineering is a company established in the PRC with limited liability and is primarily engaged in, among others, commissioning of EPC project relating to electric power engineering (including thermal power stations, wind power stations, solar power stations, power transmission and transformation projects), commissioning of special professional engineering works, architectural construction and water conservation and hydropower projects. As at the Latest Practicable Date, to the best information of the Directors, Jingdian Energy Engineering is a wholly-owned subsidiary of Jingdian Energy Technology Group Co., Ltd. *(京電能源科技集團有限公司), a company established in the PRC with limited liability, which is ultimately and beneficially owned by Liu Mingjun*(劉明軍) and Xu Yongxi*(徐永喜) as to approximately 96% and 4%, respectively.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each member of the Consortium 2 and their ultimate beneficial owners are Independent Third Parties of the Company and not connected persons of the Company as at the Latest Practicable Date.

Listing Rules Implications

Pursuant to the Rule 14.22 of the Listing Rules, the EPC Contract 2 shall be aggregated with the Previous EPC Contract since these transactions are entered into by the Group with Jingdian Energy Engineering within a 12 month period. As the highest applicable percentage ratio in respect of the EPC Contract 2, when aggregated with the Previous EPC Contract, exceeds 25% but is less than 100%, the EPC Contract 2, when aggregated with the Previous EPC Contract, constitutes a major transaction of the Company and are therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

4. THE DISPOSALS

Reference is made to the announcement of the Company dated 29 December 2023 in relation to the disposal of the Target Companies to a non wholly-owned subsidiary.

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 (as defined below), 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 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; and (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 a 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 of the Disposals" 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 of the Disposals" 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 to the Disposals

(A) General Conditions Precedent to the Disposals

The completion of all of the Disposals is conditional upon the fulfilment (or waiver in writing by the Purchaser) of all of the following general Conditions Precedent to the Disposals (but for the avoidance of doubt, the completion of each Disposal is not conditional upon the completion of the other Disposals):

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 of the Disposals 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 of the Disposals 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 of the Disposals, 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 of the Disposals;

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 of the Disposals; 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 of the Disposals; (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 to the Disposals

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 to the Disposals 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 appendices 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 million 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 of the Disposals

Within ten (10) working days from the date of fulfilment (or waiver in writing by the Purchaser) of all the Conditions Precedent to the Disposals 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 of the Disposals.

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 impact and use of proceeds from the Disposals

It is anticipated that the net proceeds from the Disposals would amount to approximately RMB418 million. Upon completion of the Disposals, each of the Target Companies will remain an indirect non wholly-owned subsidiary of the Company and their respective financial results will remain consolidated into the consolidated financial statements of the Group. As a result, the Company is expected not to recognise gain/loss. The Group intends to use the proceeds from the Disposals for the repayment of existing debts and daily operations of the Group.

Termination of the Equity Transfer Agreements

If any of the Conditions Precedent to the Disposals 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.

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.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of each Equity Transfer Agreements are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 Taxation Administration and National Development and Reform Commission (MOF Notice 2020 No. 23) (《財政部、國家稅務總局、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 Taxation Administration, 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 Taxation Administration (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 Taxation Administration 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 the total cost 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 14.71 of the Listing Rules is included in Appendix IIIA to this circular and a letter from the Board is included in Appendix IIIB to this circular.

Information on the Parties to the Disposals

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 Latest Practicable Date, 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 Latest Practicable Date; 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 Latest Practicable Date. 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 Latest Practicable Date, 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 enquiry, Ping An Infrastructure Fund and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons as at the Latest Practicable Date.

Information of the Target Companies

Each of the Target Companies is a company established in the PRC with limited liability. As of the Latest Practicable Date, 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	24	28
Net profit after tax	20	26

As at 31 December 2022, the audited net assets of Target Company A was approximately RMB170 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	41	38
Net profit after tax	35	33

As at 31 December 2022, the audited net assets of Target Company B was approximately RMB269 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	41
Net profit after tax	19	41

As at 31 December 2022, the audited net assets of Target Company C was approximately RMB251 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	14	10
Net profit after tax	14	10

As at 31 December 2022, the audited net assets of Target Company D was approximately RMB74 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	23	3
Net profit after tax	23	3

As at 31 December 2022, the audited net assets of Target Company E was approximately RMB119 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	14	Nil
Net profit after tax	14	Nil

As at 31 December 2022, the audited net assets of the Target Company F was approximately RMB74 million.

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 75%, 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.

5. SPECIAL GENERAL MEETING

A notice convening the SGM is set out on page 143 to 145 of this circular, at which ordinary resolutions will be proposed for the Shareholders to consider and, if thought fit, to approve (i) the EPC Contract 1 and the transactions contemplated thereunder; (ii) the EPC Contract 2 and the transactions contemplated thereunder; and (iii) the Equity Transfer Agreements and the Disposals contemplated thereunder.

For the purpose of determining the entitlement for attending and voting at the SGM, the register of members of the Company will be closed from Friday, 22 March 2024 to Wednesday, 27 March 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 21 March 2024.

A form of proxy for use at the SGM is enclosed to this circular and such form of proxy is also published on websites of the HKEXnews (http://www.hkexnews.hk) and the Company (http://www.bjei.com). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has any material interest in the EPC Contracts and the transactions contemplated thereunder as well as the Equity Transfer Agreements and the Disposals contemplated thereunder as at the Latest Practicable Date. Therefore, no Shareholder is required to abstain from voting on the aforesaid resolutions to be proposed at the SGM.

6. VOTING BY WAY OF POLL

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, all the resolutions put to the vote at the SGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

7. RECOMMENDATION

The Board considers that the terms and conditions of each of the EPC Contract 1, the EPC Contract 2 and the Equity Transfer Agreements for the Disposals are fair and reasonable and the transactions contemplated thereunder are entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions in respect of approving the EPC Contract 1 and the transactions contemplated thereunder, the EPC Contract 2 and the transactions contemplated thereunder and the Equity Transfer Agreements and the Disposals contemplated thereunder to be proposed at the SGM.

8. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

The English text of this circular, the notice of the SGM and the form of proxy for use at the SGM shall prevail over the Chinese text in case of inconsistency.

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

1. FINANCIAL INFORMATION OF THE GROUP AND COMPANY ACQUIRED

The published audited consolidated financial statements of the Group for each of the three years ended 31 December 2020, 2021 and 2022 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023 are disclosed in the following documents, which can be accessed on both the websites of the HKEXnews (http://www.hkexnews.hk) and the Company (http://www.bjei.com).

(i) Annual report of the Company for the year ended 31 December 2020 (pages 86-178), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0422/2021042200401.pdf

(ii) Annual report of the Company for the year ended 31 December 2021 (pages 127-294), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0421/2022042100465.pdf

(iii) Annual report of the Company for the year ended 31 December 2022 (pages 143-322), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042401355.pdf

(iv) Interim report of the Company for the six months ended 30 June 2023 (pages 26-71), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0921/2023092100545.pdf

The information for any company acquired since the date of the last published audited accounts of the Group is disclosed in the circular of the Company dated 9 June 2023, which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0608/2023060800815.pdf

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

Indebtedness

As at the close of the business on 31 January 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the borrowings of the Group comprised the following indebtedness.

	RMB' million
Bank borrowings	
Secured and with guarantee	5,667
Secured and without guarantee	4,162
Unsecured and with guarantee	7,671
Unsecured and without guarantee	33,692
Finance lease liabilities	
Secured and with guarantee	2,622
Secured and without guarantee	7,210
Unsecured and without guarantee	1,755
Other borrowings	
Secured and without guarantee	110
Unsecured and without guarantee	995
Convertible bonds	
Unsecured and without guarantee	343
	64,227

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or any material outstanding loan capital, bank overdrafts, loans, mortgages, charges or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, guarantees or any other actual or material contingent liabilities outstanding at the close of business on 31 January 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular.

The Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 31 January 2024 up to and including the Latest Practicable Date.

3. SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources of the Group (including the Group's internal resources, available banking and other borrowing facilities and credit enhancement guarantee from BEH, a controlling Shareholder holding approximately 32.04% of the issued share capital of the Company), in the absence of any unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient working capital for the Group's requirements for at least the next 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL CHANGES

The Directors confirmed that, as at the Latest Practicable Date, there had not been any material change in the financial or operation position or outlook of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. IMPACT ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP

As at 31 December 2022, the audited consolidated total assets and total liabilities of the Group amounted to approximately RMB60,328 million and RMB50,145 million respectively. The consideration payable under the EPC Contracts will be settled in cash by way of utilising the Group's internal resources and external financing.

The facilities under the EPC Contracts would be recorded as property, plant and equipment under non-current assets of the Group and hence the amount of the total assets of the Group is expected to increase following the completion of the works, after such increase is partially offset by the decrease in cash and cash equivalents. The amount of the total liabilities of the Group is also expected to increase due to the funding requirements of the consideration of the EPC Contracts. Given the nature of the EPC Contracts, the Group does not expect the EPC Contracts to have immediate material impact on the earnings of the Group.

Under the Disposals, as each of the Target Companies continues to be an indirect non wholly-owned subsidiary of the Company, and the Group intends to use the proceeds from the Disposals for repayment of existing debts and daily operations of the Group, it is expected that there will be no material change in the amount of total assets of the Group, and it is estimated that the net proceeds from the Disposals of approximately RMB418 million used for the repayment of debts will result in a decrease in the amount of the total liabilities of the Group by approximately RMB418 million, while the total equity and minority interests of the Group will increase by approximately RMB418 million.

6. FINANCIAL AND OPERATION PROSPECTS OF THE GROUP

The Group is primarily engaged in the development, investment, operation and management of power plants and other clean energy projects.

According to the Group's preliminary operation statistics, the 200 power plants beneficially owned by the Group and its associates with an aggregate installed capacity of approximately 9,152.67 MW have generated electricity in an aggregate volume of approximately 3,631,699 MWh in the fourth quarter of 2023, and the aggregate electricity generation volume for the twelve months ended 31 December 2023 has amounted to approximately 13,781,366 MWh.

Looking forward, with the strong support of BEH, the Group will further focus on its main business. It will fully leverage the opportunity of the transition of energy structure to a clean and low-carbon model and its rapid development and determine the main line of business development. Meanwhile, the Group will coordinate domestic and overseas market resources to optimise assets allocation, and realise scale expansion and intensive development of solar power and wind power and other new energy businesses. In addition to the rapid development of existing new energy businesses, the Group will keep up with the industry's high-tech and new technology development trends, and actively promote the combination of energy and data by capturing new opportunities arising from the clean energy industry ecosystem. Furthermore, it will mainly focus on integrated energy business with the focus placed on big data, and integrate various types of resources including distributed energy, energy storage and hydrogen energy and user loads. It will research and promote the multi-energy complementary integrated services and terminal energy solutions based on renewable energy. By realising the business optimisation transformation and sustainable healthy development of the Group through value creation, it will be in the best interests of the Group and its Shareholders.

The following is the summary of the valuation report dated 12 December 2023 in respect of Wulate Houqi Yuanhai New Energy Co., Ltd. (烏拉特後旗源海新能源有限責任公司), which is prepared by Pan-China Assets Appraisal Co., Ltd.* (北京天健興業資產評估有限公司) for the purpose of inclusion in this circular. Such report is prepared in Chinese and the English translation is provided for your reference only. In the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.*

Pan-China Assets Appraisal Co., Ltd. (北京天健興業資產評估有限公司) holds the domestic assets appraisal qualification jointly granted by the China Securities Regulatory Commission and the Ministry of Finance of the PRC.*

Summary of the Asset Valuation Report of the Value of Entire Shareholders' Equity of Wulate Houqi Yuanhai New Energy Co., Ltd. Related to the Proposed Transfer by BEI Energy Development (Beijing) Co., Ltd. of 100% Equity Interest Held by It

Tian Xing Ping Bao Zi (2023) No. 1057

Pan-China Assets Appraisal Co., Ltd. has been engaged by BEI Energy Development (Beijing) Co., Ltd. to appraise the market value of the entire shareholders' equity of Wulate Houqi Yuanhai New Energy Co., Ltd. related to the proposed transfer by BEI Energy Development (Beijing) Co., Ltd. of its subsidiary's equity interest as at 31 December 2022 by adopting the income approach and the asset-based approach in an independent, objective and impartial manner and in accordance with the provisions of relevant laws, administrative regulations and asset valuation standards as well as the necessary valuation procedures. The asset valuation is reported as follows:

I. Valuation Purpose: To provide a value reference for the economic activity of the proposed transfer by BEI Energy Development (Beijing) Co., Ltd. of 100% equity interest held by it in accordance with Minutes of the 21st General Manager Meeting of Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司) in 2023 (General No. 237)* (《北京能源集團有限責任公司總經理辦公會會議紀要2023年第21期》(總第237期)), the valuation of the entire shareholders' equity of Wulate Houqi Yuanhai New Energy Co., Ltd. shall be arranged.

II. Valuation Target: The value of entire shareholders' equity of Wulate Houqi Yuanhai New Energy Co., Ltd. as at the valuation reference date.

III. Valuation Scope: The entire assets of Wulate Houqi Yuanhai New Energy Co., Ltd., including all assets and relevant liabilities.

IV. Type of the Value: Market value.

V. Valuation Reference Date: 31 December 2022.

VI. Valuation Methodology: Income approach and asset-based approach.

VII. Valuation Conclusion

In the valuation, the valuers use the asset-based approach and the income approach to evaluate the valuation target, and after analysis, the conclusion under the income approach is selected as the final valuation conclusion. The main reason for adopting the income approach for the valuation is that the income approach valuates the overall value of the enterprise, including the value of identifiable assets and unidentifiable intangible assets, such as the value qualified for national subsidies. As compared with the newly built power stations, the target project enjoys national subsidies for electricity prices, resulting in a cash inflow greater than that of the newly built power stations, whereas the asset-based approach cannot reflect the value qualified for national subsidies. Therefore, using the income approach is more reasonable than using the asset-based approach.

The value of entire shareholders' equity of Wulate Houqi Yuanhai New Energy Co., Ltd. assessed under the income approach is RMB169,978,900, representing a valuation appreciation of RMB83,100 and an appreciation rate of 0.05%.

When utilising the valuation conclusion of this report, users of this report are advised to pay attention to the impact of item 11 "Notes on Special Matters" in the text of the report on the valuation conclusion, and pay attention to the valuation assumptions and preconditions for the establishment of the valuation conclusion.

Special attention of users of the report is drawn to the following significant matters mentioned in item 11 "Notes on Special Matters" in the text of the report, which may affect the valuation conclusion but are beyond the professional level and capability of the asset valuers:

(I) Wulate Houqi Yuanhai New Energy Co., Ltd. has declared a total of 6 fixed assets – buildings with a total gross floor area of 2,767.00 sq.m, and the building ownership certificates had not yet been obtained as of the valuation reference date. As of the date of the valuation report, the appraised entity had not yet completed the relevant formalities for property ownership. In this regard, the appraised entity has issued relevant explanations to prove that the undocumented buildings are indeed owned by the appraised entity and has undertaken to bear the corresponding legal liabilities in the event of any problem with the property ownership of the buildings. In this valuation, the gross floor area of the buildings was determined mainly on the basis of the data, the finalized accounts and other information filled by the enterprise, as well as on-site inspections by the valuers. The impact of this matter on the valuation conclusion was not considered in this valuation.

(II) The valuers enquired with the relevant financial officers about the reasons for the compensation for grass occupation and other expenses incurred, and inspected the relevant contracts and other documents. The valuers verified the correctness of the amortisation of the asset on the basis of the book records of the enterprise, and finally recognised at the carrying amount with correct amortisation as the appraised value.

(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 Taxation Administration, 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 Taxation Administration (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 is included in the relevant preferential catalogue. The 50MW photovoltaic power plant project of Wulate Houqi Yuanhai New Energy Co., Ltd. is in compliance with the above requirements and the investment and operation income generated from the various phases of the photovoltaic power plant project shall be exempted from the enterprise income tax for 3 years from the day of grid connection and power generation and shall be subjected to a 50% reduction of enterprise income tax for 3 years upon filing. At the same time, 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 Taxation Administration 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. The 50MW photovoltaic power plant project of Wulate Houqi Yuanhai New Energy Co., Ltd. is in compliance with the above requirements. In addition, it is assumed that the income tax preference policy for the Western Development can be continued for a long time taking into account the historical continuation of the income tax preference policy for the Western Development and for the purpose of this valuation.

As the discount rate has a great impact on the appraised value under the income approach, a sensitivity analysis of the impact of the discount rate on the appraised value under the income approach has been performed. Specific calculations are as follows:

Company name	Appraised value of this valuation *(RMB0'000)*	Sensitive factor	Rate of change of the factor	Appraised value after changes *(RMB0'000)*	Amount of change in the appraised value after changes *(RMB0'000)*	Rate of change in appraised value	Rate of change of the factor	Appraised value after changes *(RMB0'000)*	Amount of change in the appraised value after changes *(RMB0'000)*	Rate of change in appraised value
Wulate Houqi Yuanhai New Energy Co., Ltd.	16,997.89	Discount rate	+5%	16,027.58	-970.31	-5.71%	-5%	18,003.14	1,005.25	5.91%

As can be seen from the above calculation table, the appraised value under the income approach is more sensitive to the discount rate with an inverse change, as the appraised value goes down by 5.71% when the discount rate goes up by 5%, and goes up by 5.91% when the discount rate goes down by 5%.

DETERMINATION OF DISCOUNT RATE

I. Selection of Discount Rate Model

Discount rate shall be consistent with in the caliber of expected income. As this valuation report adopts the discounted cash flow model of the enterprise, the caliber of expected income will be the cash flow of the enterprise, therefore, the corresponding discount rate is determined by selecting the weighted average cost of capital (WACC), and the calculation formula is as follows:

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

Where:

WACC: weighted average cost of capital;

E: market value of equity;

D: market value of debt;

Ke: cost of equity capital;

Kd: cost of debt capital;

T: income tax rate of the appraised entity.

In the calculation formula of weighted average cost of capital WACC, the cost of equity capital Ke is estimated by using the Capital Asset Pricing Model (CAPM) based on international common practices, and the calculation formula is as follows:

$$K_e = R_f + \beta \times MRP + R_c$$

Where:

Ke: cost of equity capital;

Rf: risk-free yield;

β: systematic risk coefficient of equity;

MRP: market risk premium;

Rc: enterprise specific risk adjustment coefficient;

T: income tax rate of the appraised entity.

