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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.

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北京能源國際控股有限公司

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

MAJOR TRANSACTION IN RELATION TO THE PROPOSED TRANSFER OF THE PROJECT COMPANY FOR THE EXPANSION OF THE INFRASTRUCTURE FUND AND 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 Tuesday, 18 February 2025 at 11:00 a.m. is set out on pages 50 to 51 of this circular. For the avoidance of doubt, holders of Treasury Shares, if any, shall abstain from voting at the SGM.

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.

24 January 2025

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DEFINITIONS

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

“ABS Manager”	AVIC Securities Co., Ltd. (中航證券有限公司), a company established in the PRC with limited liability, the project manager of the Photovoltaic ABS and the Hydropower ABS
“AUD”	Australian dollars, the lawful currency of Australia
“Baoshan Energy”	Baoshan Energy Development Joint Stock Company Limited* (保山能源發展股份有限公司), a joint stock company established in the PRC with limited liability and an indirect subsidiary of the Company owned as to 65.70% as at the Latest Practicable Date
“Baoshan SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Baoshan City* (保山市人民政府國有資產監督管理委員會)
“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 717,694,349 Shares, representing approximately 32.14% 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 wholly owned subsidiary of the Company
“Board”	the board of Directors
“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)
“CSRC”	China Securities Regulatory Commission
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Equity Transfer Agreement”	the equity transfer agreement to be entered into between Yunnan Baoshan and the ABS Manager, on behalf of the Hydropower ABS, in relation to the transfer of the entire equity interest in the Project Company
“Fund Manager”	AVIC Fund Management Co., Ltd.* (中航基金管理有限公司), a company established in the PRC with limited liability, the project manager of the Infrastructure Fund
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hydropower ABS”	AVIC-Jingneng Hydropower No.1 Asset-backed Special Purpose Plan* (中航—京能水電1號資產支持專項計劃), an infrastructure asset-backed special purpose plan to be set up and managed by the ABS Manager to securitise the Underlying Assets
“Infrastructure Fund”	AVIC Jingneng Photovoltaics Closed-end Infrastructure Securities Investment Fund* (中航京能光伏封閉式基礎設施證券投資基金), a publicly-offered infrastructure securities investment fund registered with the CSRC on 2 March 2023 (fund code: 508096)
“Jingneng Tongxin”	Beijing Jingneng Tongxin Investment Management Co., Ltd* (北京京能同鑫投資管理有限公司), a company which is wholly owned by BEH as at the Latest Practicable Date
“Jingtai Co”	Hubei Jingtai Photovoltaic Power Co., Ltd.* (湖北晶泰光伏電力有限公司), a company established in the PRC with limited liability, which is held by the Photovoltaic ABS under the Infrastructure Fund and owns a 100MW photovoltaic power generation project in Hubei Province, the PRC as at the Latest Practicable Date
“Latest Practicable Date”	20 January 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“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

DEFINITIONS

“NDRC”	the National Development and Reform Commission
“Photovoltaic ABS”	AVIC-Jingneng Photovoltaic No.1 Asset-backed Special Purpose Plan* (中航－京能光伏1號資產支持專項計劃), an infrastructure asset-backed special purpose plan managed by the ABS Manager to securitise the underlying assets owned by Yulin Co and Jingtai Co
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular
“Project Company”	Yunnan Baoshan Tengchong City Jingneng Lianghe Hydropower Development Co., Ltd.* (雲南保山騰沖市京能兩河水電開發有限責任公司), an indirect non-wholly owned subsidiary of the Company at as the Latest Practicable Date
“Proposed Transfer”	the proposed transaction involving (a) the subscription of 62% of the Units in the Infrastructure Fund by Yunnan Baoshan together with Jingneng Tongxin (the subscription percentage of Yunnan Baoshan may be subject to upward adjustment, details of which are set out in the paragraph headed “The Proposed Transfer” in the section headed “Letter from the Board”); and (b) the disposal of 100% equity interest in the Project Company from Yunnan Baoshan to the ABS Manager, on behalf of the Hydropower ABS
“REIT(s)”	real estate investment trust(s)
“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 Tuesday, 18 February 2025 at 11:00 a.m. or any adjournment thereof, and the notice of which is attached to this circular

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$1.0 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“SSE”	Shanghai Stock Exchange
“SSE No.3 Guidelines”	the Guidelines of Shanghai Stock Exchange for the Application of the Rules for the Publicly offered Infrastructure Real Estate Investment Trusts (REITs) No.3 – New Acquisition of Infrastructure Projects (for Trial Implementation)* (上海證券交易所公開募集基礎設施證券投資基金(REITs)規則適用指引第3號—新購入基礎設施項目(試行)) published by the SSE on 31 May 2022
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	shall have the meaning assigned to this expression by section 15 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), save that any reference therein to a company shall be deemed to include a body corporate incorporated or established outside Hong Kong or under any other ordinances of Hong Kong and to any unincorporated body of persons
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Third Circular”	Circular on Work Related to Advancing the Application and Recommendation for New Acquisition of Real Estate Investment Trusts (REITs) for the Infrastructure Sector* (關於做好基礎設施領域不動產投資信託基金(REITs)新購入項目申報推薦有關工作的通知) published by the NDRC on 7 July 2022
“Treasury Share(s)”	has the meaning ascribed thereto under the Listing Rules
“Underlying Assets”	collectively, (i) the Su Jia He Kou 315MW hydropower station project (蘇家河口水電站項目); and (ii) the Song Shan He Kou 168MW hydropower station project (松山河口水電站項目) in Yunnan Province, the PRC
“Units”	the new units to be issued by the Infrastructure Fund and listed on the SSE for further fund raising in connection with the Proposed Transfer
“Valuation Report”	the report dated 1 March 2024 prepared by the Valuer on the indicative fair valuation of the Underlying Assets

DEFINITIONS

“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
“Yulin Co”	Yulin City Jiangshan Yongchen New Energy Co., Limited* (榆林市江山永宸新能源有限公司), a company established in the PRC with limited liability, which is held by the Photovoltaic ABS under the Infrastructure Fund and owns 300MW photovoltaic power generation project in Shaanxi Province, the PRC as at the Latest Practicable Date
“Yunnan Baoshan”	Yunnan Baoshan Binglang Jiang Hydropower Development Co., Ltd. * (雲南保山檳榔江水電開發有限公司), an indirect non wholly-owned subsidiary of the Company as at the Latest Practicable Date
“%”	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

Mr. Wang Cheng

Independent Non-executive Directors:

Ms. Jin Xinbin

Ms. Li Hongwei

Mr. Zhu Jianbiao

Mr. Zeng Ming

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

24 January 2025

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION IN RELATION TO
THE PROPOSED TRANSFER OF THE PROJECT COMPANY
FOR THE EXPANSION OF THE INFRASTRUCTURE FUND
AND
NOTICE OF SPECIAL GENERAL MEETING**

1. INTRODUCTION

References are made to the announcement of the Company dated 7 May 2024 in respect of the Proposed Transfer and the announcements dated 28 June 2024, 30 August 2024, 31 October 2024 and 31 December 2024 in relation to the delay and/or further delay despatch of circular relating thereto.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the Proposed Transfer; (ii) the Valuation Report of the Underlying Assets; (iii) the notice of SGM; and (iv) other information as required under the Listing Rules, to enable you to make an informed decision on whether to vote for or against the resolution to be proposed at the SGM.

2. MAJOR TRANSACTION IN RELATION TO THE PROPOSED TRANSFER OF THE PROJECT COMPANY FOR THE EXPANSION OF THE INFRASTRUCTURE FUND

The Infrastructure Fund

References are made to the announcements of the Company dated 8 April 2022, 6 July 2022, 21 October 2022, 30 December 2022 and 13 March 2023 and the circular of the Company dated 3 October 2022 in relation to the establishment of the Infrastructure Fund. The Infrastructure Fund currently holds Yulin Co, which owns 300MW photovoltaic power generation project in Shaanxi Province, the PRC and Jingtai Co, which owns 100MW photovoltaic power generation project in Hubei Province, the PRC.

The Expansion

Subsequent to the launch of the pilot scheme for REITs in the infrastructure sector by the CSRC and the NDRC in 2020, the relevant authorities and regulatory published guidelines on how further fund raising can be conducted by the existing infrastructure funds. In particular, on 31 May 2022, the SSE published the SSE No. 3 Guidelines, which sets out, among other things, the requirements of the additional assets proposed to be acquired, the conditions of the existing infrastructure funds and the procedure for further fund raising. Moreover, on 7 July 2022, the NDRC issued the Third Circular to lay down the requirements and application procedures for infrastructure funds to raise further funds.