II. Determination of Specific Parameters of Discount Rate

(I) Determination of Risk-Free Yield

Treasury bond yield is usually believed to be of no risk because the risk of failure to redeem such bond held to maturity is very low and negligible. Based on the information disclosed in the official website of China Appraisal Society, 10-year Treasury bond has a yield to maturity rate of 2.84% per annum as at the valuation reference date. In this valuation report, 2.84% is taken as risk-free yield.

(II) Determination of Beta Coefficient βL

1. Calculation formula

The calculation formula of systematic risk coefficient of equity of the appraised entity is as follows:

$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_U$$

Where:

βL: Beta with financial leverage;

βU: Beta without financial leverage;

T: income tax rate of the appraised entity;

D/E: target capital structure of the appraised entity.

2. *Determination of βU without financial leverage of the appraised entity*

According to the business characteristics of the appraised entity, the valuers have enquired the βL values of 7 comparable A-shares listed companies in Shanghai and Shenzhen through the WIND information system. They are converted into βU values based on the income tax rate and capital structure of the comparable listed companies. The capital structure is calculated according to the average capital structure of listed companies. The average of the βU values as 0.4855 is taken as the βU value of the appraised entity. The detailed data is set out in the table below:

Stock code	Short name of the company	βu value
600821.SH	NYOCOR	0.3121
603105.SH	Sunoren	0.7574
000862.SZ	Yin Xing Energy	0.4557
600163.SH	Zhongmin Energy	0.6512
601016.SH	CECEP Wind Power	0.3799
601619.SH	Jiaze Renewables	0.2783
603693.SH	Jiangsu New Energy	0.5640
Average		0.4855

3. *Determination of capital structure D/E of the appraised entity*

The average of the capital structure of comparable listed companies as 0.7293 is taken as the target capital structure D/E of the appraised entity. The enterprise income tax is forecast based on the actual situation of the target company. At the same time, the valuation assumes that the areas involved in the Western Development is able to continue to receive a preferential income tax rate of 15%, which will still be applied for forecast after 2031.

4. *Computation of βL*

The systematic risk coefficient of equity of the appraised entity is calculated by substituting the parameters determined above into the systematic risk coefficient of equity calculation formula.

$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_U$$
$$= 0.7865$$

(III) Determination of Market Risk Premium

The China securities market index is used to measure the market risk premium, which is expressed in the formula:

China market risk premium = average return rate of China stock market – China risk-free interest rate

Among them, the average return rate of China stock market is based on the historical data of CSI 300 Index, and the monthly data of CSI 300 Index as of the valuation reference date is selected from the Wind information market database and calculated by using the moving arithmetic mean method; the China risk-free interest rate is expressed as the yield to maturity of all PRC government bonds with a remaining maturity of 10 years from the valuation reference date as described above. The estimated China market risk premium is 7.14%.

(IV) Determination of Enterprise Specific Risk Adjustment Coefficient

The enterprise specific risk adjustment coefficient refers to the specific risks of an enterprise relative to its peer enterprises, and the influencing factors mainly include: (1) the operation stage of the enterprise; (2) historical operating conditions; (3) the stage of development of its major products; (4) the distribution of the enterprise's business, products, and regions; (5) the company's internal management and control mechanisms; (6) the experience and qualifications of the management personnel; (7) the scale of the enterprise's operations; (8) its reliance on major customers and suppliers; (9) the financial risks; and (10) the risks of laws, environmental protection, and other aspects.

Taking into account the above factors, the rate of return for individual risk was determined to be 2.00% in this valuation.

(V) Discount Rate Calculation Results

1. Calculation of the cost of equity capital

The cost of equity capital of the appraised entity is calculated by substituting the parameters determined above into the cost of equity capital calculation formula.

$$K_e = R_f + \beta \times MRP + R_c$$

$$= 10.46\%$$

2. Calculation of the weighted average cost of capital

This valuation has taken into account the interest-bearing debts of all project companies involved in this equity transfer of BEIED as at the valuation reference date, and has taken the weighted average of the cost of interest-bearing debts of all project companies, which was 3.72%, as the cost of debts. The cost of weighted average capital of the appraised entity is calculated by substituting the parameters determined above into the cost of weighted average capital calculation formula.

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

$$= 7.38\%$$

I. GENERAL ASSUMPTIONS:

1. Transaction assumption: It is assumed 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: Open market assumption 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: Continuous use assumption 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: It is a valuation assumption made by taking the overall assets of an enterprise as the valuation object. In other words, such enterprise, as an operating entity, will operate as a going concern until the end of the forecast period in accordance with its business objectives under the external environment where it operates. The operators of such enterprise are accountable for and capable of assuming responsibilities; such enterprise conducts lawful operations and is able to earn appropriate profits to maintain its ability to continue as a going concern.

II. APPRAISAL 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 the enterprise continues to operate until the end of the forecast period with reference to the actual status of its assets as at the valuation reference date.

3. It is assumed that the operators of the enterprise are responsible, and the management of the enterprise is capable of performing its duties.

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

5. It is assumed that the accounting policies to be adopted in the future by the enterprise are in material aspects generally consistent with the accounting policies adopted in the compilation of this report.

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

7. It is assumed that the electricity market conditions at which the assets are situated remain stable and there are no material or substantive changes.

8. There are no material changes in 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 the enterprise.

10. It is assumed that the forecasted annual cash flow of the appraised entity is generated during the period and the assets to be recovered at the end of the forecast period are recovered at the end of the period.

11. It is assumed that, subsequent to the valuation reference date, the products or services offered by the enterprise maintain prevailing market competition situation.

12. This valuation assumes that the settlement method and settlement price for the electricity bill of the enterprise from photovoltaic power generation during the forecast period remain consistent with the existing method and level and there are no changes in the future.

13. This valuation assumes that the recovery period for the national electricity subsidies receivable by the enterprise during the forecast period is 2 years.

14. According to the interviews with the management, the enterprise anticipates that the 2023 Power Station Production and Operation Service Agreement (《二零二三年度電站生產運營服務協議》) signed with BEJN International Holdings Co., Ltd. (Northern Branch Company) will no longer be signed and executed from 2024 onwards, and will be operated by the enterprise itself instead. Therefore, the calculations are on the basis of the self-operation of the enterprise from 2024.

15. This valuation assumes that the photovoltaic projects of the enterprise are capable of reaching the design service lives with an operation period of 25 years. Ongoing maintenance will be arranged for the photovoltaic equipment in coming years in order to preserve its designed usage efficiency.

16. This valuation assumes that the fixed assets and occupied lands shall be recovered at their carrying residual values at end of the forecast period.

17. Pursuant to the Notice on the Publication of Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment by the Ministry of Finance, State Taxation Administration, 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 Taxation Administration (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 is included in the relevant preferential catalogue. The 50MW photovoltaic power plant project of Wulate Houqi Yuanhai New Energy Co., Ltd. is in compliance with the above requirements and the investment and operation income generated from the various phases of the photovoltaic power plant project shall be exempted from the enterprise income tax for 3 years from the day of grid connection and power generation and shall be subjected to a 50% reduction of enterprise income tax for 3 years upon filing. At the same time, 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 Taxation Administration 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. The 50MW photovoltaic power plant project of Wulate Houqi Yuanhai New Energy Co., Ltd. is in compliance with the above requirements. In addition, it is assumed that the income tax preference policy for the Western Development can be continued for a long time taking into account the historical continuation of the income tax preference policy for the Western Development and for the purpose of this valuation.

According to the above requirements, the income tax rates applicable to Wulate Houqi Yuanhai New Energy Co., Ltd. for each period are as follows:

Applicable tax rate (closing date)	0.0%	7.5%	15%
First 10MW of Nawu (那烏)	Before Benchmark Date	Before Benchmark Date	December 2030 and onwards
Second 10MW of Nawu (那烏)	Before Benchmark Date	Before Benchmark Date	December 2030 and onwards
First 10MW of Xibulong (西補隆)	Before Benchmark Date	Before Benchmark Date	December 2030 and onwards
Second 10MW of Xibulong (西補隆)	Before Benchmark Date	Before Benchmark Date	December 2030 and onwards
Third 10MW of Xibulong (西補隆)	Before Benchmark Date	March 2023	December 2030 and onwards

We particularly emphasize: the valuation opinions only serve as a value reference basis for equity transfer transactions between the client and should not replace any decision on the prices for equity transfer transactions between the client.

III. SPECIFIC QUANTITATIVE ASSUMPTIONS

The quantitative assumptions relating to the financial forecast include:–

(1) Revenue growth rate: The forecasted electricity price of the target project in this valuation is mainly arrived at with reference to the actual settlement price level of the enterprise in historical years. According to the feedback from the enterprise, the electricity price level does not show an increasing trend at present, thus, the revenue growth rate is not considered in this valuation. The main factors that affect revenue are the number of generation hours and electricity price, of which, (a) for the number of generation hours based on the number of generation hours in historical years, the number of generation hours in the subsequent years are calculated combined with the attenuation rate of 0.7% of photovoltaic modules in the feasibility report; (b) for the forecasted electricity price mainly arrived at with reference to the actual settlement price level of the enterprise in historical years, it is assumed that the settlement price for the electricity bill during the forecast period remains consistent with the existing method and level. The forecasted revenues are as follows:

RMB0'000

	The first year	The second year	The third year	The fourth year	The fifth year
Revenue	5,858.36	5,818.46	5,778.84	5,739.49	5,700.43
Increase rate (attenuation rate)	–	–0.7%	–0.7%	–0.7%	–0.7%

(2) Gross profit: Gross profit is primarily related to (a) income (which is forecasted based on the number of forecasted generation hours of the enterprise and the actual settlement price level in historical years); and (b) costs (which is forecasted according to the forecast by the enterprise, as well as combined with the feasibility report). As the operating cost during the forecast period is arrived at with reference to operating cost structure in historical years with full consideration of factors which affect future operating costs of the target company, as well as combined with the gross profit margin of the peer listed companies and the factor that the target company is non-listed company, the gross profit margin during the forecast period for this valuation is approximately -53% to 66% (after the forecast period, the gross profit margin will gradually decline after a few years without subsidies).

(3) Major expenses: Major expenses of the trading target during the forecast period include salary, leasing fee, operation and maintenance fee, maintenance costs, material expenses, etc., which are forecasted in this valuation mainly based on the expenditures of the enterprise in historical years, local wage level, relevant contracts signed in historical years, as well as combined with the feasibility report. The costs and fees of the trading target during the forecast period are mainly operating costs and management fees, which are forecasted based on the expenditures of the enterprise in historical years, local wage level, relevant contracts signed in historical years, as well as combined with the feasibility report. As for the production and operation fees included in the operating costs, after the discussion with the management of the enterprise, as the production and operation service agreement will no longer be executed in 2024 (the second year of the forecast period), the forecasted production and operation fee for 2023 (the first year of the forecast period) is RMB4,717,000 according to the contract, and will no longer be forecasted from 2024 onwards. The management fees are also be forecasted according to the management fee level in historical years. The forecasted costs and fees are as follows:

RMB0'000

	The first year	The second year	The third year	The fourth year	The fifth year
Operating costs	2,404.13	1,982.05	1,965.48	1,942.87	1,942.87
Management fees	–	112.00	113.35	114.74	116.17
Total	2,404.13	2,094.05	2,078.83	2,057.61	2,059.04

(4) Capital expenditure: This valuation mainly considers the capital expenditure of electronic equipment, which are valuated based on the forecasted electronic equipment expenditure of the enterprise. The maintenance costs for the main power generation equipment in future years has been forecasted in the repair cost, and is not repeatedly forecasted in the capital expenditure. According to the actual situation of the target company, the maintenance and retrofit expenditures for power generation equipment have been taken into account in cash flow during the forecast period. The future capital expenditure is mainly the replacement expenditure of office equipment used in the daily course of business. The annual capital expenditure of the target company during the forecast period is approximately RMB200,000.

The income approach adopts the cash flow discount method. The selected cash flow caliber is the free cash flow of each of the enterprise, and the value of the entire shareholders' equity is indirectly arrived at by the valuation of the overall value of the enterprise. This valuation is based on the net free cash flow of each of the enterprise in the future years, discounted at an appropriate discount rate and summed up to calculate the value of the enterprise's overall operating assets. The value of the entire shareholders' equity is arrived at by adding the value of the surplus in assets and non-operating assets, after deducting the value of any interest-bearing debt. The report and conclusions therein are only intended to be used only for valuation purpose as described herein and for no other purposes.

The above is an extract from the full text of the valuation report. For details of the valuation project and to have a reasonable understanding of the valuation conclusion, the report users should carefully read the full text of the valuation report, upon obtaining consent of owners of the valuation report, and pay attention to the Notes on Special Matters.

The following is the summary of the valuation report dated 12 December 2023 in respect of Youyu County Sineng Wind Energy Co., Ltd. (右玉縣斯能風電有限公司), which is prepared by Pan-China Assets Appraisal Co., Ltd.* (北京天健興業資產評估有限公司) for the purpose of inclusion in this circular. Such report is prepared in Chinese and the English translation is provided for your reference only. In the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.*

Pan-China Assets Appraisal Co., Ltd. (北京天健興業資產評估有限公司) holds the domestic assets appraisal qualification jointly granted by the China Securities Regulatory Commission and the Ministry of Finance of the PRC.*

Summary of the Asset Valuation Report of the Value of Entire Shareholders' Equity of Youyu County Sineng Wind Energy Co., Ltd. Related to the Proposed Transfer by BEI Energy Development (Beijing) Co., Ltd. of 100% Equity Interest Held by It

Tian Xing Ping Bao Zi (2023) No. 1076

Pan-China Assets Appraisal Co., Ltd. has been engaged by BEI Energy Development (Beijing) Co., Ltd. to appraise the market value of the entire shareholders' equity of Youyu County Sineng Wind Energy Co., Ltd. related to the proposed transfer by BEI Energy Development (Beijing) Co., Ltd. of 100% equity interest held by it as at 31 December 2022 by adopting the asset-based approach and the income approach in an independent, objective and impartial manner and in accordance with the provisions of relevant laws, administrative regulations and asset valuation standards as well as the necessary valuation procedures. The asset valuation is reported as follows:

I. Valuation Purpose: To provide a value reference for the economic activity of the proposed transfer by BEI Energy Development (Beijing) Co., Ltd. of 100% equity interest held by it in accordance with Minutes of the 21st General Manager Meeting of Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司) in 2023 (General No. 237)* (《北京能源集團有限責任公司總經理辦公會會議紀要2023年第21期》(總第237期)), the valuation of the entire shareholders' equity of Youyu County Sineng Wind Energy Co., Ltd. shall be arranged.

II. Valuation Target: The entire shareholders' equity of Youyu County Sineng Wind Energy Co., Ltd. as at the valuation reference date.

III. Valuation Scope: The entire assets of Youyu County Sineng Wind Energy Co., Ltd., including all assets and relevant liabilities.

IV. Type of the Value: Market value.

V. Valuation Reference Date: 31 December 2022.

VI. Valuation Methodology: Asset-based approach and income approach.

VII. Valuation Conclusion

In the valuation, the valuers use the asset-based approach and the income approach to evaluate the valuation target, and after analysis, the conclusion under the income approach is selected as the final valuation conclusion. The main reason for adopting the income approach for the valuation is that the income approach valuates the overall value of the enterprise, including the value of identifiable assets and unidentifiable intangible assets, such as the value qualified for national subsidies. As compared with the newly built power stations, the target project enjoys national subsidies for electricity prices, resulting in a cash inflow greater than that of the newly built power stations, whereas the asset-based approach cannot reflect the value qualified for national subsidies. Therefore, using the income approach is more reasonable than using the asset-based approach.

The value of entire shareholders' equity of Youyu County Sineng Wind Energy Co., Ltd. assessed under the income approach is RMB329,265,400, representing a valuation appreciation of RMB60,615,900 and an appreciation rate of 22.56%.

When utilising the valuation conclusion of this report, users of this report are advised to pay attention to the impact of item 11 "Notes on Special Matters" in the text of the report on the valuation conclusion, and pay attention to the valuation assumptions and preconditions for the establishment of the valuation conclusion.

Special attention of users of the report is drawn to the following significant matters mentioned in item 11 "Notes on Special Matters" in the text of the report, which may affect the valuation conclusion but are beyond the professional level and capability of the asset valuers:

(I) The appraised entity has not obtained real estate rights certificates for its books of buildings and land use rights as of the reference date, and as of the reference date, it was in the process of applying for the relevant ownership certificates, and was unable to provide the relevant construction and planning documents, such as construction planning permit and building permission. As of the date of the valuation report, the appraised entity had not yet completed the relevant formalities for property ownership. In this regard, the appraised entity has issued relevant explanations to prove that the undocumented buildings are indeed owned by the appraised entity and has undertaken to bear the corresponding legal liabilities in the event of any problem with the property ownership of the buildings. In this valuation, the gross floor area of the buildings was determined mainly on the basis of the relevant mapping results, the finalized accounts and other information provided by the enterprise, as well as on-site inspections by the valuers. The impact of this matter on the valuation conclusion was not considered in this valuation.

(II) As of the valuation reference date, the land for the project's wind turbine foundation, booster station and management building had not been issued with real estate rights certificates, no contract of land transfer had been signed and no land premium had been paid, which is subject to the final approval of the land administration department and subject to the final amount of the signed transfer contract. The appraised entity has reserved land charges in its books. This valuation has not considered the impact of the above matters on the results of the valuation.

As the discount rate has a great impact on the appraised value under the income approach, a sensitivity analysis of the impact of the discount rate on the appraised value under the income approach has been performed. Specific calculations are as follows:

Company name	Appraised value of this valuation *(RMB0'000)*	Sensitive factor	Rate of change of the factor	Appraised value after changes *(RMB0'000)*	Amount of change in the appraised value after changes *(RMB0'000)*	Rate of change in appraised value	Rate of change of the factor	Appraised value after changes *(RMB0'000)*	Amount of change in the appraised value after changes *(RMB0'000)*	Rate of change in appraised value
Youyu County Sineng Wind Energy Co., Ltd.	32,926.54	Discount rate	+5%	31,378.59	–1,547.95	–4.70%	–5%	34,526.08	1,599.54	4.86%

As can be seen from the above calculation table, the appraised value under the income approach is more sensitive to the discount rate with an inverse change, as the appraised value goes down by 4.70% when the discount rate goes up by 5%, and goes up by 4.86% when the discount rate goes down by 5%.

DETERMINATION OF DISCOUNT RATE

I. Selection of Discount Rate Model

Discount rate shall be consistent with in the caliber of expected income. As this valuation report adopts the discounted cash flow model of the enterprise, the caliber of expected income will be the cash flow of the enterprise, therefore, the corresponding discount rate is determined by selecting the weighted average cost of capital (WACC), and the calculation formula is as follows:

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

Where:

WACC: weighted average cost of capital;

E: market value of equity;

D: market value of debt;

Ke: cost of equity capital;

Kd: cost of debt capital;

T: income tax rate of the appraised entity.

In the calculation formula of weighted average cost of capital WACC, the cost of equity capital Ke is estimated by using the Capital Asset Pricing Model (CAPM) based on international common practices, and the calculation formula is as follows:

$$K_e = R_f + \beta \times MRP + R_c$$

Where:

Ke: cost of equity capital;

Rf: risk-free yield;

β: systematic risk coefficient of equity;

MRP: market risk premium;

Rc: enterprise specific risk adjustment coefficient;

T: income tax rate of the appraised entity.

II. Determination of Specific Parameters of Discount Rate

(I) Determination of Risk-Free Yield

Treasury bond yield is usually believed to be of no risk because the risk of failure to redeem such bond held to maturity is very low and negligible. Based on the information disclosed in the official website of China Appraisal Society, 10-year Treasury bond has a yield to maturity rate of 2.84% per annum as at the valuation reference date. In this valuation report, 2.84% is taken as risk-free yield.

(II) Determination of Beta Coefficient βL

1. Calculation formula

The calculation formula of systematic risk coefficient of equity of the appraised entity is as follows:

$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_U$$

Where:

βL: Beta with financial leverage;

βU: Beta without financial leverage;

T: income tax rate of the appraised entity;

D/E: target capital structure of the appraised entity.

2. Determination of βU without financial leverage of the appraised entity

According to the business characteristics of the appraised entity, the valuers have enquired the βL values of 7 comparable A-shares listed companies in Shanghai and Shenzhen through the WIND information system. They are converted into βU values based on the income tax rate and capital structure of the comparable listed companies. The capital structure is calculated according to the average capital structure of listed companies. The average of the βU values as 0.4855 is taken as the βU value of the appraised entity. The detailed data is set out in the table below:

Stock code	Short name of the company	βu value
600821.SH	NYOCOR	0.3121
603105.SH	Sunoren	0.7574
000862.SZ	Yin Xing Energy	0.4557
600163.SH	Zhongmin Energy	0.6512
601016.SH	CECEP Wind Power	0.3799
601619.SH	Jiaze Renewables	0.2783
603693.SH	Jiangsu New Energy	0.5640
Average		0.4855

3. Determination of capital structure D/E of the appraised entity

The average of the capital structure of comparable listed companies as 0.7293 is taken as the target capital structure D/E of the appraised entity. The enterprise income tax is forecast based on the actual situation of the target company. The income tax rate of the appraised entity was 12.5% in 2023 and will be 25% after 2024.

4. Computation of βL

The systematic risk coefficient of equity of the appraised entity is calculated by substituting the parameters determined above into the systematic risk coefficient of equity calculation formula.

$$\beta_L = \left[1 + (1 - t) \times D/E\right] \times \beta_U$$

$$= 0.7511$$

(III) Determination of Market Risk Premium

The China securities market index is used to measure the market risk premium, which is expressed in the formula:

China market risk premium = average return rate of China stock market – China risk-free interest rate

Among them, the average return rate of China stock market is based on the historical data of CSI 300 Index, and the monthly data of CSI 300 Index as of the valuation reference date is selected from the Wind information market database and calculated by using the moving arithmetic mean method; the China risk-free interest rate is expressed as the yield to maturity of all PRC government bonds with a remaining maturity of 10 years from the valuation reference date as described above. The estimated China market risk premium is 7.14%.

(IV) Determination of Enterprise Specific Risk Adjustment Coefficient

The enterprise specific risk adjustment coefficient refers to the specific risks of an enterprise relative to its peer enterprises, and the influencing factors mainly include: (1) the operation stage of the enterprise; (2) historical operating conditions; (3) the stage of development of its major products; (4) the distribution of the enterprise's business, products, and regions; (5) the company's internal management and control mechanisms; (6) the experience and qualifications of the management personnel; (7) the scale of the enterprise's operations; (8) its reliance on major customers and suppliers; (9) the financial risks; and (10) the risks of laws, environmental protection, and other aspects.

Taking into account the above factors, the rate of return for individual risk was determined to be 2.00% in this valuation.

(V) Discount Rate Calculation Results

1. Calculation of the cost of equity capital

The cost of equity capital of the appraised entity is calculated by substituting the parameters determined above into the cost of equity capital calculation formula.

$$K_e = R_f + \beta \times MRP + R_c$$

$$= 10.20\%$$

2. Calculation of the weighted average cost of capital

This valuation has taken into account the interest-bearing debts of all project companies involved in this equity transfer of BEIED as at the valuation reference date, and has taken the weighted average of the cost of interest-bearing debts of all project companies, which was 3.72%, as the cost of debts. The cost of weighted average capital of the appraised entity is calculated by substituting the parameters determined above into the cost of weighted average capital calculation formula.

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

$$= 7.08\%$$

I. GENERAL ASSUMPTIONS:

1. Transaction assumption: It is assumed 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: Open market assumption 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: Continuous use assumption 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: It is a valuation assumption made by taking the overall assets of an enterprise as the valuation object. In other words, such enterprise, as an operating entity, will operate as a going concern until the end of the forecast period in accordance with its business objectives under the external environment where it operates. The operators of such enterprise are accountable for and capable of assuming responsibilities; such enterprise conducts lawful operations and is able to earn appropriate profits to maintain its ability to continue as a going concern.

II. APPRAISAL 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 the enterprise continues to operate until the end of the forecast period with reference to the actual status of its assets as at the valuation reference date.

3. It is assumed that the operators of the enterprise are responsible, and the management of the enterprise is capable of performing its duties.

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

5. It is assumed that the accounting policies to be adopted in the future by the enterprise are in material aspects generally consistent with the accounting policies adopted in the compilation of this report.

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

7. It is assumed that the electricity market conditions at which the assets are situated remain stable and there are no material or substantive changes.

8. There are no material changes in 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 the enterprise.

10. It is assumed that the forecasted annual cash flow of the appraised entity is generated during the period and the assets to be recovered at the end of the forecast period are recovered at the end of the period.

11. It is assumed that, subsequent to the valuation reference date, the products or services offered by the enterprise maintain prevailing market competition situation.

12. This valuation assumes that the settlement method and settlement price for the electricity bill of the enterprise from wind power generation during the forecast period remain consistent with the existing method and level and there are no changes in the future.

13. According to the interviews with the management, the enterprise anticipates that the 2023 Power Station Production and Operation Service Agreement (《二零二三年度電站生產運營服務協議》) signed with BEJN International Holdings Co., Ltd. (Northern Branch Company) will no longer be signed and executed from 2024 onwards, and will be operated by the enterprise itself instead. Therefore, the calculations on the basis of the self-operation of the enterprise from 2024.

14. This valuation assumes that during the forecast period, the recovery period for the cumulative national electricity subsidies receivable by the enterprise as at the valuation reference date is 3 years, and the recovery period after the valuation reference date is 2 years.

15. This valuation assumes that the wind power projects of the enterprise are capable of reaching the design service lives with an operation period of 20 years. Ongoing maintenance will be arranged for the wind power equipment in coming years in order to preserve its designed usage efficiency.

16. This valuation assumes that the fixed assets and occupied lands shall be recovered at their carrying residual values at end of the forecast period.

We particularly emphasize: the valuation opinions only serve as a value reference basis for equity transfer transactions between the client and should not replace any decision on the prices for equity transfer transactions between the client.

III. SPECIFIC QUANTITATIVE ASSUMPTIONS

The quantitative assumptions relating to the financial forecast include:–

(1) Revenue growth rate: The forecasted electricity price of the target project in this valuation is mainly arrived at with reference to the historical actual settlement price level of the enterprise in historical years. According to the feedback from the enterprise, the electricity price level does not show an increasing trend at present, thus, the revenue growth rate is not considered in this valuation. The main factors that affect revenue are the number of generation hours and electricity price, of which, (a) for the number of generation hours, it is forecasted with reference to the number of generation hours in historical years; (b) for the forecasted electricity price mainly arrived at with reference to the actual settlement price level of the enterprise in historical years, it is assumed that the settlement price for the electricity bill during the forecast period remains consistent with the existing method and level. The forecasted revenues are as follows:

RMB0'000

	The first year	**The second year**	**The third year**	**The fourth year**	**The fifth year**
Revenue	10,472.70	10,472.70	10,472.70	10,472.70	10,472.70
Increase rate	–	0.0%	0.0%	0.0%	0.0%

(2) Gross profit: Gross profit is primarily related to (a) income (which is forecasted based on the number of forecasted generation hours of the enterprise and the actual settlement price level in historical years); and (b) costs (which is forecasted according to the forecast by enterprise, as well as combined with the feasibility report). As the operating cost during the forecast period is arrived at with reference to operating cost structure in historical years with full consideration of factors which affect future operating costs of the target company, as well as combined with the gross profit margin of the peer listed companies and the factor that the target company is non-listed company, the gross profit margin during the forecast period for this valuation is approximately 8% to 57% (after the forecast period, the gross profit margin will gradually decline after a few years without subsidies).

(3) Major expenses: Major expenses of the trading target during the forecast period include salary, leasing fee, operation and maintenance fee, maintenance costs, material expenses, etc., which are forecasted in this valuation mainly based on the expenditures of the enterprise in historical years, local wage level, relevant contracts signed in historical years, as well as combined with the feasibility report. The costs and fees of the trading target during the forecast period are mainly operating costs and management fees, which are forecasted based on the expenditures of the enterprise in historical years, local wage level, relevant contracts signed in historical years, as well as combined with the feasibility report. As for the production and operation fees included in the operating costs, after the discussion with the enterprise, as the production and operation service agreement will no longer be executed in 2024 (the second year of the forecast period), the forecasted production and operation fee for 2023 (the first year of the forecast period) is RMB9,386,800 according to the contract, and will no longer be forecasted from 2024 onwards. The management fees are also be forecasted according to the management fee level in historical years. The forecasted costs and fees are as follows:

RMB0'000

	The first year	The second year	The third year	The fourth year	The fifth year
Operating costs	5,084.98	4,542.94	4,542.88	4,541.96	4,541.96
Management fees	–	105.75	107.10	108.49	109.92
Total	5,084.98	4,648.69	4,649.98	4,650.45	4,651.88

(4) Capital expenditure: This valuation mainly considers the capital expenditure of electronic equipment, which are valuated based on the forecasted electronic equipment expenditure of the enterprise. The maintenance costs for the main power generation equipment in future years has been forecasted in the repair cost, and is not repeatedly forecasted in the capital expenditure. According to the actual situation of the target company, the maintenance and retrofit expenditures for power generation equipment have been taken into account in cash flow during the forecast period. The future capital expenditure is mainly the replacement expenditure of office equipment used in the daily course of business. The capital expenditure of the target company during the forecast period will be approximately RMB20,000 every five years from 2024.

The income approach adopts the cash flow discount method. The selected cash flow caliber is the free cash flow of each of the enterprise, and the value of the entire shareholders' equity is indirectly arrived at by the valuation of the overall value of the enterprise. This valuation is based on the net free cash flow of each of the enterprise in the future years, discounted at an appropriate discount rate and summed up to calculate the value of the enterprise's overall operating assets. The value of the entire shareholders' equity is arrived at by adding the value of the surplus in assets and non-operating assets, after deducting the value of any interest-bearing debt. The report and conclusions therein are only intended to be used only for valuation purpose as described herein and for no other purposes.

The above is an extract from the full text of the valuation report. For details of the valuation project and to have a reasonable understanding of the valuation conclusion, the report users should carefully read the full text of the valuation report, upon obtaining consent of owners of the valuation report, and pay attention to the Notes on Special Matters.

The following is the summary of the valuation report dated 12 December 2023 in respect of Changji Yijing Photovoltaics Technology Co., Ltd.（昌吉億晶光伏科技有限公司）, which is prepared by Pan-China Assets Appraisal Co., Ltd.*（北京天健興業資產評估有限公司）for the purpose of inclusion in this circular. Such report is prepared in Chinese and the English translation is provided for your reference only. In the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.*

Pan-China Assets Appraisal Co., Ltd.（北京天健興業資產評估有限公司）holds the domestic assets appraisal qualification jointly granted by the China Securities Regulatory Commission and the Ministry of Finance of the PRC.*

Summary of the Asset Valuation Report of the Value of Entire Shareholders' Equity of Changji Yijing Photovoltaics Technology Co., Ltd. Related to the Proposed Transfer by BEI Energy Development (Beijing) Co., Ltd. of 100% Equity Interest Held by It

Tian Xing Ping Bao Zi (2023) No. 1078

Pan-China Assets Appraisal Co., Ltd. has been engaged by BEI Energy Development (Beijing) Co., Ltd. to appraise the market value of the entire shareholders' equity of Changji Yijing Photovoltaics Technology Co., Ltd. related to the proposed transfer by BEI Energy Development (Beijing) Co., Ltd. of 100% equity interest held by it as at 31 December 2022 by adopting the asset-based approach and the income approach in an independent, objective and impartial manner and in accordance with the provisions of relevant laws, administrative regulations and asset valuation standards as well as the necessary valuation procedures. The asset valuation is reported as follows:

I. Valuation Purpose: To provide a value reference for the economic activity of the proposed transfer by BEI Energy Development (Beijing) Co., Ltd. of its 100% equity interest in Changji Yijing Photovoltaics Technology Co., Ltd. in accordance with Minutes of the 21st General Manager Meeting of Beijing Energy Holding Co., Ltd.*（北京能源集團有限責任公司）in 2023 (General No. 237)*（《北京能源集團有限責任公司總經理辦公會會議紀要2023年第21期》（總第237期））, the valuation of the entire shareholders' equity of Changji Yijing Photovoltaics Technology Co., Ltd. shall be arranged.

II. Valuation Target: The entire shareholders' equity of Changji Yijing Photovoltaics Technology Co., Ltd. as at the valuation reference date.

III. Valuation Scope: The entire assets of Changji Yijing Photovoltaics Technology Co., Ltd., including all assets and relevant liabilities.

IV. Type of the Value: Market value.

V. Valuation Reference Date: 31 December 2022.

VI. Valuation Methodology: Asset-based approach and income approach.

VII. Valuation Conclusion

In the valuation, the valuers use the asset-based approach and the income approach to evaluate the valuation target, and after analysis, the conclusion under the income approach is selected as the final valuation conclusion. The main reason for adopting the income approach for the valuation is that the income approach valuates the overall value of the enterprise, including the value of identifiable assets and unidentifiable intangible assets, such as the value qualified for national subsidies. As compared with the newly built power stations, the target project enjoys national subsidies for electricity prices, resulting in a cash inflow greater than that of the newly built power stations, whereas the asset-based approach cannot reflect the value qualified for national subsidies. Therefore, using the income approach is more reasonable than using the asset-based approach.

The value of entire shareholders' equity of Changji Yijing Photovoltaics Technology Co., Ltd. assessed under the income approach is RMB251,958,500, representing a valuation appreciation of RMB677,000 and an appreciation rate of 0.27%.

When utilising the valuation conclusion of this report, users of this report are advised to pay attention to the impact of item 11 "Notes on Special Matters" in the text of the report on the valuation conclusion, and pay attention to the valuation assumptions and preconditions for the establishment of the valuation conclusion.

Special attention of users of the report is drawn to the following significant matters mentioned in item 11 "Notes on Special Matters" in the text of the report, which may affect the valuation conclusion but are beyond the professional level and capability of the asset valuers:

(I) For the buildings included in the scope of valuation, the building ownership certificates and land ownership certificates had not yet been obtained as of the valuation reference date, which was mainly due to the full capacity of grid-connection of Changji Yijing Photovoltaics Technology Co., Ltd. on 30 December 2020, and applications for the relevant property ownership certificates were underway as of the reference date. In this regard, the appraised entity has issued relevant explanations to prove that the undocumented buildings and land are indeed owned by the appraised entity and has undertaken to bear the corresponding legal liabilities in the event of any problem with the property ownership of the buildings and land. In this valuation, the gross floor area of the buildings was determined mainly on the basis of the relevant mapping results, the finalized accounts and other information provided by the enterprise, as well as on-site inspections by the valuers. The impact of this matter on the valuation conclusion was not considered in this valuation.

(II) Pursuant to the relevant requirements under article 27 of the Law of the People's Republic of China on Enterprise Income Tax and article 87 of its implementation regulations, and the Notice on the Implementation of Key State-Supported Public Infrastructure Projects Entitled for Preferential Tax Treatment from the State Taxation Administration (GuoShuiFa [2009] No.80)(《國家稅務總局關於實施國家重點扶持的公共基礎設施項目企業所得稅優惠問題的通知》(國稅發〔2009〕80號)), photovoltaic power generation projects, being key state-supported public infrastructure projects, shall be entitled to the preferential tax policy of "three exemptions, three halves"(三免三減半) in terms of corporate income tax since it has first generated income in 2021 (such that it shall be exempted from corporate income tax from 2021 to 2023 and its corporate income tax will be levied by half from 2024 to 2026). 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 Taxation Administration and National Development and Reform Commission, the enterprise income tax will be levied at a rate of 15% from 2027 to 2030. The valuation assumes that Changji Yijing Photovoltaics Technology Co., Ltd. is able to continue to receive a preferential income tax rate of 15%, which will still be applied for forecast after 2031.