The Infrastructure Fund is contemplating an expansion to acquire additional assets. For this purpose, the Infrastructure Fund will conduct a further fund raising by way of issuing the Units and Yunnan Baoshan, an indirect non wholly-owned subsidiary of the Company, together with Jingneng Tongxin, proposes to subscribe for 62% of the Units (the subscription percentage of Yunnan Baoshan may be subject to upward adjustment). Proceeds from the further fund raising will be applied to the acquisition of the entire interest in the Project Company by the Infrastructure Fund from Yunnan Baoshan. The application materials on the further fund raising of the Infrastructure Fund have been accepted by the CSRC and the SSE for approval.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the transfer of the Underlying Assets (i.e. the Su Jia He Kou 315MW hydropower station project and the Song Shan He Kou 168MW hydropower station project in Tengchong, Baoshan City, Yunnan Province, the PRC) to the Project Company has been completed. As at the Latest Practicable Date and prior to completion of the Proposed Transfer, the Company indirectly held 65.70% of the equity interest in Baoshan Energy, which owned the entire equity interest in Yunnan Baoshan, which in turn owned the entire equity interest in the Project Company. Following completion of the Proposed Transfer, it is expected that the Group (through BEIED and Yunnan Baoshan) will hold 46.71% of the Infrastructure Fund, and together with that of Jingneng Tongxin, will hold 57.99% of the Infrastructure Fund, which will in turn hold the entire equity interest in the Project Company and the Project Company will remain as an indirect non-wholly owned subsidiary of the Company.

3. THE PROPOSED TRANSFER

The Proposed Transfer will involve (a) Yunnan Baoshan, together with Jingneng Tongxin, to subscribe for 62% of the Units in the Infrastructure Fund (the subscription percentage of Yunnan Baoshan may be subject to upward adjustment); and (b) dispose of the entire equity interest of the Project Company to the Infrastructure Fund, which will indirectly hold the income-generating infrastructure projects, i.e., the Underlying Assets, by virtue of the Equity Transfer Agreement.

Equity Transfer Agreement

- Parties: (1) Yunnan Baoshan; and
- (2) the ABS Manager (on behalf of the Hydropower ABS)

To implement the Proposed Transfer, Yunnan Baoshan (as the transferor) will enter into the Equity Transfer Agreement with the ABS Manager (as the transferee) on behalf of the Hydropower ABS, pursuant to which Yunnan Baoshan will agree to sell, and the ABS Manager, on behalf of the Hydropower ABS, will agree to acquire the entire equity interest in the Project Company. The consideration of the Equity Transfer Agreement shall be based on the amount of funds raised through the further offering of the Units and having deducted (i) an amount reserved for the fees and expenses to be incurred in relation to the Infrastructure Fund and the Hydropower ABS (including but not limited to expenses for securities account opening and maintenance fees, security registration fees, capital verification fees for setting up the Hydropower ABS, bank transfer fees and stamp duty); and (ii) the shareholders loan of the Project Company in the amount of approximately RMB562 million (as at 30 September 2023 and is subject to further adjustment at the time of the actual transfer).

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Equity Transfer Agreement has not been formally executed. However, the draft Equity Transfer Agreement has been submitted as part of documents required to be submitted in advance for receiving the no objection letter in respect of the further fund raising of the Infrastructure Fund and the Proposed Transfer. It is expected that the parties will execute the Equity Transfer Agreement upon the receipt of the required approvals from the competent authorities, including but not limited to the CSRC and the SSE.

Undertakings

Upon signing and effective of the Equity Transfer Agreement, the parties shall cooperate in handling the matters below:

- (1) the ABS Manager shall take the lead to complete the preparation and establishment of the Hydropower ABS, including but not limited to, proactively submitting relevant applications to the securities exchange and other regulatory authorities, conducting filing, registration, fundraising, and other related works;
- (2) after establishment of the Hydropower ABS, an accounting firm (the “**Auditor**”) with corresponding professional qualification will be appointed to conduct the completion audit on the completion date as the audit reference date. The costs of the completion audit shall be borne by Yunnan Baoshan. All parties should coordinate and facilitate the Auditor to issue the completion audit report within thirty (30) days after the establishment of the Hydropower ABS; and
- (3) the ABS Manager shall provide a loan to the Project Company within five (5) business days after the establishment of the Hydropower ABS for the purpose of repaying the outstanding liabilities of the Project Company. The Project Company shall repay the aforesaid debt promptly upon receipt of the loan and retain the repayment evidence.

Basis of Consideration of the Proposed Transfer

The expected size of the public offering and/or private placement of the Units of approximately RMB2,860 million will be determined based on the prevailing market conditions, the guidance from the regulatory authorities and the valuation of the Underlying Assets. In terms of the offer price of the Units, it will be determined based on the size of the public offering and/or private placement together with the pricing limitations, which are (a) for Units offered by way of public offering, the offer price per Unit shall not be lower than the average trading price of the issued units for the last trading day and the 20 trading days prior to the date of the prospectus; and (b) for Units offered by way of private placement, the offer price per Unit shall not be lower than 90% of the average trading price of the issued units for the 20 trading days prior to the price determination day.

LETTER FROM THE BOARD

The consideration for the disposal of the entire equity interest of the Project Company to the Infrastructure Fund will be determined based on, among other things, the final offer price of the Units, and will be ascertained upon completion of the public offering and/or private placement of the Units. The terms of the Proposed Transfer were determined based on arm's length negotiations between the Company, the ABS Manager and the Fund Manager.

As at the Latest Practicable Date, the offering amount, price range, and as a result, offer price of the Units have not been finalized. The offer price will be prudently and reasonably determined by the Fund Manager and the financial adviser to the Infrastructure Fund (i.e. China Merchants Securities Co., Ltd.). For details, please refer to the announcement of the Company dated 10 April 2024 regarding the appointment of China Merchants Securities Co., Ltd. as the financial adviser.

The Company will make further announcement(s) after the offer price has been determined.

The Procedures Involved for the Proposed Transfer

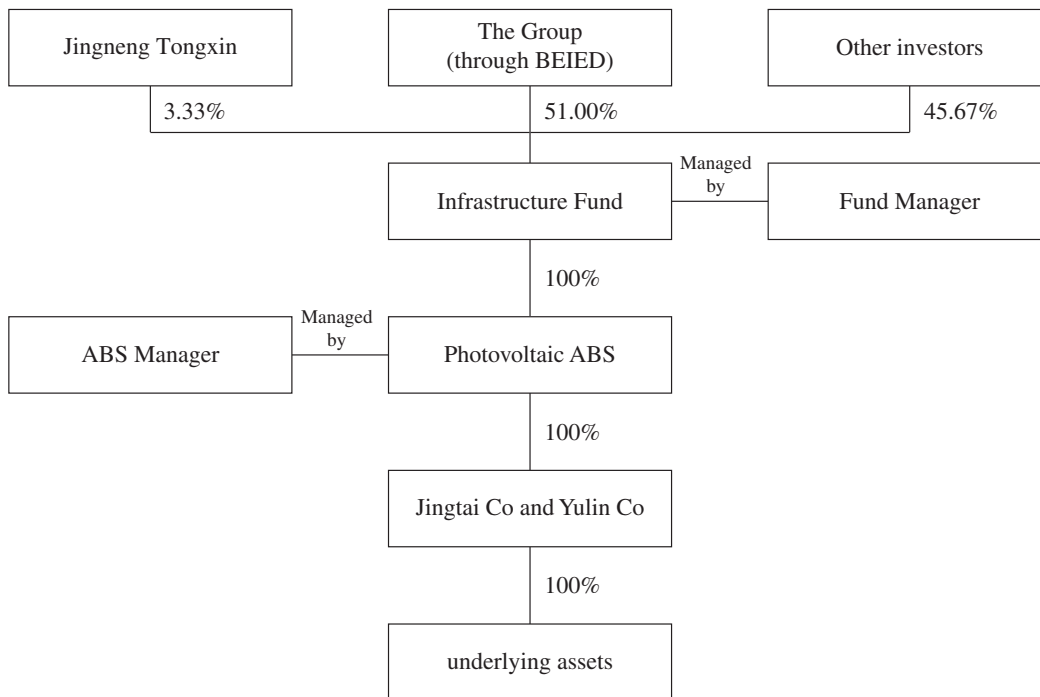
For the purpose of the Proposed Transfer, the Infrastructure Fund shall conduct a further fund raising by issuing the Units for a public offering and/or private placement at the expected size of approximately RMB2,860 million on the SSE. Yunnan Baoshan and Jingneng Tongxin are expected to subscribe for 42% and 20% of the Units as a strategic investor at the expected price of approximately RMB1,201.2 million and RMB572 million, respectively. The subscription percentage of Yunnan Baoshan may be upwardly adjusted, subject to the market capitalisation of the Infrastructure Fund and the valuation of the Underlying Assets at or around the time of the Proposed Transfer and the further fund raising. In case there is an increase in the market capitalisation of the Infrastructure Fund and/or a decrease in the valuation of the Underlying Assets, Yunnan Baoshan will increase its subscription percentage to maintain the holding of at least 20% of the enlarged Infrastructure Fund after the Proposed Transfer as prescribed under the SSE No. 3 Guidelines. The Company expects that the increase in the subscription percent of the Units by Yunnan Baoshan will not exceed 5% (i.e. the total subscription percentage of Yunnan Baoshan in the Units will not exceed 47%). The remaining 38% of the Units is expected to be subscribed by external investors, amounting to approximately RMB1,086.8 million. The final subscription price of the Units will be determined after the pricing process. After the proposed subscription of the Units, the Infrastructure Fund is expected to be held by (a) approximately 46.71% indirectly by the Group through BEIED and Yunnan Baoshan, both being the subsidiaries of the Company, which will hold approximately 26.69% and 20.02% of the Infrastructure Fund, respectively; and (b) approximately 11.28% by Jingneng Tongxing.