(III) According to the relevant information provided by the appraised entity, it was found that the enterprise obtained one finance lease borrowings from ABC Financial Leasing Co., Ltd.*(農銀金融租賃有限公司)in April 2021 for equipment and installation works and building projects with a lease principal amount of RMB760 million. The current balance of the borrowings amounted to a total of RMB759 million, with the term expiring in March 2033. The amount was fully and jointly guaranteed by Beijing Energy International Holding Co., Ltd., with BEI Energy Development (Beijing) Co., Ltd. providing a pledge guarantee with its 100% equity interest in Changji Yijing Photovoltaics Technology Co., Ltd., and Changji Yijing Photovoltaics Technology Co., Ltd. providing a pledge guarantee with its electricity tariff rights. At the same time, Changji Yijing Photovoltaics Technology Co., Ltd., ABC Financial Leasing Co., Ltd.*(農銀金融租賃有限公司烏魯木齊經濟技術開發區支行)and Urumqi Economic and Technological Development Zone sub-branch of Agricultural Bank of China Limited*(中國農業銀行股份有限公司), entered into an account supervision agreement, under which it was stipulated that the bank account opened by Changji Yijing Photovoltaics Technology Co., Ltd. in the aforesaid banks, 30010801040006685, would be the supervisory account, and that the revenue generated from the electricity tariffs would serve as the guarantee for the realization of the creditor's rights. Pursuant to the finance lease contract, the guarantee contract and the pledge contract, the guarantor and the pledge are jointly and severally liable for the borrowings repayment obligations of the appraised entity, which include the principal and interest of the borrowings, the possible default payment and the expenses for the realization of the creditor's rights, etc. The impact of this matter on the valuation conclusion was not considered in this valuation. Users of the valuation report are advised to pay attention to the possible impact of this matter on the valuation conclusion.

As the discount rate has a great impact on the appraised value under the income approach, a sensitivity analysis of the impact of the discount rate on the appraised value under the income approach has been performed. Specific calculations are as follows:

Company name	Appraised value of this valuation *(RMB0'000)*	Sensitive factor	Rate of change of the factor	Appraised value after changes *(RMB0'000)*	Amount of change in the appraised value after changes *(RMB0'000)*	Rate of change in appraised value	Rate of change of the factor	Appraised value after changes *(RMB0'000)*	Amount of change in the appraised value after changes *(RMB0'000)*	Rate of change in appraised value
Changji Yijing Photovoltaics Technology Co., Ltd.	25,195.85	Discount rate	+5%	22,913.66	–2,282.19	–9.06%	–5%	27,581.54	2,385.69	9.47%

As can be seen from the above calculation table, the appraised value of the income approach is more sensitive to the discount rate with an inverse change, as the appraised value goes down by 9.06% when the discount rate goes up by 5%, and goes up by 9.47% when the discount rate goes down by 5%.

DETERMINATION OF DISCOUNT RATE

I. Selection of Discount Rate Model

Discount rate shall be consistent with in the caliber of expected income. As this valuation report adopts the discounted cash flow model of the enterprise, the caliber of expected income will be the cash flow of the enterprise, therefore, the corresponding discount rate is determined by selecting the weighted average cost of capital (WACC), and the calculation formula is as follows:

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

Where:

WACC: weighted average cost of capital;

E: market value of equity;

D: market value of debt;

Ke: cost of equity capital;

Kd: cost of debt capital;

T: income tax rate of the appraised entity.

In the calculation formula of weighted average cost of capital WACC, the cost of equity capital Ke is estimated by using the Capital Asset Pricing Model (CAPM) based on international common practices, and the calculation formula is as follows:

$$K_e = R_f + \beta \times MRP + R_c$$

Where:

Ke: cost of equity capital;

Rf: risk-free yield;

β: systematic risk coefficient of equity;

MRP: market risk premium;

Rc: enterprise specific risk adjustment coefficient;

T: income tax rate of the appraised entity.

II. Determination of Specific Parameters of Discount Rate

(I) Determination of Risk-Free Yield

Treasury bond yield is usually believed to be of no risk because the risk of failure to redeem such bond held to maturity is very low and negligible. Based on the information disclosed in the official website of China Appraisal Society, 10-year Treasury bond has a yield to maturity rate of 2.84% per annum as at the valuation reference date. In this valuation report, 2.84% is taken as risk-free yield.

(II) Determination of Beta Coefficient βL

1. Calculation formula

The calculation formula of systematic risk coefficient of equity of the appraised entity is as follows:

$$\beta_L = \left[1 + (1 - t) \times D/E\right] \times \beta_U$$

Where:

βL: Beta with financial leverage;

βU: Beta without financial leverage;

T: income tax rate of the appraised entity;

D/E: target capital structure of the appraised entity.

2. Determination of βU without financial leverage of the appraised entity

According to the business characteristics of the appraised entity, the valuers have enquired the βL values of 7 comparable A-shares listed companies in Shanghai and Shenzhen through the WIND information system. They are converted into βU values based on the income tax rate and capital structure of the comparable listed companies. The capital structure is calculated according to the average capital structure of listed companies. The average of the βU values as 0.4855 is taken as the βU value of the appraised entity. The detailed data is set out in the table below:

Stock code	**Short name of the company**	**βu value**
600821.SH	NYOCOR	0.3121
603105.SH	Sunoren	0.7574
000862.SZ	Yin Xing Energy	0.4557
600163.SH	Zhongmin Energy	0.6512
601016.SH	CECEP Wind Power	0.3799
601619.SH	Jiaze Renewables	0.2783
603693.SH	Jiangsu New Energy	0.5640
Average		0.4855

3. Determination of capital structure D/E of the appraised entity

The average of the capital structure of comparable listed companies as 0.7293 is taken as the target capital structure D/E of the appraised entity. The enterprise income tax is forecast based on the actual situation of the target company. At the same time, the valuation assumes that the areas involved in the Western Development is able to continue to receive a preferential income tax rate of 15%, which will still be applied for forecast after 2031.

4. Computation of βL

The systematic risk coefficient of equity of the appraised entity is calculated by substituting the parameters determined above into the systematic risk coefficient of equity calculation formula.

$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_U$$

$$= 0.7865$$

(III) Determination of Market Risk Premium

The China securities market index is used to measure the market risk premium, which is expressed in the formula:

China market risk premium = average return rate of China stock market – China risk-free interest rate

Among them, the average return rate of China stock market is based on the historical data of CSI 300 Index, and the monthly data of CSI 300 Index as of the valuation reference date is selected from the Wind information market database and calculated by using the moving arithmetic mean method; the China risk-free interest rate is expressed as the yield to maturity of all PRC government bonds with a remaining maturity of 10 years from the valuation reference date as described above. The estimated China market risk premium is 7.14%.

(IV) Determination of Enterprise Specific Risk Adjustment Coefficient

The enterprise specific risk adjustment coefficient refers to the specific risks of an enterprise relative to its peer enterprises, and the influencing factors mainly include: (1) the operation stage of the enterprise; (2) historical operating conditions; (3) the stage of development of its major products; (4) the distribution of the enterprise's business, products, and regions; (5) the company's internal management and control mechanisms; (6) the experience and qualifications of the management personnel; (7) the scale of the enterprise's operations; (8) its reliance on major customers and suppliers; (9) the financial risks; and (10) the risks of laws, environmental protection, and other aspects.

Taking into account the above factors, the rate of return for individual risk was determined to be 2.00% in this valuation.

(V) Discount Rate Calculation Results

1. Calculation of the cost of equity capital

The cost of equity capital of the appraised entity is calculated by substituting the parameters determined above into the cost of equity capital calculation formula.

$$K_e = R_f + \beta \times MRP + R_c$$

$$= 10.46\%$$

2. Calculation of the weighted average cost of capital

This valuation has taken into account the interest-bearing debts of all project companies involved in this equity transfer of BEIED as at the valuation reference date, and has taken the weighted average of the cost of interest-bearing debts of all project companies, which was 3.72%, as the cost of debts. The cost of weighted average capital of the appraised entity is calculated by substituting the parameters determined above into the cost of weighted average capital calculation formula.

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

$$= 7.38\%$$

I. GENERAL ASSUMPTIONS:

1. Transaction assumption: It is assumed 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: Open market assumption 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: Continuous use assumption 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: It is a valuation assumption made by taking the overall assets of an enterprise as the valuation object. In other words, such enterprise, as an operating entity, will operate as a going concern until the end of the forecast period in accordance with its business objectives under the external environment where it operates. The operators of such enterprise are accountable for and capable of assuming responsibilities; such enterprise conducts lawful operations and is able to earn appropriate profits to maintain its ability to continue as a going concern.

II. APPRAISAL 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 the enterprise continues to operate until the end of the forecast period with reference to the actual status of its assets as at the valuation reference date.

3. It is assumed that the operators of the enterprise are responsible, and the management of the enterprise is capable of performing its duties.

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

5. It is assumed that the accounting policies to be adopted in the future by the enterprise are in material aspects generally consistent with the accounting policies adopted in the compilation of this report.

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

7. It is assumed that the electricity market conditions at which the assets are situated remain stable and there are no material or substantive changes.

8. There are no material changes in 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 the enterprise.

10. It is assumed that the forecasted annual cash flow of the appraised entity is generated during the period and the assets to be recovered at the end of the forecast period are recovered at the end of the period.

11. It is assumed that, subsequent to the valuation reference date, the products or services offered by the enterprise maintain prevailing market competition situation.

12. This valuation assumes that the settlement method and settlement price for the electricity bill of the enterprise from photovoltaic power generation during the forecast period remain consistent with the existing method and there are no changes in the future.

13. According to the interviews with the management, the enterprise anticipates that the 2023 Power Station Production and Operation Service Agreement (《二零二三年度電站生產運營服務協議》) signed with BEJN International Holdings Co., Ltd. (Northwest Branch Company) will no longer be signed and executed from 2024 onwards, and will be operated by the enterprise itself instead. Therefore, the valuation is calculated on the basis of the self-operation of the enterprise from 2024.

14. Currently, the enterprise's wind power projects have not been included in the catalogue of additional subsidies for electricity prices and are in the process of filing. The valuation assumes that the enterprise will be included in the national subsidy catalogue in 2023, the remaining unrecovered national subsidies in historical years will be recovered in the second year after being included in the catalogue (i.e. 2024), and all national subsidies generated during the forecast period will be recovered on the basis of a 2-year recovery period.

15. This valuation assumes that the photovoltaic projects of the enterprise are capable of reaching the design service lives with an operation period of 25 years. Ongoing maintenance will be arranged for the photovoltaic equipment in coming years in order to preserve its designed usage efficiency.

16. This valuation assumes that the fixed assets and occupied lands shall be recovered at their carrying residual values at end of the forecast period.

17. Other revenues of Changji Yijing Photovoltaics Technology Co., Ltd. mainly consist of two service contracts entered into with Qitai County Guohe Teruide New Energy Co., Ltd.* (奇台縣國合特銳德新能源有限公司), one of which is the lease service contract entered into in 2021 with Qitai County Guohe Teruide New Energy Co., Ltd. in relation to the lease of Changji Yijing Photovoltaics Technology Co., Ltd.'s booster station at the total cost of RMB18 million (tax inclusive, with a tax rate of 9%) for a term of 25 years; and the other is the technical service contract entered into in 2022 with Qitai County Guohe Teruide New Energy Co., Ltd., which stipulates that the fee payable for the operation and maintenance of the booster station for 2023 is RMB0.8 million (tax inclusive, with a tax rate of 6%), for a term assumed to be the same as the lease agreement of the booster station in the valuation.

18. Pursuant to the relevant requirements under article 27 of the Law of the People's Republic of China on Enterprise Income Tax and article 87 of its implementation regulations, and the Notice on the Implementation of Key State-Supported Public Infrastructure Projects Entitled for Preferential Tax Treatment from the State Taxation Administration (GuoShuiFa [2009] No.80)(《國家稅務總局關於實施國家重點扶持的公共基礎設施項目企業所得稅優惠問題的通知》(國稅發〔2009〕80號)), photovoltaic power generation projects, being key state-supported public infrastructure projects, shall be entitled to the preferential tax policy of "three exemptions, three halves"(三免三減半) in terms of corporate income tax since it has first generated income in 2021 (such that it shall be exempted from corporate income tax from 2021 to 2023 and its corporate income tax will be levied by half from 2024 to 2026). 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 Taxation Administration and National Development and Reform Commission, the enterprise income tax will be levied at a rate of 15% from 2027 to 2030. The valuation assumes that Changji Yijing Photovoltaics Technology Co., Ltd. is able to continue to receive a preferential income tax rate of 15%, which will still be applied for forecast after 2031.

We particularly emphasize: the valuation opinions only serve as a value reference basis for equity transfer transactions between the client and should not replace any decision on the prices for equity transfer transactions between the client.

III. SPECIFIC QUANTITATIVE ASSUMPTIONS

The quantitative assumptions relating to the financial forecast include:–

(1) Revenue growth rate: The forecasted electricity price of the target project in this valuation is mainly arrived at with reference to the actual settlement price level of the enterprise in historical years. According to the feedback from the enterprise, the electricity price level does not show an increasing trend at present, thus, the revenue growth rate is not considered in this valuation. The main factors that affect revenue are the number of generation hours and electricity price, of which, (a) for the number of generation hours in 2023 (the first year of the forecast period), according to the interviews with the related technical personnel of the enterprise, as the overall light resource situation in 2023 of the area where the project is located is better than that of previous years, it is forecasted that power generation utilisation hours in 2023 will be 1,640 hours. In 2024 and subsequent years, taking into consideration of the local light and photovoltaic module conditions in historical years, the calculation is based on 1,560 hours, combined with the attenuation rate of 0.5% of photovoltaic modules in the feasibility report; (b) for the forecasted electricity price mainly arrived at with reference to the actual settlement price level of the enterprise in historical years, it is assumed that the settlement price for the electricity bill during the forecast period remains consistent with the existing method and level. The forecasted revenues are as follows:

RMB0'000

	The first year	The second year	The third year	The fourth year	The fifth year
Revenue	11,616.06	11,056.33	11,001.75	10,947.45	10,893.42
Increase rate	–	–4.8%	–0.5%	–0.5%	–0.5%

(2) Gross profit: Gross profit is primarily related to (a) income (which is forecasted based on the number of forecasted generation hours of the enterprise and the actual settlement price level in historical years); and (b) costs (which is forecasted according to the forecast by the enterprise, as well as combined with and the feasibility report). As the operating cost during the forecast period is arrived at with reference to operating cost structure in historical years with full consideration of factors which affect future operating costs of the target company, as well as combined with the gross profit margin of the peer listed companies and the factor that the target company is non-listed company, the gross profit margin during the forecast period for this valuation is approximately 18% to 66% (after the forecast period, the gross profit margin will gradually decline after a few years without subsidies).

(3) Major expenses: Major expenses of the trading target during the forecast period include salary, leasing fee, operation and maintenance fee, maintenance costs, material expenses, etc., which are forecasted in this valuation mainly based on the expenditures of the enterprise in historical years, local wage level, relevant contracts signed in historical years, as well as combined with the feasibility report. The costs and fees of the trading target during the forecast period are mainly operating costs and management fees, which are forecasted based on the historical expenditures of the enterprise in historical years, local wage level, relevant contracts signed in historical years, as well as combined with the feasibility report. As for the production and operation fees included in the operating costs, after the discussion with the management of the enterprise, as the production and operation service agreement will no longer be executed in 2024 (the second year of the forecast period), the forecasted production and operation fee for 2023 (the first year of the forecast period) is RMB9,434,000 according to the contract, and will no longer be forecasted from 2024 onwards. The management fees are also be forecasted according to the management fee level in historical years. The forecasted costs and fees are as follows:

RMB0'000

	The first year	**The second year**	**The third year**	**The fourth year**	**The fifth year**
Operating costs	4,721.86	3,787.67	3,797.14	5,123.60	5,126.40
Management fees	1.70	246.85	248.20	249.59	251.02
Total	4,723.56	4,034.52	4,045.34	5,373.19	5,377.42

(4) Capital expenditure: This valuation mainly considers the capital expenditure of electronic equipment, which are valuated based on the forecasted electronic equipment expenditure of the enterprise. The maintenance costs for the main power generation equipment in future years has been forecasted in the repair cost, and is not repeatedly forecasted in the capital expenditure. According to the actual situation of the target company, the maintenance and retrofit expenditures for power generation equipment have been taken into account in cash flow during the forecast period. The future capital expenditure is mainly the replacement expenditure of office equipment used in the daily course of business. The capital expenditure of the target company during the forecast period will be approximately RMB10,000 every five years from 2027.

The income approach adopts the cash flow discount method. The selected cash flow caliber is the free cash flow of each of the enterprise, and the value of the entire shareholders' equity is indirectly arrived at by the valuation of the overall value of the enterprise. This valuation is based on the net free cash flow of each of the enterprise in the future years, discounted at an appropriate discount rate and summed up to calculate the value of the enterprise's overall operating assets. The value of the entire shareholders' equity is arrived at by adding the value of the surplus in assets and non-operating assets, after deducting the value of any interest-bearing debt. The report and conclusions therein are only intended to be used only for valuation purpose as described herein and for no other purposes.

The above is an extract from the full text of the valuation report. For details of the valuation project and to have a reasonable understanding of the valuation conclusion, the report users should carefully read the full text of the valuation report, upon obtaining consent of owners of the valuation report, and pay attention to the Notes on Special Matters.