LETTER FROM THE BOARD

For the purpose of the Proposed Transfer and as required by the applicable PRC laws and regulations, the Hydropower ABS will be set up by the ABS Manager. Upon completion of the public offering and/or private placement of the Units, the Infrastructure Fund will apply the proceeds to subscribe for the entire interest in the Hydropower ABS, subsequent to which, the Hydropower ABS will acquire the entire interest in the Project Company from Yunnan Baoshan.

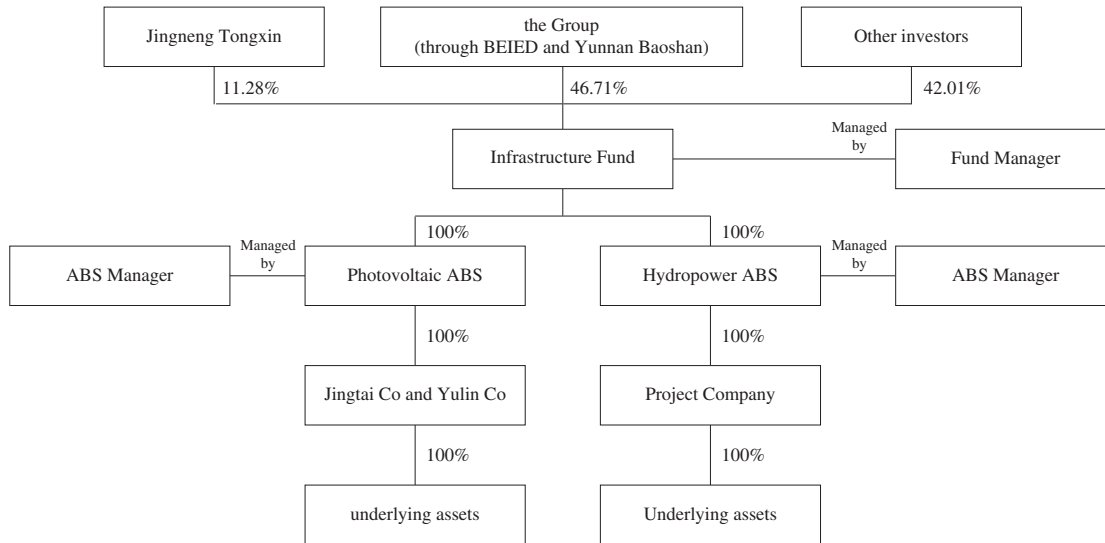
Expected structure of the Infrastructure Fund before and after the completion of the Proposed Transfer are listed as below:

(1) Before completion of the Proposed Transfer



LETTER FROM THE BOARD

(2) *After completion of the Proposed Transfer*



4. REASONS AND BENEFITS OF THE PROPOSED TRANSFER

The Directors consider that the Proposed Transfer will be beneficial for both the Group and the Infrastructure Fund for the following reasons:

- (1) the Proposed Transfer will be a good example to showcase the Company's fundraising capability across different financing channels which will in turn improve the Company's image and enhance its position in the capital market;
- (2) the net proceeds to be received by the Group from the Proposed Transfer will provide the Group with funds for its operations, thereby enabling the Group to reduce its net borrowings, and hence improve its liquidity and gearing position;
- (3) the Proposed Transfer will provide additional funding to the original stakeholder, Yunnan Baoshan. The additional funding will enable Yunnan Baoshan and Baoshan Energy to further develop their other existing renewable energy projects and fund new investment opportunity which will in turn foster their respective business development;

LETTER FROM THE BOARD

- (4) the Proposed Transfer will further reduce the operational risk of the original stakeholder, Yunnan Baoshan. Due to the Proposed Transfer, Yunnan Baoshan has been implementing a series of rectification measures in respect of the Underlying Assets, such as addressing the outstanding regulatory issues. Those defects in the construction procedure which are being improved mainly include (a) the lack of certain documentations for illustrating that no approval or filing procedures are required for the commencement of construction; and (b) the completion of the resettlement and project quality examinations, which are required to be addressed and rectified before the relevant authorities granting the approval for the Proposed Transfer. It is expected that these measures will enhance the compliance of Yunnan Baoshan and the Underlying Assets with the applicable laws and regulations. As at the Latest Practicable Date, the aforesaid defects have been rectified;
- (5) the Proposed Transfer will allow the Infrastructure Fund to further enlarge the scope and enrich the composition of its portfolio. In the meantime, it is expected that it will broaden the investor base of the Infrastructure Fund which will lead to an increase the liquidity of the Infrastructure Fund and improve its performance in the secondary market. The Company expects that these will in turn strengthen the existing investors' confident and attract more investors in the future; and
- (6) the Proposed Transfer will allow the Company to realise part of the Underlying Assets and achieve the valuation potential in the form of upfront cash proceeds as well as enabling the Shareholders to benefit from the Company's continuing interest in the Infrastructure Fund in terms of the stable revenue generated from and future development of the Underlying Assets.

In view of the above, the Directors believe that the terms of the Proposed Transfer are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LETTER FROM THE BOARD

5. INFORMATION OF THE PARTIES

The Company

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.

Yunnan Baoshan

Yunnan Baoshan is a company established in the PRC with limited liability and principally engaged in the investment, development and operation of hydropower stations and owns the entire interest of the Project Company, which will own the Underlying Assets prior to the completion of the Proposed Transfer. As at the Latest Practicable Date, Yunnan Baoshan is wholly owned by Baoshan Energy, which is a non-wholly owned subsidiary of the Group and indirectly owned by the Company as to 65.70%. The remaining interest of 34.30% is held by the following entities:

- (a) Baoshan City State Asset Operation Co., Ltd.* (保山市國有資產經營有限責任公司), which is ultimately controlled by Baoshan SASAC, as to 14.08%;
- (b) Tengchong County State Asset Operation Co., Ltd.* (騰沖縣國有資產經營有限責任公司), which is wholly owned by People's Government of Tengchong City* (騰沖市人民政府), as to 5.34%;
- (c) Longling County State Asset Operation Co., Ltd.* (龍陵縣國有資產經營有限責任公司), which is ultimately controlled by Baoshan SASAC, as to 4.93%;
- (d) Shidian County State Asset Operation Group Co., Ltd.* (施甸縣國有資產經營集團有限責任公司), which is wholly owned by Finance Bureau of Shidian County* (施甸縣財政局), as to 4.27%;
- (e) Baoshan City Longyang District State Asset Operation Co., Ltd.* (保山市隆陽區國有資產經營有限責任公司), which is ultimately wholly owned by the State-owned Assets Supervision and Administration Commission of Longyang District, Baoshan City* (保山市隆陽區人民政府國有資產監督管理委員會), as to 3.19%;
- (f) Changning County State Asset Operation Co., Ltd.* (昌寧縣國有資產經營有限責任公司), which is wholly owned by the Finance Bureau of Changning County* (昌寧縣財政局), as to 1.75%;

LETTER FROM THE BOARD

- (g) Yunnan Water Investment Water Conservancy & Hydropower Operation Co., Ltd.* (雲南水投水利水電運營有限公司), which is wholly owned by State-owned Assets Supervision Management Committee of Yunnan People's Government* (雲南省人民政府國有資產監督管理委員會), as to 0.56%; and
- (h) China Three Gorges Renewables (Group) Co., Ltd. (中國三峽新能源(集團)股份有限公司), which is listed on SSE and controlled by China Three Gorges Corporation* (中國長江三峽集團有限公司), as to 0.18%.

The Fund Manger

The Fund Manager is a company established in the PRC with limited liability and a CSRC licensed fund management company principally engaged in the business of asset management. The Fund Manager is 55% owned by the ABS Manager and 45% owned by Beijing Shougang Fund Co., Ltd.* (北京首鋼基金有限公司). Beijing Shougang Fund Co., Ltd. is indirectly wholly-owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. The ABS Manager is the largest shareholder of the Fund Manager. The Fund Manager and its ultimate shareholders are independent third parties of the Company.

The ABS Manager

The ABS Manager is a company established in the PRC with limited liability. It provides a diverse range of financial and investment consulting services including equity financing, bond financing, securities brokerage, underwriting and sponsorship, securities investment consulting and asset management in the PRC. The ABS Manager is approximately 71.71% owned by AVIC Investment Holdings Co., Ltd.* (中航投資控股有限公司) and is approximately 28.29% owned by AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司) respectively. AVIC Investment Holdings Co., Ltd. is approximately 73.56% owned by AVIC Industry-Finance Holdings Co., Ltd., a company listed on the SSE (stock code: 600705) and ultimately held by the State-owned Assets Supervision and Administration Commission of the State Council. The ABS Manager and its ultimate shareholders are independent third parties of the Company.

The Project Company

The Project Company is an investment holding company established in the PRC. As at the Latest Practicable Date, it is wholly-owned by Yunnan Baoshan and owns the Underlying Assets.

LETTER FROM THE BOARD

The Infrastructure Fund

The Infrastructure Fund is a publicly-offered infrastructure securities investment fund registered with the CSRC on 2 March 2023 (fund code: 508096) and listed on the SSE. As at the Latest Practicable Date, it owned the Photovoltaic ABS, which in turn owned Yulin Co and Jingtai Co. It was managed by the Fund Manager and owned as to 51.00%, 3.33% and 45.67% by the Group, Jingneng Tongxin and other investors, respectively as at the Latest Practicable Date.

Jingneng Tongxin

Jingneng Tongxin is a company established in the PRC with limited liability. It is the private equity investment management platform of the BEH and principally engaged in the business of asset management. As at the Latest Practicable Date, it was wholly owned by BEH.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Fund Manager, the ABS Manager and their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

6. THE FINANCIAL EFFECT OF THE PROPOSED TRANSFER

Upon completion of the Proposed Transfer, the Project Company will remain as a subsidiary of the Company and the financial results of the Infrastructure Fund will continue to be consolidated into the accounts of the Company. As such, it is expected that the Company will not record any profit or loss from the Proposed Transfer and the Proposed Transfer will not have any material impact on the financial position of the Company.

The table below sets out the audited pro forma financial information of the Underlying Assets for the two financial years ended 31 December 2023 prepared in accordance with generally accepted accounting principles in the PRC:

	Underlying Assets	
	Year ended 31 December 2023 RMB(million) (Audited)	Year ended 31 December 2022 RMB(million) (Audited)
Profit/(Loss) before taxation	96.70	160.60
Profit/(Loss) after taxation	82.19	136.51

The audited pro forma net asset value of the Underlying Assets as at 31 March 2024 was approximately RMB1,236 million while the valuation of the Underlying Assets as at 30 September 2023 was approximately RMB2,860 million. For details, please see “Appendix II – Valuation Report of the Underlying Assets” below.

LETTER FROM THE BOARD

7. USE OF PROCEEDS

The net proceeds from the Proposed Transfer (after paying the applicable taxes of approximately RMB4.9 million, repaying the external debt of approximately RMB1,022.3 million and deducting the amount used to subscribe for the Units of approximately RMB1,773.2 million) to be received by Yunnan Baoshan is expected to be approximately RMB59.6 million (subject to further adjustment) and all of the net proceeds are expected to be invested in 14 renewable energy projects (subject to adjustment based on the actual conditions of the relevant energy projects). The detailed allocation of the net proceeds is expected to be as follows:

No.	Name of the project	Expected allocation of the net proceeds
1	Shidian County Wangjiazhai 55MW forestial-photovoltaic project* (施甸縣王家寨55MW林光互補項目)	RMB4.6 million
2	Shidan County Guojiazhai 30MW forestial-photovoltaic project* (施甸縣郭家寨30MW林光互補項目)	RMB4.0 million
3	Shidian County Dawangtang 35MW photovoltaic project* (施甸縣大汪塘35MW林光互補項目)	RMB4.0 million
4	Shidian County Qiujiashai 45MW photovoltaic project* (施甸縣邱家寨45MW林光互補項目)	RMB4.0 million
5	Baoshan Longyang District Industrial Park 70MW distributed photovoltaic power generation project (Phase 1: 24MW)* (保山隆陽區產業園70MW分布式光伏發電項目 (一期24兆瓦))	RMB5.0 million
6	Shidian County Ganlong 97MW composite photovoltaic power generation project* (施甸縣幹龍97MW複合型光伏發電項目)	RMB6.0 million
7	Shidian County Baoshan Energy hydropower station 6.7MW distributed photovoltaic power generation project* (施甸縣保山能源水電站6.7MW分布式光伏發電項目)	RMB3.0 million
8	Tengchong City Baoshan Energy hydropower station 31MW distributed photovoltaic power generation project* (騰沖市保山能源水電站31MW分布式光伏發電項目)	RMB4.0 million
9	Changning County Baoshan Energy hydropower station 2.4MW distributed photovoltaic power generation project* (昌寧縣保山能源水電站2.4MW分布式光伏發電項目)	RMB2.0 million
10	Longyang District Baoshan Energy hydropower station 33MW distributed photovoltaic power generation project* (隆陽區保山能源水電站33MW分布式光伏發電項目)	RMB3.0 million

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No.	Name of the project	Expected allocation of the net proceeds
11	Longling County Baoshan Energy hydropower station 17MW distributed photovoltaic power generation project* (龍陵縣保山能源水電站17MW分布式光伏發 電項目)	RMB8.0 million
12	Longling County Mucheng 60MW livestock husbandry-photovoltaic project* (龍陵縣木城60MW牧 光互補項目)	RMB4.0 million
13	Tengchong City Tengsen Cowshed 60W distributed photovoltaic project* (騰沖市騰森牛棚60MW分布式光 伏項目)	RMB4.0 million
14	Changning County Zhujie 18MW forestial-photovoltaic project* (昌寧縣珠街18MW 林光互補項目)	RMB4.0 million
Total:		RMB59.6 million

8. VALUATION REPORT

Summary of the Valuation Report

The fair valuation of the Underlying Assets as at 30 September 2023 assessed in the Valuation Report was prepared using the discounted cash flow method of the income approach. As a result, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

As at the Latest Practicable Date, the Valuation Report is the latest valuation report published on the website of the SSE in respect of the expansion of the Infrastructure Fund. The Company will make further announcement to inform the Shareholders and potential investors if there is any update on the valuation of the Underlying Assets.

General assumptions

- (a) 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.
- (b) 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.

LETTER FROM THE BOARD

- (c) 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.
- (d) Enterprise going-concern assumption, which refers to the property rights owner being the 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 entity are accountable for and capable of assuming responsibilities; such entity conducts lawful operations and is able to maintain its ability to continue as a going concern.