The following is the summary of the valuation report dated 12 December 2023 in respect of Mulei County Tongchuan Fengguang New Energy Co., Ltd.（木壘縣通川風光新能源有限公司）, which is prepared by Pan-China Assets Appraisal Co., Ltd.*（北京天健興業資產評估有限公司）for the purpose of inclusion in this circular. Such report is prepared in Chinese and the English translation is provided for your reference only. In the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.*

Pan-China Assets Appraisal Co., Ltd.（北京天健興業資產評估有限公司）holds the domestic assets appraisal qualification jointly granted by the China Securities Regulatory Commission and the Ministry of Finance of the PRC.*

Summary of the Asset Valuation Report of the Value of Entire Shareholders' Equity of Mulei County Tongchuan Fengguang New Energy Co., Ltd. Related to the Proposed Transfer by BEI Energy Development (Beijing) Co., Ltd. of 100% Equity Interest Held by It

Tian Xing Ping Bao Zi (2023) No. 1054

Pan-China Assets Appraisal Co., Ltd. has been engaged by BEI Energy Development (Beijing) Co., Ltd. to appraise the market value of the entire shareholders' equity of Mulei County Tongchuan Fengguang New Energy Co., Ltd. related to the proposed transfer by BEI Energy Development (Beijing) Co., Ltd. of 100% equity interest held by it as at 31 December 2022 by adopting the asset-based approach and the income approach in an independent, objective and impartial manner and in accordance with the provisions of relevant laws, administrative regulations and asset valuation standards as well as the necessary valuation procedures. The asset valuation is reported as follows:

I. Valuation Purpose: To provide a value reference for the economic activity of the proposed transfer by BEI Energy Development (Beijing) Co., Ltd. of 100% equity interest held by it in accordance with Minutes of the 21st General Manager Meeting of Beijing Energy Holding Co., Ltd.*（北京能源集團有限責任公司）in 2023 (General No. 237)*（《北京能源集團有限責任公司總經理辦公會會議紀要2023年第21期》（總第237期））, the valuation of the entire shareholders' equity of Mulei County Tongchuan Fengguang New Energy Co., Ltd. shall be arranged.

II. Valuation Target: The entire shareholders' equity of Mulei County Tongchuan Fengguang New Energy Co., Ltd. as at the valuation reference date.

III. Valuation Scope: The entire assets of Mulei County Tongchuan Fengguang New Energy Co., Ltd., including all assets and relevant liabilities.

IV. Type of the Value: Market value.

V. Valuation Reference Date: 31 December 2022.

VI. Valuation Methodology: Asset-based approach and income approach.

VII. Valuation Conclusion

In the valuation, the valuers use the asset-based approach and the income approach to evaluate the valuation target, and after analysis, the conclusion under the income approach is selected as the final valuation conclusion. The main reason for adopting the income approach for the valuation is that the income approach valuates the overall value of the enterprise, including the value of identifiable assets and unidentifiable intangible assets, such as the value qualified for national subsidies. As compared with the newly built power stations, the target project enjoys national subsidies for electricity prices, resulting in a cash inflow greater than that of the newly built power stations, whereas the asset-based approach cannot reflect the value qualified for national subsidies. Therefore, using the income approach is more reasonable than using the asset-based approach.

The value of entire shareholders' equity of Mulei County Tongchuan Fengguang New Energy Co., Ltd. assessed under the income approach is RMB74,954,000, representing a valuation appreciation of RMB1,299,800 and an appreciation rate of 1.76%.

When utilising the valuation conclusion of this report, users of this report are advised to pay attention to the impact of item 11 "Notes on Special Matters" in the text of the report on the valuation conclusion, and pay attention to the valuation assumptions and preconditions for the establishment of the valuation conclusion.

Special attention of users of the report is drawn to the following significant matters mentioned in item 11 "Notes on Special Matters" in the text of the report, which may affect the valuation conclusion but are beyond the professional level and capability of the asset valuers:

(I) 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 Taxation Administration and National Development and Reform Commission (MOF Notice 2020 No. 23)(《財政部、國家稅務總局、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. Mulei County Tongchuan Fengguang New Energy Co., Ltd.'s income tax rate as of the valuation reference date is 0% (during the "three exemptions, three halves" period, it shall be exempted from corporate income tax from 2021 to 2023 and its corporate income tax will be levied by half from 2024 to 2026). The valuation assumes that Mulei County Tongchuan Fengguang New Energy Co., Ltd. is able to continue to receive a preferential income tax rate of 15%, which will still be applied for forecast after 2031.

(II) According to the relevant information provided by the appraised entity, it was found that the enterprise obtained one finance lease borrowing from Industrial Bank Financial Leasing Co., Ltd.*（興業金融租賃有限責任公司）on 20 December 2022 for 25 sets of wind turbine equipment, 25 sets of tower equipment, 25 sets of box transformer and ancillary equipment and wind turbine infrastructure. The current principal balance of the borrowing is RMB290 million, with the term expiring on 20 December 2023. The impact of this matter on the valuation conclusion was not considered in this valuation. Users of the valuation report are advised to pay attention to the possible impact of this matter on the valuation conclusion.

(III) For the electronic equipment included in the valuation scope, 1 air conditioner, 3 entry doors and 15 security doors were not found during the inventory process, so the valuation was treated as an inventory loss and assessed at zero.

As the discount rate has a great impact on the appraised value under the income approach, a sensitivity analysis of the impact of the discount rate on the appraised value under the income approach has been performed. Specific calculations are as follows:

Company name	Appraised value of this valuation *(RMB0'000)*	Sensitive factor	Rate of change of the factor	Appraised value after changes *(RMB0'000)*	Amount of change in the appraised value after changes *(RMB0'000)*	Rate of change in appraised value	Rate of change of the factor	Appraised value after changes *(RMB0'000)*	Amount of change in the appraised value after changes *(RMB0'000)*	Rate of change in appraised value
Mulei County Tongchuan Fengguang New Energy Co., Ltd.	7,495.40	Discount rate	+5%	6,453.22	–1,042.18	–13.90%	–5%	8,578.56	1,083.16	14.45%

As can be seen from the above calculation table, the appraised value under the income approach is more sensitive to the discount rate with an inverse change, as the appraised value goes down by 13.90% when the discount rate goes up by 5%, and goes up by 14.45% when the discount rate goes down by 5%.

DETERMINATION OF DISCOUNT RATE

I. Selection of Discount Rate Model

Discount rate shall be consistent with in the caliber of expected income. As this valuation report adopts the discounted cash flow model of the enterprise, the caliber of expected income will be the cash flow of the enterprise, therefore, the corresponding discount rate is determined by selecting the weighted average cost of capital (WACC), and the calculation formula is as follows:

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

Where:

WACC: weighted average cost of capital;

E: market value of equity;

D: market value of debt;

Ke: cost of equity capital;

Kd: cost of debt capital;

T: income tax rate of the appraised entity.

In the calculation formula of weighted average cost of capital WACC, the cost of equity capital Ke is estimated by using the Capital Asset Pricing Model (CAPM) based on international common practices, and the calculation formula is as follows:

$$K_e = R_f + \beta \times MRP + R_c$$

Where:

Ke: cost of equity capital;

Rf: risk-free yield;

β: systematic risk coefficient of equity;

MRP: market risk premium;

Rc: enterprise specific risk adjustment coefficient;

T: income tax rate of the appraised entity.

II. Determination of Specific Parameters of Discount Rate

(I) Determination of Risk-Free Yield

Treasury bond yield is usually believed to be of no risk because the risk of failure to redeem such bond held to maturity is very low and negligible. Based on the information disclosed in the official website of China Appraisal Society, 10-year Treasury bond has a yield to maturity rate of 2.84% per annum as at the valuation reference date. In this valuation report, 2.84% is taken as risk-free yield.

(II) Determination of Beta Coefficient βL

1. Calculation formula

The calculation formula of systematic risk coefficient of equity of the appraised entity is as follows:

$$\beta_L = \left[1 + (1 - t) \times D/E\right] \times \beta_U$$

Where:

βL: Beta with financial leverage;

βU: Beta without financial leverage;

T: income tax rate of the appraised entity;

D/E: target capital structure of the appraised entity.

2. Determination of βU without financial leverage of the appraised entity

According to the business characteristics of the appraised entity, the valuers have enquired the βL values of 7 comparable A-shares listed companies in Shanghai and Shenzhen through the WIND information system. They are converted into βU values based on the income tax rate and capital structure of the comparable listed companies. The capital structure is calculated according to the average capital structure of listed companies. The average of the βU values as 0.4855 is taken as the βU value of the appraised entity. The detailed data is set out in the table below:

Stock code	Short name of the company	βu value
600821.SH	NYOCOR	0.3121
603105.SH	Sunoren	0.7574
000862.SZ	Yin Xing Energy	0.4557
600163.SH	Zhongmin Energy	0.6512
601016.SH	CECEP Wind Power	0.3799
601619.SH	Jiaze Renewables	0.2783
603693.SH	Jiangsu New Energy	0.5640
Average		0.4855

3. Determination of capital structure D/E of the appraised entity

The average of the capital structure of comparable listed companies as 0.7293 is taken as the target capital structure D/E of the appraised entity. The enterprise income tax is forecast based on the actual situation of the target company. At the same time, the valuation assumes that the areas involved in the Western Development is able to continue to receive a preferential income tax rate of 15%, which will still be applied for forecast after 2031.

4. Computation of βL

The systematic risk coefficient of equity of the appraised entity is calculated by substituting the parameters determined above into the systematic risk coefficient of equity calculation formula.

$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_U$$

$$= 0.7865$$

(III) Determination of Market Risk Premium

The China securities market index is used to measure the market risk premium, which is expressed in the formula:

China market risk premium = average return rate of China stock market – China risk-free interest rate

Among them, the average return rate of China stock market is based on the historical data of CSI 300 Index, and the monthly data of CSI 300 Index as of the valuation reference date is selected from the Wind information market database and calculated by using the moving arithmetic mean method; the China risk-free interest rate is expressed as the yield to maturity of all PRC government bonds with a remaining maturity of 10 years from the valuation reference date as described above. The estimated China market risk premium is 7.14%.

(IV) Determination of Enterprise Specific Risk Adjustment Coefficient

The enterprise specific risk adjustment coefficient refers to the specific risks of an enterprise relative to its peer enterprises, and the influencing factors mainly include: (1) the operation stage of the enterprise; (2) historical operating conditions; (3) the stage of development of its major products; (4) the distribution of the enterprise's business, products, and regions; (5) the company's internal management and control mechanisms; (6) the experience and qualifications of the management personnel; (7) the scale of the enterprise's operations; (8) its reliance on major customers and suppliers; (9) the financial risks; and (10) the risks of laws, environmental protection, and other aspects.

Taking into account the above factors, the rate of return for individual risk was determined to be 2.00% in this valuation.

(V) Discount Rate Calculation Results

1. Calculation of the cost of equity capital

The cost of equity capital of the appraised entity is calculated by substituting the parameters determined above into the cost of equity capital calculation formula.

$$K_e = R_f + \beta \times MRP + R_c$$
$$= 10.46\%$$

2. Calculation of the weighted average cost of capital

This valuation has taken into account the interest-bearing debts of all project companies involved in this equity transfer of BEIED as at the valuation reference date, and has taken the weighted average of the cost of interest-bearing debts of all project companies, which was 3.72%, as the cost of debts. The cost of weighted average capital of the appraised entity is calculated by substituting the parameters determined above into the cost of weighted average capital calculation formula.

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

$$= 7.38\%$$

I. GENERAL ASSUMPTIONS:

1. Transaction assumption: It is assumed 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: Open market assumption 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: Continuous use assumption 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: It is a valuation assumption made by taking the overall assets of an enterprise as the valuation object. In other words, such enterprise, as an operating entity, will operate as a going concern until the end of the forecast period in accordance with its business objectives under the external environment where it operates. The operators of such enterprise are accountable for and capable of assuming responsibilities; such enterprise conducts lawful operations and is able to earn appropriate profits to maintain its ability to continue as a going concern.

II. APPRAISAL 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 the enterprise continues to operate until the end of the forecast period with reference to the actual status of its assets as at the valuation reference date.

3. It is assumed that the operators of the enterprise are responsible, and the management of the enterprise is capable of performing its duties.

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

5. It is assumed that the accounting policies to be adopted in the future by the enterprise are in material aspects generally consistent with the accounting policies adopted in the compilation of this report.

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

7. It is assumed that the electricity market conditions at which the assets are situated remain stable and there are no material or substantive changes.

8. There are no material changes in 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 the enterprise.

10. It is assumed that the forecasted annual cash flow of the appraised entity is generated during the period and the assets to be recovered at the end of the forecast period are recovered at the end of the period.

11. It is assumed that, subsequent to the valuation reference date, the products or services offered by the enterprise maintain prevailing market competition situation.

12. This valuation assumes that the settlement method and settlement price for the electricity bill of the enterprise from wind power generation during the forecast period remain consistent with the existing method and level and there are no changes in the future.

13. According to the interviews with the management, the enterprise anticipates that the 2023 Power Station Production and Operation Service Agreement (《二零二三年度電站生產運營服務協議》) signed with BEJN International Holdings Co., Ltd. (Northwest Branch Company) will no longer be signed and executed from 2024 onwards, and will be operated by the enterprise itself instead. Therefore, the valuation is calculated on the basis of the self-operation of the enterprise from 2024.

14. Currently, the enterprise's wind power projects have not been included in the catalogue of additional subsidies for electricity prices and are in the process of filing. The valuation assumes that the enterprise will be included in the national subsidy catalogue in 2023, the remaining unrecovered national subsidies in historical years will be recovered in the second year after being included in the catalogue (i.e. 2024), and all national subsidies generated during the forecast period will be recovered on the basis of a 2-year recovery period.

15. This valuation assumes that the wind power projects of the enterprise are capable of reaching the design service lives with an operation period of 20 years. Ongoing maintenance will be arranged for the wind power equipment in coming years in order to preserve its designed usage efficiency.

16. This valuation assumes that the fixed assets and occupied lands shall be recovered at their carrying residual values at end of the forecast period.

17. 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 Taxation Administration and National Development and Reform Commission (MOF Notice 2020 No. 23)(《財政部、國家稅務總局、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. Mulei County Tongchuan Fengguang New Energy Co., Ltd.'s income tax rate as of the valuation reference date is 0% (during the "three exemptions, three halves" period, it shall be exempted from corporate income tax from 2021 to 2023 and its corporate income tax will be levied by half from 2024 to 2026). The valuation assumes that Mulei County Tongchuan Fengguang New Energy Co., Ltd. is able to continue to receive a preferential income tax rate of 15%, which will still be applied for forecast after 2031.

We particularly emphasize: the valuation opinions only serve as a value reference basis for equity transfer transactions between the client and should not replace any decision on the prices for equity transfer transactions between the client.

III. SPECIFIC QUANTITATIVE ASSUMPTIONS

The quantitative assumptions relating to the financial forecast include:–

(1) Revenue growth rate: The forecasted electricity price of the target project in this valuation is mainly arrived at with reference to the actual settlement price level of the enterprise in historical years. According to the feedback from the enterprise, the electricity price level does not show an increasing trend at present, thus, the revenue growth rate is not considered in this valuation. The main factors that affect revenue are the number of generation hours and electricity price, of which, (a) for the number of generation hours in 2023 (the first year of the forecast period), according to the interviews with the related technical personnel of the enterprise, as the overall wind resource situation in 2023 of the area where the project is located is not good, it is forecasted that power generation utilisation hours in 2023 will be 2,250 hours. In 2024 and subsequent years, taking into consideration of the local wind speed and wind turbine conditions in historical years, the calculation is based on 2,665 hours; (b) for the forecasted electricity price mainly arrived at with reference to the actual settlement price level of the enterprise in historical years, it is assumed that the settlement price for the electricity bill during the forecast period remains consistent with the existing method and level. The forecasted revenues are as follows:

RMB0'000

	The first year	The second year	The third year	The fourth year	The fifth year
Revenue	4,669.40	5,530.65	5,530.65	5,530.65	5,530.65
Increase rate	–	18.4%	0.0%	0.0%	0.0%

(2) Gross profit: Gross profit is primarily related to (a) income (which is forecasted based on the number of forecasted generation hours of the enterprise and the actual settlement price level in historical years); and (b) costs (which is forecasted according to the forecast by the enterprise, as well as combined with the feasibility report). As the operating cost during the forecast period is arrived at with reference to operating cost structure in historical years with full consideration of factors which affect future operating costs of the target company, as well as combined with the gross profit margin of the peer listed companies and the factor that the target company is non-listed company, the gross profit margin during the forecast period for this valuation is approximately -8% to 58% (after the forecast period, the gross profit margin will gradually decline after a few years without subsidies).

(3) Major expenses: Major expenses of the trading target during the forecast period include salary, leasing fee, operation and maintenance fee, maintenance costs, material expenses, etc., which are forecasted in this valuation mainly based on the expenditures of the enterprise in historical years, local wage level, relevant contracts signed in historical years, as well as combined with the feasibility report. The costs and fees of the trading target during the forecast period are mainly operating costs and management fees, which are forecasted based on the expenditures of the enterprise in historical years, local wage level, relevant contracts signed in historical years, and the feasibility report. As for the production and operation fees included in the operating costs, after the discussion with the enterprise, as the production and operation service agreement will no longer be executed in 2024 (the second year of the forecast period), the forecasted production and operation fee for 2023 (the first year of the forecast period) is RMB2,330,200 according to the contract, and will no longer be forecasted from 2024 onwards. The management fees are also be forecasted according to the management fee level in historical years. The forecasted costs and fees are as follows:

RMB0'000

	The first year	The second year	The third year	The fourth year	The fifth year
Operating costs	2,504.39	2,295.77	2,302.03	2,628.97	2,624.74
Management fees	2.46	112.23	114.03	115.88	117.79
Total	2,506.85	2,408.00	2,416.06	2,744.86	2,742.53

(4) Capital expenditure: This valuation mainly considers the capital expenditure of electronic equipment, which are valuated based on the forecasted electronic equipment expenditure of the enterprise. The maintenance costs for the main power generation equipment in future years has been forecasted in the repair cost, and is not repeatedly forecasted in the capital expenditure. According to the actual situation of the target company, the maintenance and retrofit expenditures for power generation equipment have been taken into account in cash flow during the forecast period. The future capital expenditure is mainly the replacement expenditure of office equipment used in the daily course of business. The capital expenditure of the target company during the forecast period will be approximately RMB30,000 every five years from 2025.

The income approach adopts the cash flow discount method. The selected cash flow caliber is the free cash flow of each of the enterprise, and the value of the entire shareholders' equity is indirectly arrived at by the valuation of the overall value of the enterprise. This valuation is based on the net free cash flow of each of the enterprise in the future years, discounted at an appropriate discount rate and summed up to calculate the value of the enterprise's overall operating assets. The value of the entire shareholders' equity is arrived at by adding the value of the surplus in assets and non-operating assets, after deducting the value of any interest-bearing debt. The report and conclusions therein are only intended to be used only for valuation purpose as described herein and for no other purposes.

The above is an extract from the full text of the valuation report. For details of the valuation project and to have a reasonable understanding of the valuation conclusion, the report users should carefully read the full text of the valuation report, upon obtaining consent of owners of the valuation report, and pay attention to the Notes on Special Matters.