Assumptions under income approach

- (a) 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.
- (b) It is assumed that the operators of the entity are responsible, and the management of such entity is capable of performing their duties.
- (c) Unless otherwise stated, it is assumed that such entity fully complies with all relevant laws and regulations.
- (d) It is assumed that the accounting policies to be adopted in the future by such entity are in all material aspects generally consistent with the accounting policies adopted in the compilation of the Valuation Report.
- (e) It is assumed that the business scope and mode of the entity are consistent with the current direction on the basis of the existing management mode and management level.
- (f) There are no material changes in the interest rates, exchanges rates, tax bases and tax rates, policy-based levies, etc.
- (g) There are no other force majeure and unforeseeable factors that may give rise to material adverse impact on the entity.
- (h) The valuation in respect of the Underlying Assets is made based on the electricity trading agreement. It is assumed that, upon expiry of such agreement, the electricity price for 2027 and onward shall be the same with the electricity settlement price of 2026, which is RMB0.237 per kilowatt-hour.

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- (i) It is assumed that the Underlying Assets will continue to be used with simple maintenance during the operation period and no major improvements or resets will occur. The Underlying Assets shall be transferred to the Company or its designated related parties free of charge after the operation period.
- (j) The Underlying Assets have experienced power rationing in past years due to limited transmission. With the 500kV Lanchengbian coming into operation and the rising in local demand for electricity, there has been no power rationing since 2021 and therefore, the valuation assumes that there will be no power limitations in the future.
- (k) In accordance with the “Announcement on the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region” (Announcement of the Ministry of Finance, State Taxation Administration, National Development and Reform Commission 2020 No. 23)*《關於延續西部大開發企業所得稅政策的公告》(財政部稅務總局國家發展改革委公告2020年第23號), from 1 January 2021 to 31 December 2030, enterprise income tax will be levied at a reduced rate of 15% on enterprises located in the western region in the encouraged industries. It is assumed that such policy shall continue after the expiry and the western region shall continue to offer the reduced tax rate of 15% until the end of the forecast period.
- (l) The Underlying Assets are currently self-operated and maintained and it is assumed that there will not be any change to the way of operation and maintenance during the forecast period.
- (m) According to the “Agreement on the land acquisition, resettlement project and investment regarding the construction of Yunnan Province Tengchong County Binlangjiang Su Jia He Kou Hydropower Station”*《雲南省騰沖縣檳榔江蘇家河口水電站建設征地移民安置任務和投資包乾協議》and the “Agreement on the land acquisition and resettlement project regarding the construction of Yunnan Province Tengchong County Binlangjiang Song Shan He Kou Hydropower Station”《雲南省騰沖縣檳榔江松山河口水電站建設征地和移民安置工作協議》, the paddy fields and dry lands involved in the Underlying Assets are subject to the payment of compensation on the basis of a long-term fixed physical amount at fixed time interval during the operation period of the Underlying Assets, and it is assumed that there will not be any change to the compensation method during the forecast period.
- (n) According to the “Electricity Business License”*《電力業務許可證》issued by the Yunnan Energy Regulatory Office of National Energy Administration of the People’s Republic of China, the license is valid from 27 April 2012 to 26 April 2032, and the Valuation Report assumes that the “Electricity Business License” will be renewable upon its expiration and will continue to be valid until the expiration of the project’s operating period.
- (o) It is assumed that the Underlying Assets will be able to complete the unit life extension and continue to generate electricity on the grid before the expiry of the electricity licenses, and that the service life of the electricity generating units shall not be less than 40 years before retirement.

LETTER FROM THE BOARD

- (p) Based on the design of the public REITs program, it is expected that the infrastructure projects will be transferred to the Company or its designated related parties free of charge after the expiration of the projects, therefore, the valuation does not take into account the recovery of assets at the end of the period.
- (q) It is assumed that the cash flows shall occur uniformly during the forecast period.
- (r) Provision of legal, true and complete information assumption: during the valuation process, the principal and the property rights owner provided the personnel of the Valuer with the relevant information regarding the company's assets, business, operation conditions, etc. This Valuation Report is prepared on the premise that the information provided are legal, true and complete.

Sensitivity analysis of the income approach

Change in discount rate

Based on the income approach calculation, the changes in discount rate and the changes in value are shown as the table below:

Change in discount rate (%)	Value (RMB)	Change in value (RMB)	Percentage of change in value (%)
-5%	2,768,000,000	-92,000,000	-3.22%
+5%	2,958,000,000	98,000,000	3.43%

Based on the above analysis, a change in the discount rate is positively correlated with changes in value. A change on -5% in the discount rate would result in a change of approximately -3% to -4% of the assessed value and a change of 5% in the discount rate would result in a change of approximately 3% to 4% in the assessed value.

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 the Underlying Assets prepared by the Valuer used in the Valuation Report, which do not involve the adoption of accounting policies.

The Directors confirm that the fair value of the Underlying Assets in the Valuation Report as at 30 September 2023, 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 and a letter from the Board are included in Appendix III to this circular.

LETTER FROM THE BOARD

9. LISTING RULES IMPLICATIONS

In connection with the Proposed Transfer, Yunnan Baoshan shall, together with Jingneng Tongxin, subscribe for 62% of the Units (the subscription percentage of Yunnan Baoshan may be subject to upward adjustment); and dispose of the entire equity interest in the Project Company. Upon completion of the Proposed Transfer, the Group's interest (through BEIED and Yunnan Baoshan) in the Project Company is expected to reduce from 100% to 46.71%, and together with that of Jingneng Tongxin, is expected to decrease from 100% to 57.99%. As such, the Proposed Transfer will constitute a deemed disposal of the Company under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio in respect of the Proposed Transfer exceeds 25% but is less than 75%, the Proposed Transfer constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Proposed Transfer is subject to, among other things, the prevailing market conditions and approvals from relevant authorities, including the CSRC and the SSE. Accordingly, Shareholders and potential investors should be aware that the Proposed Transfer may or may not occur. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

10. SPECIAL GENERAL MEETING

A notice convening the SGM is set out on pages 50 to 51 of this circular, at which the ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, to approve the Proposed Transfer and the transactions 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 Thursday, 13 February 2025 to Tuesday, 18 February 2025 (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 Wednesday, 12 February 2025.

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 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.

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To the best of the Director's knowledge, information and belief, having made reasonable enquiries, the Directors confirm that no Shareholder has a material interest in the transactions contemplated under the Proposed Transfer and therefore no Shareholder is required to abstain from voting in respect of the resolution to be proposed at the SGM to approve the Proposed Transfer.

11. 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, the resolution 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.

12. RECOMMENDATION

The Board considers that the terms of the Proposed Transfer are on normal commercial terms and are fair and reasonable 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 resolution to be proposed in respect of approving the Proposed Transfer and the transactions contemplated thereunder.

13. 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

The published audited consolidated financial statements of the Group for each of the three years ended 31 December 2021, 2022 and 2023 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 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 2021 (pages 127-294), which can be accessed via the link at:

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

- (ii) 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>

- (iii) Annual report of the Company for the year ended 31 December 2023 (pages 139-314), which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042601654.pdf>

- (iv) Interim report of the Group for the six months ended 30 June 2024 (pages 21-70), which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0919/2024091900880.pdf>

The information for any company acquired since the date of the last published audited accounts of the Group is disclosed as below:

- (i) a circular of the Company dated 13 September 2024, which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0912/2024091201112.pdf>

- (ii) a circular of the Company dated 14 October 2024, which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1010/2024101000709.pdf>

The information for disposal of the underlying assets since the date of the last published audited accounts of the Group is disclosed in the circular dated 12 December 2024, which can be accessed via the link at: <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1211/2024121101076.pdf>

2. STATEMENT OF INDEBTEDNESS OF THE ENLARGED GROUP**Indebtedness**

As at the close of business on 30 November 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following indebtedness:

	<i>RMB' million</i>
Bank borrowings	
Secured with guarantee	4,942
Secured and without guarantee	8,799
Unsecured with guarantee	9,128
Unsecured without guarantee	37,398
Finance lease liabilities	
Secured with guarantee	2,260
Secured and without guarantee	6,704
Unsecured without guarantee	885
Other borrowings	
Unsecured without guarantee	1,005
	71,121

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 30 November 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 30 November 2024 up to and including the Latest Practicable Date.

3. CONTINGENT LIABILITIES

As at the Latest Practicable Date, the Group had no significant contingent liabilities.

4. 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 of the Company holding approximately 32.14% of the issued capital of the Company as at Latest Practicable Date), in the absence of any unforeseen circumstances, the Directors, after due and careful enquiry, 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.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has not been any material adverse change in the financial or operation position or business trend or outlook of the Group since 31 December 2023, 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.