The following is the summary of the valuation report dated 12 December 2023 in respect of Xinjiang Xinyou New Energy Power Co., Ltd.（新疆信友新能源發電有限公司）, which is prepared by Pan-China Assets Appraisal Co., Ltd.*（北京天健興業資產評估有限公司）for the purpose of inclusion in this circular. Such report is prepared in Chinese and the English translation is provided for your reference only. In the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.*

Pan-China Assets Appraisal Co., Ltd.（北京天健興業資產評估有限公司）holds the domestic assets appraisal qualification jointly granted by the China Securities Regulatory Commission and the Ministry of Finance of the PRC.*

Summary of the Asset Valuation Report of the Value of Entire Shareholders' Equity of Xinjiang Xinyou New Energy Power Co., Ltd. Related to the Proposed Transfer by BEI Energy Development (Beijing) Co., Ltd. of 100% Equity Interest Held by It

Tian Xing Ping Bao Zi (2023) No. 1079

Pan-China Assets Appraisal Co., Ltd. has been engaged by BEI Energy Development (Beijing) Co., Ltd. to appraise the market value of the entire shareholders' equity of Xinjiang Xinyou New Energy Power Co., Ltd. related to the proposed transfer by BEI Energy Development (Beijing) Co., Ltd. of 100% equity interest held by it as at 31 December 2022 by adopting the asset-based approach and the income approach in an independent, objective and impartial manner and in accordance with the provisions of relevant laws, administrative regulations and asset valuation standards as well as the necessary valuation procedures. The asset valuation is reported as follows:

I. Valuation Purpose: To provide a value reference for the economic activity of the proposed transfer by BEI Energy Development (Beijing) Co., Ltd. of 100% equity interest in Xinjiang Xinyou New Energy Power Co., Ltd. held by it in accordance with Minutes of the 21st General Manager Meeting of Beijing Energy Holding Co., Ltd.*（北京能源集團有限責任公司）in 2023 (General No. 237)*（《北京能源集團有限責任公司總經理辦公會會議紀要2023年第21期》（總第237期））, the valuation of the entire shareholders' equity of Xinjiang Xinyou New Energy Power Co., Ltd. shall be arranged.

II. Valuation Target: The entire shareholders' equity of Xinjiang Xinyou New Energy Power Co., Ltd. as at the valuation reference date.

III. Valuation Scope: The entire assets of Xinjiang Xinyou New Energy Power Co., Ltd., including all assets and relevant liabilities.

IV. Type of the Value: Market value.

V. Valuation Reference Date: 31 December 2022.

VI. Valuation Methodology: Asset-based approach and income approach.

VII. Valuation Conclusion

In the valuation, the valuers use the asset-based approach and the income approach to evaluate the valuation target, and after analysis, the conclusion under the income approach is selected as the final valuation conclusion. The main reason for adopting the income approach for the valuation is that the income approach valuates the overall value of the enterprise, including the value of identifiable assets and unidentifiable intangible assets, such as the value qualified for national subsidies. As compared with the newly built power stations, the target project enjoys national subsidies for electricity prices, resulting in a cash inflow greater than that of the newly built power stations, whereas the asset-based approach cannot reflect the value qualified for national subsidies. Therefore, using the income approach is more reasonable than using the asset-based approach.

The value of entire shareholders' equity of Xinjiang Xinyou New Energy Power Co., Ltd. assessed under the income approach is RMB155,016,500, representing a valuation appreciation of RMB36,053,300 and an appreciation rate of 30.31%.

When utilising the valuation conclusion of this report, users of this report are advised to pay attention to the impact of item 11 "Notes on Special Matters" in the text of the report on the valuation conclusion, and pay attention to the valuation assumptions and preconditions for the establishment of the valuation conclusion.

Special attention of users of the report is drawn to the following significant matters mentioned in item 11 "Notes on Special Matters" in the text of the report, which may affect the valuation conclusion but are beyond the professional level and capability of the asset valuers:

(I) 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 Taxation Administration and National Development and Reform Commission (MOF Notice 2020 No. 23)(《財政部、國家稅務總局、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. Xinjiang Xinyou New Energy Power Co., Ltd.'s income tax rate as of the valuation reference date is 0% (during the "three exemptions, three halves" period). The valuation assumes that Xinjiang Xinyou New Energy Power Co., Ltd. is able to continue to receive a preferential income tax rate of 15%, which will still be applied for forecast after 2031.

(II) For the buildings included in the scope of valuation, the building ownership certificates had not yet been obtained as of the valuation reference date, which was mainly due to the full capacity of grid-connection of Xinjiang Xinyou New Energy Power Co., Ltd. on 30 December 2020, and as of the reference date, it was in the process of applying for the relevant ownership certificates, and was unable to provide the relevant construction and planning documents, such as construction planning permit and building permission. As of the date of the valuation report, the appraised entity had not yet completed the relevant formalities for property ownership. In this regard, the appraised entity has issued relevant explanations to prove that the undocumented buildings are indeed owned by the appraised entity and has undertaken to bear the corresponding legal liabilities in the event of any problem with the property ownership of the buildings. In this valuation, the gross floor area of the buildings was determined mainly on the basis of the relevant mapping results, the finalized accounts and other information provided by the enterprise, as well as on-site inspections by the valuers. The impact of this matter on the valuation conclusion was not considered in this valuation.

(III) According to the relevant information provided by the appraised entity, it was found that the enterprise obtained one finance lease borrowings from ABC Financial Leasing Co., Ltd.*(農銀金融租賃有限公司) in June 2021 for 25 sets of wind turbine equipment, 25 sets of tower equipment and power generation facilities, cables, and equipment in the 110kv booster station with a lease principal amount of RMB370 million. The current balance of the borrowings amounted to a total of RMB366 million, with the term expiring in May 2036. The amount was fully and jointly guaranteed by Beijing Energy International Holding Co., Ltd., with BEI Energy Development (Beijing) Co., Ltd. providing a pledge guarantee with its 100% equity interest in Xinjiang Xinyou New Energy Power Co., Ltd., and Xinjiang Xinyou New Energy Power Co., Ltd. providing a pledge guarantee with its electricity tariff rights. At the same time, Xinjiang Xinyou New Energy Power Co., Ltd., ABC Financial Leasing Co., Ltd.*(農銀金融租賃有限公司) and Business Department of Changji sub-branch of Agricultural Bank of China Limited*(中國農業銀行股份有限公司), entered into an Account Supervision Agreement, under which it was stipulated that the bank account opened by Xinjiang Xinyou New Energy Power Co., Ltd. in the aforesaid banks, 30050101040026978, would be the supervisory account, and that the revenue generated from the electricity tariffs would serve as the guarantee for the realization of the creditor's rights. Pursuant to the finance lease contract, the guarantee contract and the pledge contract, the guarantor and the pledge are jointly and severally liable for the borrowings repayment obligations of the appraised entity, which include the principal and interest of the borrowings, the possible default payment and the expenses for the realization of the creditor's rights, etc. The impact of this matter on the valuation conclusion was not considered in this valuation. Users of the valuation report are advised to pay attention to the possible impact of this matter on the valuation conclusion.

As the discount rate has a great impact on the appraised value under the income approach, a sensitivity analysis of the impact of the discount rate on the appraised value under the income approach has been performed. Specific calculations are as follows:

Company name	Appraised value of this valuation *(RMB0'000)*	Sensitive factor	Rate of change of the factor	Appraised value after changes *(RMB0'000)*	Amount of change in the appraised value after changes *(RMB0'000)*	Rate of change in appraised value	Rate of change of the factor	Appraised value after changes *(RMB0'000)*	Amount of change in the appraised value after changes *(RMB0'000)*	Rate of change in appraised value
Xinjiang Xinyou New Energy Power Co., Ltd.	15,501.65	Discount rate	+5%	14,455.22	–1,046.43	–6.75%	–5%	16,588.29	1,086.64	7.01%

As can be seen from the above calculation table, the appraised value under the income approach is more sensitive to the discount rate with an inverse change, as the appraised value goes down by 6.75% when the discount rate goes up by 5%, and goes up by 7.01% when the discount rate goes down by 5%.

DETERMINATION OF DISCOUNT RATE

I. Selection of Discount Rate Model

Discount rate shall be consistent with in the caliber of expected income. As this valuation report adopts the discounted cash flow model of the enterprise, the caliber of expected income will be the cash flow of the enterprise, therefore, the corresponding discount rate is determined by selecting the weighted average cost of capital (WACC), and the calculation formula is as follows:

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

Where:

WACC: weighted average cost of capital;

E: market value of equity;

D: market value of debt;

Ke: cost of equity capital;

Kd: cost of debt capital;

T: income tax rate of the appraised entity.

In the calculation formula of weighted average cost of capital WACC, the cost of equity capital Ke is estimated by using the Capital Asset Pricing Model (CAPM) based on international common practices, and the calculation formula is as follows:

$$K_e = R_f + \beta \times MRP + R_c$$

Where:

Ke: cost of equity capital;

Rf: risk-free yield;

β: systematic risk coefficient of equity;

MRP: market risk premium;

Rc: enterprise specific risk adjustment coefficient;

T: income tax rate of the appraised entity.

II. Determination of Specific Parameters of Discount Rate

(I) Determination of Risk-Free Yield

Treasury bond yield is usually believed to be of no risk because the risk of failure to redeem such bond held to maturity is very low and negligible. Based on the information disclosed in the official website of China Appraisal Society, 10-year Treasury bond has a yield to maturity rate of 2.84% per annum as at the valuation reference date. In this valuation report, 2.84% is taken as risk-free yield.

(II) Determination of Beta Coefficient βL

1. Calculation formula

The calculation formula of systematic risk coefficient of equity of the appraised entity is as follows:

$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_U$$

Where:

βL: Beta with financial leverage;

βU: Beta without financial leverage;

T: income tax rate of the appraised entity;

D/E: target capital structure of the appraised entity.

2. Determination of βU without financial leverage of the appraised entity

According to the business characteristics of the appraised entity, the valuers have enquired the βL values of 7 comparable A-shares listed companies in Shanghai and Shenzhen through the WIND information system. They are converted into βU values based on the income tax rate and capital structure of the comparable listed companies. The capital structure is calculated according to the average capital structure of listed companies. The average of the βU values as 0.4855 is taken as the βU value of the appraised entity. The detailed data is set out in the table below:

Stock code	**Short name of the company**	**βu value**
600821.SH	NYOCOR	0.3121
603105.SH	Sunoren	0.7574
000862.SZ	Yin Xing Energy	0.4557
600163.SH	Zhongmin Energy	0.6512
601016.SH	CECEP Wind Power	0.3799
601619.SH	Jiaze Renewables	0.2783
603693.SH	Jiangsu New Energy	0.5640
Average		0.4855

3. Determination of capital structure D/E of the appraised entity

The average of the capital structure of comparable listed companies as 0.7293 is taken as the target capital structure D/E of the appraised entity. The enterprise income tax is forecast based on the actual situation of the target company. At the same time, the valuation assumes that the areas involved in the Western Development is able to continue to receive a preferential income tax rate of 15%, which will still be applied for forecast after 2031.

4. Computation of βL

The systematic risk coefficient of equity of the appraised entity is calculated by substituting the parameters determined above into the systematic risk coefficient of equity calculation formula.

$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_U$$

$$= 0.7865$$

(III) Determination of Market Risk Premium

The China securities market index is used to measure the market risk premium, which is expressed in the formula:

China market risk premium = average return rate of China stock market – China risk-free interest rate

Among them, the average return rate of China stock market is based on the historical data of CSI 300 Index, and the monthly data of CSI 300 Index as of the valuation reference date is selected from the Wind information market database and calculated by using the moving arithmetic mean method; the China risk-free interest rate is expressed as the yield to maturity of all PRC government bonds with a remaining maturity of 10 years from the valuation reference date as described above. The estimated China market risk premium is 7.14%.

(IV) Determination of Enterprise Specific Risk Adjustment Coefficient

The enterprise specific risk adjustment coefficient refers to the specific risks of an enterprise relative to its peer enterprises, and the influencing factors mainly include: (1) the operation stage of the enterprise; (2) historical operating conditions; (3) the stage of development of its major products; (4) the distribution of the enterprise's business, products, and regions; (5) the company's internal management and control mechanisms; (6) the experience and qualifications of the management personnel; (7) the scale of the enterprise's operations; (8) its reliance on major customers and suppliers; (9) the financial risks; and (10) the risks of laws, environmental protection, and other aspects.

Taking into account the above factors, the rate of return for individual risk was determined to be 2.00% in this valuation.

(V) Discount Rate Calculation Results

1. Calculation of the cost of equity capital

The cost of equity capital of the appraised entity is calculated by substituting the parameters determined above into the cost of equity capital calculation formula.

$$K_e = R_f + \beta \times MRP + R_c$$

$$= 10.46\%$$

2. Calculation of the weighted average cost of capital

This valuation has taken into account the interest-bearing debts of all project companies involved in this equity transfer of BEIED as at the valuation reference date, and has taken the weighted average of the cost of interest-bearing debts of all project companies, which was 3.72%, as the cost of debts. The cost of weighted average capital of the appraised entity is calculated by substituting the parameters determined above into the cost of weighted average capital calculation formula.

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

$$= 7.38\%$$

I. GENERAL ASSUMPTIONS:

1. Transaction assumption: It is assumed that all assets to be valued are already be 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: Open market assumption 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: Continuous use assumption 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: It is a valuation assumption made by taking the overall assets of an enterprise as the valuation object. In other words, such enterprise, as an operating entity, will operate as a going concern until the end of the forecast period in accordance with its business objectives under the external environment where it operates. The operators of such enterprise are accountable for and capable of assuming responsibilities; such enterprise conducts lawful operations and is able to earn appropriate profits to maintain its ability to continue as a going concern.

II. APPRAISAL 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 the enterprise continues to operate until the end of the forecast period with reference to the actual status of its assets as at the valuation reference date.

3. It is assumed that the operators of the enterprise are responsible, and the management of the enterprise is capable of performing its duties.

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

5. It is assumed that the accounting policies to be adopted in the future by the enterprise are in material aspects generally consistent with the accounting policies adopted in the compilation of this report.

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

7. It is assumed that the electricity market conditions at which the assets are situated remain stable and there are no material or substantive changes.

8. There are no material changes in 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 the enterprise.

10. It is assumed that the forecasted annual cash flow of the appraised entity is generated during the period and the assets to be recovered at the end of the forecast period are recovered at the end of the period.

11. It is assumed that, subsequent to the valuation reference date, the products or services offered by the enterprise maintain prevailing market competition situation.

12. This valuation assumes that the settlement method and settlement price for the electricity bill of the enterprise from wind power generation during the forecast period remain consistent with the existing method and there are no changes in the future.

13. According to the interviews with the management, the enterprise anticipates that the 2023 Power Station Production and Operation Service Agreement (《二零二三年度電站生產運營服務協議》) signed with BEJN International Holdings Co., Ltd. (Northwest Branch Company) will no longer be signed and executed from 2024 onwards, and will be operated by the enterprise itself instead. Therefore, the valuation is calculated on the basis of the self-operation of the enterprise from 2024.

14. Currently, the enterprise's wind power projects have not been included in the catalogue of additional subsidies for electricity prices and are in the process of filing. The valuation assumes that the enterprise will be included in the national subsidy catalogue in 2023, the remaining unrecovered national subsidies in historical years will be recovered in the second year after being included in the catalogue (i.e. 2024), and all national subsidies generated during the forecast period will be recovered on the basis of a 2-year recovery period.

15. This valuation assumes that the wind power projects of the enterprise are capable of reaching the design service lives with an operation period of 20 years. Ongoing maintenance will be arranged for the wind power equipment in coming years in order to preserve its designed usage efficiency.

16. This valuation assumes that the fixed assets and occupied lands shall be recovered at their carrying residual values at end of the forecast period.

17. 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 Taxation Administration and National Development and Reform Commission (MOF Notice 2020 No. 23)(《財政部、國家稅務總局、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. Xinjiang Xinyou New Energy Power Co., Ltd.'s income tax rate as of the valuation reference date is 0% (during the "three exemptions, three halves" period). The valuation assumes that Xinjiang Xinyou New Energy Power Co., Ltd. is able to continue to receive a preferential income tax rate of 15%, which will still be applied for forecast after 2031.

We particularly emphasize: the valuation opinions only serve as a value reference basis for equity transfer transactions between the client and should not replace any decision on the prices for equity transfer transactions between the client.

III. SPECIFIC QUANTITATIVE ASSUMPTIONS

The quantitative assumptions relating to the financial forecast include:–

(1) Revenue growth rate: The forecasted electricity price of the target project in this valuation is mainly arrived at with reference to the actual settlement price level of the enterprise in historical years. According to the feedback from the enterprise, the electricity price level does not show an increasing trend at present, thus, the revenue growth rate is not considered in this valuation. The main factors that affect revenue are the number of generation hours and electricity price, of which, (a) for the number of generation hours, it is forecasted with reference to the number of generation hours in historical years; (b) for the forecasted electricity price mainly arrived at with reference to the actual settlement price level of the enterprise in historical years, it is assumed that the settlement price for the electricity bill during the forecast period remains consistent with the existing method and level. The forecasted revenues are as follows:

RMB0'000

	The first year	**The second year**	**The third year**	**The fourth year**	**The fifth year**
Revenue	5,910.04	5,910.04	5,910.04	5,910.04	5,910.04
Increase rate	–	0.0%	0.0%	0.0%	0.0%

(2) Gross profit: Gross profit is primarily related to (a) income (which is forecasted based on the number of forecasted generation hours of the enterprise and the actual settlement price level in historical years); and (b) costs (which is forecasted according to the forecast by the enterprise, as well as combined with and the feasibility report). As the operating cost during the forecast period is arrived at with reference to operating cost structure in historical years with full consideration of factors which affect future operating costs of the target company, as well as combined with the gross profit margin of the peer listed companies and the factor that the target company is non-listed company, the gross profit margin during the forecast period for this valuation is approximately -2% to 65% (after the forecast period, the gross profit margin will gradually decline after a few years without subsidies).