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

Under the Proposed Transfer, the Project Company continues to be an indirect non-wholly-owned subsidiary of the Company, and the Group intends to use the proceeds from the Proposed Transfer for investment in (a) the current renewable energy projects which are under construction; and (b) the new renewable energy projects with mature preliminary work (including the new projects and the renovation and expansion of the existing project). It is expected that there will be no material change in the amount of earnings, assets and liabilities of the Group.

7. 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 222 power plants beneficially owned by the Group and its associates with an aggregate grid-connected installed capacity of approximately 12,317MW have generated electricity in an aggregate volume of approximately 5,519,312MWh in the third quarter of 2024, and the aggregate electricity generation volume for the nine months ended 30 September 2024 has amounted to approximately 13,761,499MWh.

Looking forward, with the strong support of BEH, the Group will continue to diversify its industry layout of clean energy, aiming to create a new ecosystem of high-quality development of various green energy including wind power, photovoltaic power, hydro power, hydrogen energy and integrated energy. In line with the national direction for artificial intelligence industry development, the Company will accelerate the construction of the Beijing AI Public Computing Platform, effectively expand the clean energy industry chain, and gradually form a new pattern that develops “energy + computing” as main sector with the synergistic development of six sectors including wind and photovoltaic power, hydro power, integrated energy, gas turbines, green hydrogen, and computing. 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 1 March 2024 in respect of the Underlying Assets, 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 Su Jia He Kou Hydropower Station Project and Song Shan He Kou Hydropower Station Project held by Yunnan Baoshan Binglang Jiang Hydropower Development Co., Ltd. Related to the Proposed Expansion of REIT and New Acquisition of Infrastructure Projects by AVIC Jingneng Photovoltaics

Tian Xing Ping Bao Zi (2024) No. 0181

Pan-China Assets Appraisal Co., Ltd. has been jointly engaged by AVIC Fund Management Co., Ltd. and Baoshan Energy Development Joint Stock Company Limited to appraise the market value of Su Jia He Kou Hydropower Station Project and Song Shan He Kou Hydropower Station Project held by Yunnan Baoshan Binglang Jiang Hydropower Development Co., Ltd. related to the proposed expansion of REIT and new acquisition of infrastructure projects by AVIC Jingneng Photovoltaics as at 30 September 2023 by adopting 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: Given the Proposed Expansion of REIT and New Acquisition of Infrastructure Projects by AVIC Jingneng Photovoltaics, to provide a value reference for the above-mentioned economic activity, the valuation of the value of Su Jia He Kou Hydropower Station Project and Song Shan He Kou Hydropower Station Project held by Yunnan Baoshan Binglang Jiang Hydropower Development Co., Ltd. shall be arranged.
- II. Valuation Target: The value of Su Jia He Kou Hydropower Station Project and Song Shan He Kou Hydropower Station Project held by Yunnan Baoshan Binglang Jiang Hydropower Development Co., Ltd. as at the valuation reference date.
- III. Valuation Scope: The valuation scope of the infrastructure projects held by Yunnan Baoshan Binglang Jiang Hydropower Development Co., Ltd. shall be the power generation assets of Su Jia He Kou Hydropower Station Project and Song Shan He Kou Hydropower Station Project, including fixed assets and intangible assets. The fixed assets consist of the power generation equipment of hydropower stations and the associated buildings and structures, while the intangible assets are represented by the land use rights.
- IV. Type of the Value: Market value.
- V. Valuation Reference Date: 30 September 2023.

VI. Valuation Methodology: Income approach.**VII. Valuation Conclusion**

In the valuation, the valuers use the income approach to evaluate the value of infrastructure projects, and after analysis, the final valuation conclusion is:

As valued under the income approach, the book value of Su Jia He Kou Hydropower Station Project and Song Shan He Kou Hydropower Station Project is RMB2,267,489,000, and the appraised value is RMB2,860,000,000, representing a valuation appreciation of RMB592,511,000 and an appreciation rate of 26.13%.

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) Pledge or Mortgage of Assets

According to the loan contracts signed by Binglang Jiang Hydropower with financial institutions, Binglang Jiang Hydropower has provided the following guarantees, with details set out below:

Pledgee/Mortgagee	Collateral	Debt Performance Period
Baoshan Branch of Industrial and Commercial Bank of China	the electricity tariff rights of Su Jia He Kou Hydropower Station and Song Shan He Kou Hydropower Station throughout the duration of the loan	2007/03/01~2031/12/31
Baoshan Branch of Bank of China Limited	28% of the electricity tariff rights and certain assets of Su Jia He Kou Hydropower Station	2016/11/29~2034/12/20

We advise the users of this report to be mindful of the situation that the valuation is based on our assumption that Binglang Jiang Hydropower can normally utilise the above assets without considering the impact of mortgage matters that may lead to asset recovery on the valuation results

(II) Extension of Useful Life of Assembling Units

According to the Power Business Permit (《電力業務許可證》), the grid connection status of the assembling units of Song Shan He Kou Hydropower Station and Su Jia He Kou Hydropower Station are as follows:

Description of assembling units	Su Jia He Kou Hydropower Station Project			Song Shan He Kou Hydropower Station Project		
	1#	2#	3#	1#	2#	3#
Number						
Capacity	105MW	105MW	105MW	56MW	56MW	56MW
Commissioning date	2011-1	2011-4	2011-6	2011-1	2011-4	2011-6
Designed life	30 years	30 years	30 years	30 years	30 years	30 years

Considering the commissioning date and designed life of the assembling units, it is expected that the assembling units 1#, 2# and 3# of Su Jia He Kou Hydropower Station and Song Shan He Kou Hydropower Station will gradually reach the end of their service life in the first half of 2041. According to Article 15 of the Supervision and Management Measures for Power Business License (《電力業務許可證監督管理辦法》) promulgated by the National Energy Administration, “When the power generation assembling units reach the end of designed useful life, applications for decommission or an operational extension shall be made to the dispatching authority, and if an operational extension is applied, such assembling units shall 1) comply with national industrial policies as well as energy-saving and emission reduction policies; 2) not being included in the shutdown or suspension plan of relevant government departments; 3) undergo necessary modifications and pass the relevant safety assessments. The extension period for the assembling units shall be determined based on the relevant assessment conclusions”. The valuation has not identified any non-compliance with the aforementioned items 1) and 2) for Su Jia He Kou Hydropower Station and Song Shan He Kou Hydropower Station Projects. Besides, according to the technical data of Song Shan He Kou Hydropower Station and Su Jia He Kou Hydropower Station, the useful life of these two stations before decommissioning is not less than 40 years, therefore, it is assumed that the power generation assembling units of both stations can pass the assessment and inspection and continue to operate until 31 May 2051. Users of the report are advised to pay attention to this.

We particularly emphasize: the valuation opinions only serve as a value reference basis for the proposed expansion of REIT and new acquisition of infrastructure projects by AVIC Jingneng Photovoltaics and should not replace any decision of it on the prices for transactions.

The report and conclusions therein are only intended to be used only for valuation purpose as described herein and for no other purposes.

According to the relevant national regulations, the valid period of this valuation conclusion shall be half a year, commencing from 30 September 2023, being the valuation reference date, to 30 March 2024.

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.

DETERMINATION OF DISCOUNT RATE

(I) Selection of Discount Rate Model

Discount rate shall be consistent with the caliber of expected income. As this valuation report adopts the net cash flow before taxation model, the caliber of expected income will be the net cash flow before taxation, therefore, the corresponding pre-tax discount rate is determined by selecting the weighted average cost of capital (WACC) and univariate solution, 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;

K_e : cost of equity capital;

K_d : 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 K_e 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:

K_e : cost of equity capital;

R_f : risk-free yield;

β : systematic risk coefficient of equity;

MRP: market risk premium;

R_c : enterprise specific risk adjustment coefficient;

In the valuation, WACC has been adjusted into pre-tax discount rate through univariate solution and based on post-tax discounted amount and pre-tax cash flow.

(II) Determination of Specific Parameters of Discount Rate

1. 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 2.68% per annum as at the valuation reference date. In this valuation report, such rate is taken as risk-free yield.

2. Determination of Beta Coefficient β_L

(1) Calculation formula

The calculation formula of systematic risk coefficient of equity of the ownership holder is as follows:

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

Where:

β_L : Beta with financial leverage;

β_u : Beta without financial leverage;

T: income tax rate of the ownership holder;

D/E: target capital structure of the ownership holder.

(2) Determination of β_U without financial leverage of the ownership holder

According to the business characteristics of the ownership holder, the valuers have enquired the β_L values of 5 comparable A-shares listed companies in Shanghai and Shenzhen through the WIND information system. They are converted into β_U values based on the income tax rate and capital structure of the comparable listed companies. In calculating the capital structure, D/E is calculated according to the market value. The average of the β_U values as 0.4138 is taken as the β_U value of the ownership holder. The detailed data is set out in the table below:

No.	Stock code	Abbreviation of Securities	BETA value	Debt/equity with interest (market value)	Income tax rate at the end of year (2022)	Beta value without debt (book value)
1	600116.SH	Three Gorges Water Conservancy	0.7745	0.5965	15.00	0.5139
2	600236.SH	Guiguan Electric Power	0.5748	0.4939	25.00	0.4194
3	600025.SH	Huaneng Hydropower	0.6369	0.7822	15.00	0.3826
4	600900.SH	Yangtze Power	0.4496	0.6031	25.00	0.3096
5	600674.SH	Chuantou Energy	0.5332	0.2697	25.00	0.4435
Average			0.5938	0.5491		0.4138

(3) Determination of capital structure D/E of the ownership holder

The capital structure of the valuation target for a specific forecast period is determined based on the D/E structure of the above listed companies.

(4) Computation of β_L

The systematic risk coefficient of equity of the ownership holder is calculated by substituting the parameters determined above into the systematic risk coefficient of equity calculation formula. The calculation formula is as follows:

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

3. *Determination of Market Risk Premium*

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

$$\text{China market risk premium} = \text{average return rate of China stock market} - \text{China risk-free interest rate}$$

Among them, the average return rate of China stock market is based on the monthly date of CSI 300 Index from the publication date of such data (i.e. January 2002) until the valuation reference date, such data is sourced from the Wind information market database and calculated by using the arithmetic mean method; the risk-free interest rate is expressed as the yield to maturity of PRC government bonds with a maturity of 10 years. The calculated China market risk premium as at the valuation reference date is 7.12%.

4. *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: the operation stage of the enterprise; historical operating conditions; the stage of development of its major products; the distribution of the enterprise's business, products, and regions; the company's internal management and control mechanisms; the experience and qualifications of the management personnel; the scale of the enterprise's operations; its reliance on major customers and suppliers; the financial risks; and 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% in this valuation.

5. *Pre-tax Discount Rate Calculation Results*

(1) Calculation of the cost of equity capital

The cost of equity capital of the ownership holder is calculated by substituting the parameters determined above into the cost of equity capital calculation formula. The calculation formula is as follows:

$$\begin{aligned} K_e &= R_f + \beta \times MRP + R_c \\ &= 9.00\% \end{aligned}$$

(2) Calculation of the weighted average cost of capital

Generally, the cost of debts is determined by adjustments based on the Loan Prime Rate (LPR) published by the National Interbank Funding Center. The valuation applied the over 5-year LPR announced in September 2023 (i.e. 4.20%) as the cost of debts for calculation purpose. 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.

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

$$= 7.08\%$$

(3) Determination of pre-tax discount rate for the specific forecast period

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

$$\beta = [1 + (1 - t) \times D/E] \times \beta_u$$

In calculation, D/E, E/(D+E) and D/(D+E) can be determined based on the average capital structure of the comparable listed companies.

Post-tax discount rate of 7.08% is calculated by substituting the relevant data into the above formula, and pre-tax discount rate of 8.46% is then calculated through univariate solution.

The assumptions used in the estimation of the income approach analysis of this Valuation Report are as follows:

I. GENERAL ASSUMPTIONS:

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.

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.

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.

Going-concern assumption: the property rights owner being the operating entity, will operate as a going concern in accordance with its business objectives under the external environment where it operates. Enterprise operators are accountable for and capable of assuming responsibilities, and the enterprise conducts lawful operations and is able to maintain its ability to continue as a going concern.

II. VALUATION ASSUMPTIONS UNDER INCOME APPROACH:

- (I) 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.
- (II) It is assumed that the operators of the enterprise are responsible, and the management of the enterprise is capable of assuming their position.
- (III) Unless otherwise stated, it is assumed that the enterprise fully complies with all relevant laws and regulations.
- (IV) 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.
- (V) It is assumed that the business scope and manner of the enterprise are consistent with the current direction on the basis of the existing management manner and management level.
- (VI) There are no material changes in the interest rates, exchanges rates, tax bases and tax rates, policy-based levies, etc.
- (VII) There are no other force majeure and unforeseeable factors that may give rise to material adverse impact on each of the enterprise.
- (VIII) The current market trading electricity price for the Su Jia He Kou Hydropower Station Project and Song Shan He Kou Hydropower Station Project are projected on the basis of the electricity trading agreement, assuming that after the expiration of the contract, the electricity price for 2027 and onward shall be the same with the electricity settlement price of 2026, which is RMB0.237 per kilowatt-hour.

- (IX) Assuming that the Su Jia He Kou Hydropower Station Project and Song Shan He Kou Hydropower Station Project will continue to be used with only simple maintenance and no major improvement or resets will occur during the operating period, the infrastructure projects will be transferred to Beijing Energy International Holding Co., Ltd. or its designated related parties free of charge after the expiration of the operating period.
- (X) The Su Jia He Kou Hydropower Station Project and Song Shan He Kou Hydropower Station Project had power limitations in the historical years due to transmission constraints. With the 500kV Lanchengbian coming into operation and the rising in the local demand for electricity, the power limitations have been zero since 2021, and therefore, this valuation assumes that there will be no power limitations in the future.
- (XI) In accordance with the “Announcement on the Continuation of the Enterprise Income Tax for Implementation of Exploration and Development of Western Region” (Announcement of the Ministry of Finance, State Taxation Administration, National Development and Reform Commission 2020 No. 23)*《關於延續西部大開發企業所得稅政策的公告》(財政部稅務總局國家發展改革委公告2020年第23號), from 1 January 2021 to 31 December 2030, enterprise income tax will be levied at a reduced rate of 15% on enterprises located in the western region in the encouraged industries. It is assumed that such policy shall continue after the expiry and the western region shall continue to offer the reduced tax rate of 15% until the end of the forecast period.
- (XII) The Su Jia He Kou Hydropower Station Project and Song Shan He Kou Hydropower Station Project are currently self-operated and maintained, and it is assumed that there will be no change to the way of operation and maintenance during the forecast period.
- (XIII) According to the “Agreement on the land acquisition, resettlement project and investment regarding the construction of Yunnan Province Tengchong County Binlangjiang Su Jia He Kou Hydropower Station”*《雲南省騰沖縣檳榔江蘇家河口水電站建設征地移民安置任務和投資包乾協議》and the “Agreement on the land acquisition and resettlement project regarding the construction of Yunnan Province Tengchong County Binlangjiang Song Shan He Kou Hydropower Station”*《雲南省騰沖縣檳榔江松山河口水電站建設征地和移民安置工作協議》, the paddy fields and dry lands involved in the Su Jia He Kou Hydropower Station Project and Song Shan He Kou Hydropower Station Project are subject to the payment of compensation on the basis of a long-term fixed physical amount at fixed time intervals during the operating period of the power stations, and it is assumed that there will be no change to the compensation method during the forecast period.

(XIV) According to the “Electricity Business License”* 《電力業務許可證》 issued by the Yunnan Energy Regulatory Office of National Energy Administration of the People’s Republic of China, the license is valid from 27 April 2012 to 26 April 2032, and this valuation assumes that the “Electricity Business License” will be renewable upon its expiration and will continue to be valid until the expiration of the project’s operating period.

(XV) It is assumed that the Su Jia He Kou Hydropower Station Project and Song Shan He Kou Hydropower Station Project will be able to complete the unit life extension and continue to generate electricity on the grid before the expiry of the electricity licenses, and that the service life of the electricity generating units shall not be less than 40 years before retirement.

(XVI) Based on the design of the public REITs program, it is expected that the infrastructure projects will be transferred to Beijing Energy International Holding Co., Ltd. or its designated related parties free of charge after the expiration of the projects, therefore, this valuation does not take into account the recovery of assets at the end of the period.

(XVII) It is assumed that the cash flows shall occur uniformly during the forecast period.

(XVIII) Provision of legal, true and complete information assumption: during the valuation process, the principal and the property rights owner provided the personnel of the Valuer with the relevant information regarding the company’s assets, business, operation conditions, etc. This Valuation Report is prepared on the premise that the information provided are legal, true and complete.