(3) Major expenses: Major expenses of the trading target during the forecast period include salary, leasing fee, operation and maintenance fee, maintenance costs, material expenses, etc., which are forecasted in this valuation mainly based on the expenditures of the enterprise in historical years, local wage level, relevant contracts signed in historical years, as well as combined with the feasibility report. The costs and fees of the trading target during the forecast period are mainly operating costs and management fees, which are forecasted based on the expenditures of the enterprise in historical years, local wage level, relevant contracts signed in historical years, as well as combined with the feasibility report. As for the production and operation fees included in the operating costs, after the discussion with the enterprise, as the production and operation service agreement will no longer be executed in 2024 (the second year of the forecast period), the forecasted production and operation fee for 2023 (the first year of the forecast period) is RMB2,358,500 according to the contract, and will no longer be forecasted from 2024 onwards. The management fees are also be forecasted according to the management fee level in historical years. The forecasted costs and fees are as follows:

RMB0'000

	The first year	The second year	The third year	The fourth year	The fifth year
Operating costs	2,325.38	2,096.85	2,104.39	2,704.52	2,703.27
Management fees	1.70	96.85	98.20	99.59	101.02
Total	2,327.08	2,193.70	2,202.59	2,804.11	2,804.29

(4) Capital expenditure: This valuation mainly considers the capital expenditure of electronic equipment, which are valuated based on the forecasted electronic equipment expenditure of the enterprise. The maintenance costs for the main power generation equipment in future years has been forecasted in the repair cost, and is not repeatedly forecasted in the capital expenditure. According to the actual situation of the target company, the maintenance and retrofit expenditures for power generation equipment have been taken into account in cash flow during the forecast period. The future capital expenditure is mainly the replacement expenditure of office equipment used in the daily course of business. The capital expenditure of the target company during the forecast period will be approximately RMB10,000 every five years from 2027.

The income approach adopts the cash flow discount method. The selected cash flow caliber is the free cash flow of each of the enterprise, and the value of the entire shareholders' equity is indirectly arrived at by the valuation of the overall value of the enterprise. This valuation is based on the net free cash flow of each of the enterprise in the future years, discounted at an appropriate discount rate and summed up to calculate the value of the enterprise's overall operating assets. The value of the entire shareholders' equity is arrived at by adding the value of the surplus in assets and non-operating assets, after deducting the value of any interest-bearing debt. The report and conclusions therein are only intended to be used only for valuation purpose as described herein and for no other purposes.

The above is an extract from the full text of the valuation report. For details of the valuation project and to have a reasonable understanding of the valuation conclusion, the report users should carefully read the full text of the valuation report, upon obtaining consent of owners of the valuation report, and pay attention to the Notes on Special Matters.

The following is the summary of the valuation report dated 12 December 2023 in respect of 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), which is prepared by Pan-China Assets Appraisal Co., Ltd.* (北京天健興業資產評估有限公司) for the purpose of inclusion in this circular. Such report is prepared in Chinese and the English translation is provided for your reference only. In the event of any inconsistency between the Chinese and English versions, the Chinese version shall prevail.*

Pan-China Assets Appraisal Co., Ltd. (北京天健興業資產評估有限公司) holds the domestic assets appraisal qualification jointly granted by the China Securities Regulatory Commission and the Ministry of Finance of the PRC.*

Summary of the Asset Valuation Report of the Value of Entire Shareholders' Equity of Haidong Ledu District Rongzhi New Energy Development Co., Ltd. Related to the Proposed Transfer by Qinghai Sixun New Energy Co., Ltd. of 100% Equity Interest Held by It

Tian Xing Ping Bao Zi (2023) No. 1053

Pan-China Assets Appraisal Co., Ltd. has been engaged by BEI Energy Development (Beijing) Co., Ltd. and Qinghai Sixun New Energy Co., Ltd. to appraise the market value of the entire shareholders' equity of Haidong Ledu District Rongzhi New Energy Development Co., Ltd. related to the proposed transfer by Qinghai Sixun New Energy Co., Ltd. of 100% equity interest held by it as at 31 December 2022 by adopting the asset-based approach and the income approach in an independent, objective and impartial manner and in accordance with the provisions of relevant laws, administrative regulations and asset valuation standards as well as the necessary valuation procedures. The asset valuation is reported as follows:

I. Valuation Purpose: To provide a value reference for the economic activity of the proposed transfer by Qinghai Sixun New Energy Co., Ltd. of 100% equity interest held by it in accordance with Minutes of the 21st General Manager Meeting of Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司) in 2023 (General No. 237)* (《北京能源集團有限責任公司總經理辦公會會議紀要2023年第21期》(總第237期)), the valuation of the entire shareholders' equity of Haidong Ledu District Rongzhi New Energy Development Co., Ltd. shall be arranged.

II. Valuation Target: The entire shareholders' equity of Haidong Ledu District Rongzhi New Energy Development Co., Ltd. as at the valuation reference date.

III. Valuation Scope: The entire assets of Haidong Ledu District Rongzhi New Energy Development Co., Ltd., including all assets and relevant liabilities.

IV. Type of the Value: Market value.

V. Valuation Reference Date: 31 December 2022.

VI. Valuation Methodology: Asset-based approach and income approach.

VII. Valuation Conclusion

In the valuation, the valuers use the asset-based approach and the income approach to evaluate the valuation target, and after analysis, the conclusion under the income approach is selected as the final valuation conclusion. The main reason for adopting the income approach for the valuation is that the income approach valuates the overall value of the enterprise, including the value of identifiable assets and unidentifiable intangible assets, such as the value qualified for national subsidies. As compared with the newly built power stations, the target project enjoys national subsidies for electricity prices, resulting in a cash inflow greater than that of the newly built power stations, whereas the asset-based approach cannot reflect the value qualified for national subsidies. Therefore, using the income approach is more reasonable than using the asset-based approach.

The value of entire shareholders' equity of Haidong Ledu District Rongzhi New Energy Development Co., Ltd. assessed under the income approach is RMB74,772,100, representing a valuation appreciation of RMB1,019,500 and an appreciation rate of 1.38%.

When utilising the valuation conclusion of this report, users of this report are advised to pay attention to the impact of item 11 "Notes on Special Matters" in the text of the report on the valuation conclusion, and pay attention to the valuation assumptions and preconditions for the establishment of the valuation conclusion.

Special attention of users of the report is drawn to the following significant matters mentioned in item 11 "Notes on Special Matters" in the text of the report, which may affect the valuation conclusion but are beyond the professional level and capability of the asset valuers:

(I) For the buildings included in the valuation scope, the building ownership certificates had not yet been obtained as of the valuation reference date, which was mainly due to the fact that the land occupied was leased land and not self-owned land, and therefore no title deeds can be issued. In this regard, the appraised entity has issued relevant explanations to prove that the undocumented buildings are indeed owned by the appraised entity and has undertaken to bear the corresponding legal liabilities in the event of any problem with the property ownership of the buildings. In this valuation, the gross floor area of the buildings was determined mainly on the basis of the data filled by the enterprise, as well as on-site inspections by the valuers. The impact of this matter on the valuation conclusion was not considered in this valuation.

(II) The physical assets such as buildings and machinery and equipment included in the valuation scope do not correspond to their carrying amounts, and there are no detailed accounts for each asset. As the construction of the power plant has not yet been finalized, the current book value of fixed assets is based on the provisional estimated amount after adjusted under the PC general contract. Therefore, the valuation of the operating long-term assets group under the fixed assets category was conducted using the income approach, i.e., the method of estimating the discounted future cash flows. The appraised value of the operating long-term assets group under the fixed assets category may include the value of intangible assets such as goodwill, human resources and customer relationships. Users of the valuation report are advised to pay attention to the possible impact of this matter on the valuation conclusion.

(III) The appraised entity obtained one borrowing from 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）in October 2022. The current principal balance of the borrowing amounted to RMB162 million, with the term expiring on 24 October 2037. Haidong Ledu District Rongzhi New Energy Development Co., Ltd. provided a pledge guarantee with its electricity tariff rights. At the same time, Haidong Ledu District Rongzhi New Energy Development Co., Ltd. and Xining Center Square Branch of Industrial and Commercial Bank of China Limited*（中國工商銀行股份有限公司西寧中心廣場支行）, entered into an Account Supervision Agreement, which stipulated that the bank account no. 2806004819200343094 opened by Haidong Ledu District Rongzhi New Energy Development Co., Ltd. in the aforesaid bank, would be the supervisory account, and that the revenue generated from the electricity tariffs would serve as the guarantee for the realization of the credit rights. Pursuant to the documents including the borrowing contract and the pledge contract, the pledges are jointly and severally liable for the borrowing repayment obligations of the appraised entity for such borrowing, covering the principal and interest of the borrowings, the possible default payment and the expenses for the realization of the creditor's rights, etc. The impact of this matter on the valuation conclusion was not considered in this valuation. Users of the valuation report are advised to pay attention to the possible impact of this matter on the valuation conclusion.

As the discount rate has a great impact on the appraised value under the income approach, a sensitivity analysis of the impact of the discount rate on the appraised value under the income approach has been performed. Specific calculations are as follows:

Company name	Appraised value of this valuation *(RMB0'000)*	Sensitive factor	Rate of change of the factor	Appraised value after changes *(RMB0'000)*	Amount of change in the appraised value after changes *(RMB0'000)*	Rate of change in appraised value	Rate of change of the factor	Appraised value after changes *(RMB0'000)*	Amount of change in the appraised value after changes *(RMB0'000)*	Rate of change in appraised value
Haidong Ledu District Rongzhi New Energy Development Co., Ltd.	7,477.21	Discount rate	+5%	6,652.54	-824.67	-11.03%	-5%	8,337.31	860.10	11.50%

As can be seen from the above calculation table, the appraised value under the income approach is more sensitive to the discount rate with an inverse change, as the appraised value goes down by 11.03% when the discount rate goes up by 5%, and goes up by 11.50% when the discount rate goes down by 5%.

DETERMINATION OF DISCOUNT RATE

I. Selection of Discount Rate Model

Discount rate shall be consistent with in the caliber of expected income. As this valuation report adopts the discounted cash flow model of the enterprise, the caliber of expected income will be the cash flow of the enterprise, therefore, the corresponding discount rate is determined by selecting the weighted average cost of capital (WACC), and the calculation formula is as follows:

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

Where:

WACC: weighted average cost of capital;

E: market value of equity;

D: market value of debt;

Ke: cost of equity capital;

Kd: cost of debt capital;

T: income tax rate of the appraised entity.

In the calculation formula of weighted average cost of capital WACC, the cost of equity capital Ke is estimated by using the Capital Asset Pricing Model (CAPM) based on international common practices, and the calculation formula is as follows:

$$K_e = R_f + \beta \times MRP + R_c$$

Where:

Ke: cost of equity capital;

Rf: risk-free yield;

β: systematic risk coefficient of equity;

MRP: market risk premium;

Rc: enterprise specific risk adjustment coefficient;

T: income tax rate of the appraised entity.

II. Determination of Specific Parameters of Discount Rate

(I) Determination of Risk-Free Yield

Treasury bond yield is usually believed to be of no risk because the risk of failure to redeem such bond held to maturity is very low and negligible. Based on the information disclosed in the official website of China Appraisal Society, 10-year Treasury bond has a yield to maturity rate of 2.84% per annum as at the valuation reference date. In this valuation report, 2.84% is taken as risk-free yield.

(II) Determination of Beta Coefficient βL

1. Calculation formula

The calculation formula of systematic risk coefficient of equity of the appraised entity is as follows:

$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_U$$

Where:

βL: Beta with financial leverage;

βU: Beta without financial leverage;

T: income tax rate of the appraised entity;

D/E: target capital structure of the appraised entity.

2. Determination of βU without financial leverage of the appraised entity

According to the business characteristics of the appraised entity, the valuers have enquired the βL values of 7 comparable A-shares listed companies in Shanghai and Shenzhen through the WIND information system. They are converted into βU values based on the income tax rate and capital structure of the comparable listed companies. The capital structure is calculated according to the average capital structure of listed companies. The average of the βU values as 0.4855 is taken as the βU value of the appraised entity. The detailed data is set out in the table below:

Stock code	**Short name of the company**	**βu value**
600821.SH	NYOCOR	0.3121
603105.SH	Sunoren	0.7574
000862.SZ	Yin Xing Energy	0.4557
600163.SH	Zhongmin Energy	0.6512
601016.SH	CECEP Wind Power	0.3799
601619.SH	Jiaze Renewables	0.2783
603693.SH	Jiangsu New Energy	0.5640
Average		0.4855

3. Determination of capital structure D/E of the appraised entity

The average of the capital structure of comparable listed companies as 0.7293 is taken as the target capital structure D/E of the appraised entity. The enterprise income tax is forecast based on the actual situation of the target company. At the same time, the valuation assumes that the areas involved in the Western Development is able to continue to receive a preferential income tax rate of 15%, which will still be applied for forecast after 2031.

4. *Computation of βL*

The systematic risk coefficient of equity of the appraised entity is calculated by substituting the parameters determined above into the systematic risk coefficient of equity calculation formula.

$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_U$$
$$= 0.7865$$

(III) Determination of Market Risk Premium

The China securities market index is used to measure the market risk premium, which is expressed in the formula:

China market risk premium = average return rate of China stock market – China risk-free interest rate

Among them, the average return rate of China stock market is based on the historical data of CSI 300 Index, and the monthly data of CSI 300 Index as of the valuation reference date is selected from the Wind information market database and calculated by using the moving arithmetic mean method; the China risk-free interest rate is expressed as the yield to maturity of all PRC government bonds with a remaining maturity of 10 years from the valuation reference date as described above. The estimated China market risk premium is 7.14%.

(IV) Determination of Enterprise Specific Risk Adjustment Coefficient

The enterprise specific risk adjustment coefficient refers to the specific risks of an enterprise relative to its peer enterprises, and the influencing factors mainly include: (1) the operation stage of the enterprise; (2) historical operating conditions; (3) the stage of development of its major products; (4) the distribution of the enterprise's business, products, and regions; (5) the company's internal management and control mechanisms; (6) the experience and qualifications of the management personnel; (7) the scale of the enterprise's operations; (8) its reliance on major customers and suppliers; (9) the financial risks; and (10) the risks of laws, environmental protection, and other aspects.

Taking into account the above factors, the rate of return for individual risk was determined to be 2.00% in this valuation.

(V) Discount Rate Calculation Results

1. Calculation of the cost of equity capital

The cost of equity capital of the appraised entity is calculated by substituting the parameters determined above into the cost of equity capital calculation formula.

$$K_e = R_f + \beta \times MRP + R_c$$

$$= 10.46\%$$

2. Calculation of the weighted average cost of capital

This valuation has taken into account the interest-bearing debts of all project companies involved in this equity transfer of BEIED as at the valuation reference date, and has taken the weighted average of the cost of interest-bearing debts of all project companies, which was 3.72%, as the cost of debts. The cost of weighted average capital of the appraised entity is calculated by substituting the parameters determined above into the cost of weighted average capital calculation formula.

$$WACC = K_e \times \frac{E}{D+E} + K_d \times (1-t) \times \frac{D}{D+E}$$

$$= 7.38\%$$

I. GENERAL ASSUMPTIONS:

1. Transaction assumption: It is assumed 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: Open market assumption 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: Continuous use assumption 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: It is a valuation assumption made by taking the overall assets of an enterprise as the valuation object. In other words, such enterprise, as an operating entity, will operate as a going concern until the end of the forecast period in accordance with its business objectives under the external environment where it operates. The operators of such enterprise are accountable for and capable of assuming responsibilities; such enterprise conducts lawful operations and is able to earn appropriate profits to maintain its ability to continue as a going concern.

II. APPRAISAL 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 the enterprise continues to operate until the end of the forecast period with reference to the actual status of its assets as at the valuation reference date.

3. It is assumed that the operators of the enterprise are responsible, and the management of the enterprise is capable of performing its duties.

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

5. It is assumed that the accounting policies to be adopted in the future by the enterprise are in material aspects generally consistent with the accounting policies adopted in the compilation of this report.

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

7. It is assumed that the electricity market conditions at which the assets are situated remain stable and there are no material or substantive changes.

8. There are no material changes in 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 the enterprise.

10. It is assumed that the forecasted annual cash flow of the appraised entity is generated during the period and the assets to be recovered at the end of the forecast period are recovered at the end of the period.

11. It is assumed that, subsequent to the valuation reference date, the products or services offered by the enterprise maintain prevailing market competition situation.

12. This valuation assumes that the settlement method and settlement price for the electricity bill of the enterprise from wind power generation during the forecast period remain consistent with the existing method and level and there are no changes in the future.

13. According to the interviews with the management, the enterprise anticipates that the 2023 Power Station Production and Operation Service Agreement (《二零二三年度電站生產運營服務協議》) signed with BEJN International Holdings Co., Ltd. (Northwest Branch Company) (hereinafter referred to as the "Northwest Branch Company") will no longer be signed and executed from 2024 onwards, and will be operated by the enterprise itself instead. Therefore, the calculations are on the basis of the self-operation of the enterprise from 2024.

14. Currently, the enterprise's wind power projects have not been included in the catalogue of additional subsidies for electricity prices and are in the process of filing. The valuation assumes that the enterprise will be included in the national subsidy catalogue in 2023, the remaining unrecovered national subsidies in historical years will be recovered in the second year after being included in the catalogue (i.e. 2024), and all national subsidies generated during the forecast period will be recovered on the basis of a 2-year recovery period.

15. This valuation assumes that the wind power projects of the enterprise are capable of reaching the design service lives with an operation period of 20 years. Ongoing maintenance will be arranged for the wind power equipment in coming years in order to preserve its designed usage efficiency.

16. This valuation assumes that the fixed assets and occupied lands shall be recovered at their carrying residual values at end of the forecast period.

17. Pursuant to the Notice of the Continuation of the Enterprise Income Tax for Implementation of Exploration, Development of Western Region published by the Ministry of Finance, State Taxation Administration and National Development and Reform Commission (MOF Notice 2020 No. 23)(《財政部、國家稅務總局、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. Haidong Ledu District Rongzhi New Energy Development Co., Ltd.'s income tax rate as of the valuation reference date is 0% (during the "three exemptions, three halves" period, it shall be exempted from corporate income tax from 2022 to 2024 and its corporate income tax will be levied by half from 2025 to 2027). The valuation assumes that Haidong Ledu District Rongzhi New Energy Development Co., Ltd. is able to continue to enjoy a preferential income tax rate of 15%, which will still be applied for forecast after 2031.

We particularly emphasize: the valuation opinions only serve as a value reference basis for equity transfer transactions between the client and should not replace any decision on the prices for equity transfer transactions between the client.

III. SPECIFIC QUANTITATIVE ASSUMPTIONS

The quantitative assumptions relating to the financial forecast include:–

(1) Revenue growth rate: The forecasted electricity price of the target project in this valuation is mainly arrived at with reference to the actual settlement price level of the enterprise in historical years. According to the feedback from the enterprise, the electricity price level does not show an increasing trend at present, thus, the revenue growth rate is not considered in this valuation. The main factors that affect revenue are the number of generation hours and electricity price, of which, (a) for the number of generation hours in 2023 (the first year of the forecast period), according to the interviews with the related technical personnel of the enterprise, as the overall wind resource situation in 2023 of the area where the project is located is not good, it is forecasted that power generation utilisation hours in 2023 will be 2,080 hours. In 2024 and subsequent years, taking into consideration of the local wind speed and wind turbine conditions in historical years, the calculation is based on 2,115 hours; (b) for the forecasted electricity price mainly arrived at with reference to the actual settlement price level of the enterprise in historical years, it is assumed that the settlement price for the electricity bill during the forecast period remains consistent with the existing method and level. The forecasted revenues are as follows:

RMB0'000

	The first year	The second year	The third year	The fourth year	The fifth year
Revenue	3,713.81	3,954.85	3,954.85	3,954.85	3,954.85
Increase rate	–	6.5%	0.0%	0.0%	0.0%

(2) Gross profit: Gross profit is primarily related to (a) income (which is forecasted based on the number of forecasted generation hours of the enterprise and the actual settlement price level in historical years); and (b) costs (which is forecasted according to the forecast by the enterprise, as well as combined with the feasibility report). As the operating cost during the forecast period is arrived at with reference to operating cost structure in historical years with full consideration of factors which affect future operating costs of the target company, as well as combined with the gross profit margin of the peer listed companies and the factor that the target company is non-listed company, the gross profit margin during the forecast period for this valuation is approximately -30% to 56% (after the forecast period, the gross profit margin will gradually decline after a few years without subsidies).

(3) Major expenses: Major expenses of the trading target during the forecast period include salary, leasing fee, operation and maintenance fee, maintenance costs, material expenses, etc., which are forecasted in this valuation mainly based on the expenditures of the enterprise in historical years, local wage level, relevant contracts signed in historical years, as well as combined with the feasibility report. The costs and fees of the trading target during the forecast period are mainly operating costs and management fees, which are forecasted based on the expenditures of the enterprise in historical years, local wage level, relevant contracts signed in historical years, as well as combined with the feasibility report. As for the production and operation fees included in the operating costs, after the discussion with the enterprise, as the production and operation service agreement will no longer be executed in 2024 (the second year of the forecast period), the forecasted production and operation fee for 2023 (the first year of the forecast period) is RMB1,886,800 according to the contract, and will no longer be forecasted from 2024 onwards. The management fees are also be forecasted according to the management fee level in historical years. The forecasted costs and fees are as follows:

RMB0'000

	The first year	The second year	The third year	The fourth year	The fifth year
Operating costs	1,885.31	1,753.29	1,760.58	1,768.09	1,962.20
Management fees	2.46	77.23	78.58	79.97	81.40
Total	1,887.77	1,830.52	1,839.16	1,848.06	2,043.61

(4) Capital expenditure: This valuation mainly considers the capital expenditure of electronic equipment, which are valuated based on the forecasted electronic equipment expenditure of the enterprise. The maintenance costs for the main power generation equipment in future years has been forecasted in the repair cost, and is not repeatedly forecasted in the capital expenditure. According to the actual situation of the target company, the maintenance and retrofit expenditures for power generation equipment have been taken into account in cash flow during the forecast period. The future capital expenditure is mainly the replacement expenditure of office equipment used in the daily course of business. The capital expenditure of the target company during the forecast period will be approximately RMB20,000 every five years from 2024.

The income approach adopts the cash flow discount method. The selected cash flow caliber is the free cash flow of each of the enterprise, and the value of the entire shareholders' equity is indirectly arrived at by the valuation of the overall value of the enterprise. This valuation is based on the net free cash flow of each of the enterprise in the future years, discounted at an appropriate discount rate and summed up to calculate the value of the enterprise's overall operating assets. The value of the entire shareholders' equity is arrived at by adding the value of the surplus in assets and non-operating assets, after deducting the value of any interest-bearing debt. The report and conclusions therein are only intended to be used only for valuation purpose as described herein and for no other purposes.

The above is an extract from the full text of the valuation report. For details of the valuation project and to have a reasonable understanding of the valuation conclusion, the report users should carefully read the full text of the valuation report, upon obtaining consent of owners of the valuation report, and pay attention to the Notes on Special Matters.

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 circular.

13 March 2024

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 12 December 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 a circular issued by the Company in connection with the transfer of equity interest in the Target Companies (the "**Circular**").

Director's responsibilities

The directors of the Company are responsible for the reasonableness and validity of the assumptions as set out in the Circular (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

13 March 2024

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 circular (the "**Circular**") of the Company in relation to the disposals of the entire equity interest 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**"). Unless the context otherwise requires, terms defined in the Circular shall have the same meanings in this letter when used herein.

We refer to the valuation reports dated 12 December 2023 prepared by the Valuer, in relation to the valuations of the entire issued share capital in the Target Companies on 31 December 2022 using the discounted cash flow method of the income approach (the "**Valuations**"). The Valuations are regarded as a profit forecast under Rule 14.61 of the Listing Rules (the "**Forecast**").

We hereby confirm that we have discussed with the Valuer about different aspects and reviewed information and documents in relation to the basis and assumptions based upon which the discounted cash flows in the Valuations has been prepared, and reviewed the Valuations prepared by the Valuer for which the Valuer is responsible for. We have also reviewed the calculations for the discounted cash flow in the Valuation Reports issued by the Valuer. We have also considered the report from Grant Thornton Hong Kong Limited, the auditor of the Company, the reporting accountants of the Company, as set out in Appendix IIIA to the Circular regarding the calculations of the discounted cash flows in the Valuations upon which the Forecast has been made.

On the basis of the foregoing, in accordance with the requirements under Rule 14.62(3) of the Listing Rules, we confirm that the Forecast has been made after due and careful enquiry by us.

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

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests of Directors and chief executives of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(a) Long positions in the Shares and Underlying Shares

Name of Director(s) or the chief executive(s) of the Company	Capacity/ Nature of interest	Number of Shares/ underlying Shares held	Total number of Shares/ underlying Shares held	Approximate percentage of the issued Shares[(1)]
Mr. Zhang Ping	Beneficial owner	7,000,000 24,000,000[(2)]	31,000,000	0.14%
Mr. Liu Guoxi	Beneficial owner	13,000,000[(2)]	13,000,000	0.06%
Mr. Zhu Jun	Beneficial owner	1,200,000 28,050,000[(2)]	29,250,000	0.13%

Notes:

1. These percentages are calculated based on 22,399,550,432 listed Shares in issue as at the Latest Practicable Date.

2. These are the Shares underlying the share options granted by the Company on 16 June 2022 under the share option scheme adopted by the Company on 15 June 2022.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Mr. Lu Zhenwei, an executive Director, is a director and the chairman of the board of directors of China Merchants New Energy Group Limited, which is a non wholly-owned subsidiary of China Merchants Group Limited, the Company's substantial Shareholder, and the director of New Energy Exchange Limited, which is a party acting in concert with China Merchants New Energy Group Limited. Mr. Su Yongjian, a non-executive Director, is the head of energy investment department of BEH, the indirect controlling Shareholder. Mr. Lu Xiaoyu, a non-executive Director, is a member of the party committee and a deputy general manager of Qingdao Chengtou New Energy Group Co., Ltd.*（青島城投新能源集團有限公司）, which is a subsidiary of the substantial Shareholder, Qingdao City Construction Investment (Group) Co., Ltd.*（青島城市建設投資(集團)有限責任公司）.

3. MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or claim of material importance and there is no litigation or claim of material importance known to the Directors pending or threatened by or against any member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract between any of the Directors and any member of the Group other than service contracts that are expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group and no Director was interested in any assets which have been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2022 (being the date of which the latest published audited financial statements of the Group were made up).

6. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be discloseable under the Listing Rules.

7. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of this circular and up to and including the Latest Practicable Date and are or may be material:

(a) the conditional equity transfer agreements dated 29 December 2023 entered into among BEIED, Beijing Energy (Shenzhen) Energy Investment Co., Ltd.*（京能（深圳）能源投資有限責任公司）, 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））and each of the Wulate Houqi Yuanhai New Energy Co., Ltd.*（烏拉特後旗源海新能源有限責任公司）, Youyu County Sineng Wind Energy Co., Ltd.*（右玉縣斯能風電有限公司）, Changji Yijing Photovoltaics Technology Co., Ltd.*（昌吉億晶光伏科技有限公司）, Mulei County Tongchuan Fengguang New Energy Co., Ltd.*（木壘縣通川風光新能源有限公司）and Xinjiang Xinyou New Energy Power Co., Ltd.*（新疆信友新能源發電有限公司）(collectively as the Target Companies) in relation to the disposals of the entire equity interest in each of the Target Companies;

(b) the conditional equity transfer agreement dated 29 December 2023 entered into among BEIED, Beijing Energy (Shenzhen) Energy Investment Co., Ltd.*（京能（深圳）能源投資有限責任公司）, 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））, 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）and Qinghai Sixun New Energy Co., Ltd.*（青海思迅新能源有限公司）in relation to the disposal of the entire equity interest in 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）;

(c) the conditional equity transfer agreement dated 20 December 2023 entered into among BEIED, ABC Financial Asset Investment Co., Ltd.*(農銀金融資產投資有限公司), Beijing Energy International Investment Limited*(北京能源國際投資有限公司), Silk Road New Energy (Changzhou) Co., Ltd.*(絲綢之路新能源(常州)有限公司) and BEJN International Holding Co., Ltd.*(北京京能國際控股有限公司) in relation to the acquisition of 42.01% of the issued share capital in BEIED;

(d) the sale and purchase agreement dated 14 December 2023 entered into among Wollar Solar Holding Pty Ltd, WSH Ludy Holding Pty Ltd, Beijing Energy International (Australia) Holding Pty Ltd and BJEI Ludy Holding Pty Ltd (collectively as the buyers), the Company (as the buyer guarantor), Lightsource Asset Holdings (Australia) Limited, West Wyalong HoldCo 1 Limited, Woolooga HoldCo 1 Limited and Lightsource Australia FinCo Holdings Limited (collectively as the sellers) and Lightsource Holdings 1 Limited (as the seller guarantor) in relation to the acquisition of the entire issued share capital in each of the LS Australia HoldCo 1 Pty Ltd, West Wyalong HoldCo 2 Pty Ltd, Woolooga HoldCo 2 Pty Ltd and LS Australia FinCo 2 Pty Ltd;

(e) the notice of exercise of call options executed by MNS Wind Finance Pty Ltd ("**MNSWF**") and issued to the Goldwind International Moorabool Limited ("**Vendor (North)**") on 29 June 2023 and the sale and purchase agreement to be entered into between MNSWF and Vendor (North) in relation to the exercise of call options in respect of the acquisition of 26% of the issued share capital in Moorabool Wind Farm (Holding) Pty Ltd ("**Target Company (North)**");

(f) the notice of exercise of call options executed by MNSWF and issued to the Goldwind International Moorabool South Limited ("**Vendor (South)**") on 29 June 2023 and the sale and purchase agreement to be entered into between MNSWF and Vendor (South) in relation to the exercise of call options in respect of the acquisition of 26% of the issued share capital in Moorabool South Wind Farm (Holding) Pty Ltd ("**Target Company (South)**");

(g) the trust contract dated 10 March 2023 entered into between BEIED and China Industrial International Trust Limited*(興業國際信託有限公司)("**China Industrial International Trust**"), in relation to the formation of the trust and the transfer of the underlying assets, for the purpose of the issuance of the asset-backed commercial papers by China Industrial International Trust;

(h) the trust contract dated 28 December 2022 entered into between BEIED and China Industrial International Trust, in relation to the disposal of the underlying assets by BEIED to China Industrial International Trust;

(i) the call option deeds dated 20 December 2022 granted by Vendor (North) and Vendor (South) to MNSWF, under which Vendor (North) and Vendor (South), irrevocably grant to MNSWF (or any other person nominated by MNSWF) an option to purchase, and require Vendor (North) and Vendor (South) to sell to MNSWF, 26% of the issued share capital in each of Target Company (North) and Target Company (South);

(j) the sale and purchase agreements dated 20 December 2022 entered into between MNSWF as the purchaser and each of Vendor (North) and Vendor (South) as vendors, in relation to the acquisition of 25% of the issued share capital in each of Target Company (North) and Target Company (South); and

9. EXPERTS AND CONSENTS

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

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

The above mentioned experts are independent third parties of the Company and its connected persons and are collectively referred to as the "Experts" hereinafter.

Each of the Experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, each of the Experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the Experts did not have any direct or indirect shareholding in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any asset which had been acquired, disposed of by or leased to any member of the Group, or was proposed to be acquired, disposed of by or leased to any member of the Group, since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

The Valuation Reports from the Valuer are set out in Appendix IIA to Appendix IIF of this circular and is given as at the Latest Practicable Date for incorporation herein.

The letter from Grant Thornton Hong Kong Limited in relation to the Valuation Reports is set out in Appendix IIIA of this circular and is given as at the Latest Practicable Date for incorporation herein.

10. GENERAL

(a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda; and the principal place of business in Hong Kong is situated at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

(b) The Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The company secretary of the Company is Ms. Zhang Xiao, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

(d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail (except for the part of valuation reports).

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the website of the HKEXnews (http://www.hkexnews.hk) and on the website of the Company (http://www.bjei.com) for a period of 14 days from the date of this circular (both days inclusive):

(a) the EPC Contract 1;

(b) the Previous EPC Contract;

(c) the EPC Contract 2;

(d) the Equity Transfer Agreement A;

(e) the Equity Transfer Agreement B;

(f) the Equity Transfer Agreement C;

(g) the Equity Transfer Agreement D;

(h) the Equity Transfer Agreement E;

(i) the Equity Transfer Agreement 2;

(j) the Valuation Report A from the Valuer, the summarised text of which is set out in Appendix IIA of this circular;

(k) the Valuation Report B from the Valuer, the summarised text of which is set out in Appendix IIB of this circular;

(l) the Valuation Report C from the Valuer, the summarised text of which is set out in Appendix IIC of this circular;

(m) the Valuation Report D from the Valuer, the summarised text of which is set out in Appendix IID of this circular;

(n) the Valuation Report E from the Valuer, the summarised text of which is set out in Appendix IIE of this circular;

(o) the Valuation Report F from the Valuer, the summarised text of which is set out in Appendix IIF of this circular;

(p) the letter from Grant Thornton Hong Kong Limited in relation to the Valuation Reports, the text of which is set out in Appendix IIIA of this circular;

(q) the letter from the Board in relation to the profit forecast, the text of which is set out in Appendix IIIB of this circular; and

(r) the consent letters from the Experts referred to in the paragraph headed "9. Experts and Consents" in this appendix.

北京能源國際控股有限公司

京能集团

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the special general meeting (the "**SGM**") of Beijing Energy International Holding Co., Ltd. (the "**Company**") will be held at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, the PRC) on Wednesday, 27 March 2024 at 11:00 a.m. for the following purpose:

ORDINARY RESOLUTIONS

1. "**THAT:**

   (a) the EPC Contract 1 (as defined in the circular of the Company dated 13 March 2024 (the "**Circular**")), a copy of which is marked "A" and initialled by the Chairman of the SGM for the purpose of identification, the terms and the transactions contemplated thereunder, be and are hereby approved; and

   (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the EPC Contract 1 and the transactions contemplated thereunder."

2. "**THAT:**

   (a) the EPC Contract 2 (as defined in the Circular), a copy of which is marked "B" and initialled by the Chairman of the SGM for the purpose of identification, the terms and the transactions contemplated thereunder, be and are hereby approved; and

   (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the EPC Contract 2 and the transactions contemplated thereunder."

3. "**THAT:**

(a) The transactions contemplated under the Disposals, comprising the Equity Transfer Agreements (as defined in the Circular), a copy of which is marked "C" and initialled by the Chairman of the SGM for the purpose of identification, the terms and the transactions contemplated thereunder, be and are hereby approved; and

(b) any one director of the Company be and is hereby authorised for and on behalf of the Company and/or its subsidiaries to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the transactions contemplated under the Disposals."

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

Hong Kong, 13 March 2024

Notes:

1. For the purpose of determining the entitlement for attending and voting at the SGM, the register of members of the Company will be closed from Friday, 22 March 2024 to Wednesday, 27 March 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 21 March 2024.

2. A member entitled to attend and vote at the SGM is entitled to appoint one or, if he holds two or more shares, more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.

3. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he/she/it so wish. In such event, the instrument appointing such a proxy shall be deemed to be revoked.

4. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding of the SGM or any adjournment thereof.

5. In the case of joint holders of Shares, any one of such joint holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. Votes on the ordinary resolutions set out herein and are to be passed at the SGM will be taken by way of poll.

7. If Tropical Cyclone Warning Signal No.8 or above, black rainstorm warning or extreme conditions caused by super typhoons is in effect in Hong Kong after 8:00 a.m. on the date of the SGM, the SGM will be postponed. The Company will post an announcement on the website of the Company at http://www.bjei.com and on the website of the HKEXnews at http://www.hkexnews.hk to notify shareholders of the date, time and place of the rescheduled meeting.

8. As at the date hereof, the Board comprises:

Executive Directors:
Mr. Zhang Ping *(Chairman)*
Mr. Lu Zhenwei

Non-executive Directors:
Mr. Liu Guoxi
Mr. Su Yongjian
Mr. Li Hao
Mr. Lu Xiaoyu

Independent Non-executive Directors:
Ms. Jin Xinbin
Ms. Li Hongwei
Mr. Zhu Jianbiao