The appraisers determined that these assumptions were valid as at the valuation reference date in accordance with the requirements for applying the income approach to the valuation of enterprises and deduced the corresponding valuation conclusions based on these assumptions. If there are significant changes in the economic environment in the future or if other assumptions are not valid, the valuation results may change significantly.

The conclusion of the income approach appraisal in this Valuation Report was valid as at the valuation reference date under the above assumptions, and the signatory asset valuers and this appraisal institution shall not be responsible for deducing a different appraisal conclusion as a result of a change in the assumptions when the above assumptions are significantly changed.

III. SPECIFIC QUANTITATIVE ASSUMPTIONS

- (I) Revenue forecast: 1. The Su Jia He Kou Hydropower Station Project and Song Shan He Kou Hydropower Station Project are forecasted with reference to the historical theoretical power generation level, and the power generation is stable during the forecast period; 2. The electricity price for a portion of the power sent from the West to the East are forecasted with reference to the settlement level during the historical period, and the electricity price for the rest of the power are forecasted with reference to the electricity price of the contract with Baoshan Electricity Joint Stock Company Limited* (保山電力股份有限公司), and the electricity price are to remain unchanged upon expiry of the contract.
- (II) Major expenses: Major expenses during the forecast period include salaries, maintenance and repair fees, water resource fees and reservoir funds, insurance premiums, compensation in kind, etc. This assessment is mainly based on the expenditures of the enterprise in the historical years, the local salary levels, the relevant contracts and the documents signed in the historical years, etc., as well as combining with the enterprise's forecast projections for future maintenance.
- (III) Capital expenditures: For this assessment, certain renewal expenditures are considered for power generation equipment, transportation equipment, electronic and office equipment based on the power station's need for equipment renewal.

**APPENDIX III LETTER FROM THE COMPANY’S AUDITOR IN RELATION
TO THE VALUATION REPORT AND THE LETTER FROM
THE BOARD IN RELATION TO THE PROFIT FORECAST**

The following is the text of a report from Grant Thornton Hong Kong Limited, the reporting accountants of the Company, for the purpose of inclusion in this circular.

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

24 January 2025

Dear Sirs

REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF SU JIA HE KOU 315MW HYDROPOWER STATION PROJECT AND SONG SHAN HE KOU 168MW HYDROPOWER STATION PROJECT IN YUNNAN PROVINCE (THE “UNDERLYING ASSETS”) HELD BY YUNNAN BAOSHAN BINGLANG JIANG HYDROPOWER DEVELOPMENT CO., LTD. (“YUNNAN BAOSHAN”)

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 valuation dated 1 March 2024 prepared by Pan-China Assets Appraisal Co., Ltd. in respect of the valuation of Underlying Assets held by Yunnan Baoshan as at 30 September 2023 is based (the “**Valuation**”). The Valuation 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 Valuation will be included in a circular dated 24 January 2025 issued by the Company in connection with proposed transfer of Yunnan Baoshan Tengchong City Jingneng Lianghe Hydropower Development Co., Ltd. for the expansion of the AVIC Jingneng Photovoltaics Closed-end Infrastructure Securities Investment Fund (the “**Circular**”).

Directors’ 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 Valuation 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.

APPENDIX III LETTER FROM THE COMPANY’S AUDITOR IN RELATION TO THE VALUATION REPORT AND THE LETTER FROM THE BOARD IN RELATION TO THE PROFIT FORECAST

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 Valuation is based and to report solely to you, as a body, as required by Rule 14.60A(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 Underlying Assets held by Yunnan Baoshan. 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 Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

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

Grant Thornton Hong Kong Limited
Certified Public Accountants

Hong Kong

**APPENDIX III LETTER FROM THE COMPANY’S AUDITOR IN RELATION
TO THE VALUATION REPORT AND THE LETTER FROM
THE BOARD IN RELATION TO THE PROFIT FORECAST**

24 January 2025

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

Dear Sirs or Madams,

**Major Transaction in relation to the Proposed Transfer of the Project Company for the
Expansion of the Infrastructure Fund**

We refer to the circular dated 24 January 2025 of the Beijing Energy International Holding Co., Ltd. (the “**Company**”) in relation to the transaction described in the title (the “**Circular**”). 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 report dated 1 March 2024 (the “**Valuation Report**”) prepared by Pan-China Assets Appraisal Co., Ltd.* (北京天健興業資產評估有限公司) (the “**Valuer**”) in relation to valuations of the Su Jia Jia He Kou 315MW hydropower station project (蘇家壩口水電站項目); and (ii) the Song Shan He Kou 168MW hydropower station project (松山壩口水電站項目) in Yunnan Province, the PRC using the discounted cash flow method of the income approach (the “**Valuation**”). The Valuation is 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 Valuation has been prepared, and reviewed the Valuation 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 Report 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 III to the Circular regarding the calculations of the discounted cash flows in the Valuation upon which the Forecast has been made.

On the basis of the foregoing, in accordance with the requirements under Rule 14.60A(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 Directors and the chief executives 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	944,000 1,584,000 ⁽²⁾	2,528,000	0.11%
Mr. Liu Guoxi	Beneficial Owner	858,000 ⁽²⁾	858,000	0.04%
Mr. Zhu Jun	Beneficial Owner	120,000 1,851,300 ⁽²⁾	1,971,300	0.09%

Notes:

- These percentages are calculated based on 2,233,364,443 listed Shares in issue (including Shares held as Treasury Shares) as at the Latest Practicable Date.
- These are the Shares underlying the share options were 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). Mr. Wang Cheng, a non-executive Director, is the deputy general manager of Asset Preservation Department II of China CITIC Financial Asset Management Co., Ltd., a substantial Shareholder, and the deputy general manager (spearheading business operations) of China CITIC Financial AMC International Holdings Ltd., which is a subsidiary of China CITIC Financial Asset Management Co., Ltd..

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. DIRECTOR'S 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 2023 (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 was 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 or business trend of the Group since 31 December 2023, 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 of this circular and are or may be material:

- (a) the trust contract dated 20 November 2024 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 issuance of the asset-backed commercial papers by China Industrial International Trust. The consideration under the trust contract amounted to approximately RMB3,000 million;
- (b) the conditional scheme implementation agreement dated 28 March 2024 entered into between Wollar Solar Holding Pty Ltd and TPC Consolidated Limited (“**TPC**”) in relation to the acquisition of the entire issued share capital of TPC Wollar Solar Holding Pty Ltd by means of a scheme of arrangement in the aggregate consideration of no more than AUD150 million;

- (c) 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, the “**Target Companies**”) in relation to the disposals of the entire equity interest in each of the Target Companies in the aggregate consideration of approximately RMB790 million;
- (d) 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) in the consideration of approximately RMB63 million;
- (e) 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 of BEIED in the consideration of RMB1 billion (subject to adjustment);
- (f) 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 in the aggregate consideration of AUD813 million (subject to adjustments);

- (g) 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)**”) in the consideration of approximately AUD94.4 million (subject to adjustment);
- (h) 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)**”) in the consideration of approximately AUD102.1 million (subject to adjustment); and
- (i) 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 in the size of approximately RMB1,000 million.

9. EXPERTS AND CONSENTS

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

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

The above mentioned experts are independent third parties of the Company and its connected persons and are 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 2023, being the date to which the latest published audited financial statements of the Company were made up.

The Valuation Report from the Valuer is set out in Appendix II of this circular and is given as at the date of this circular for incorporation herein.

The letter from Grant Thornton Hong Kong Limited in relation to the Valuation Report is set out in Appendix III of this circular and is given as at the date of this circular 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.

11. DOCUMENT 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 Equity Transfer Agreement;
- (b) the Valuation Report from the Valuer, the summarised text of which is set out in Appendix II of this circular;
- (c) the letter from Grant Thornton Hong Kong Limited in relation to the Valuation Report, the text of which is set out in Appendix III of this circular;
- (d) the letter from the Board in relation to the profit forecast, the text of which is set out in Appendix III of this circular; and
- (e) the consent letters from the Experts referred to in the paragraph headed “9. EXPERTS AND CONSENTS” in this appendix.

NOTICE OF SPECIAL GENERAL MEETING



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)

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 Tuesday, 18 February 2025 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification or amendment the following resolution:

ORDINARY RESOLUTION

“**THAT:**

1. (a) the Proposed Transfer, including the Equity Transfer Agreement (as defined in the circular of the Company dated 24 January 2025 (the “**Circular**”), a copy of which is marked “A” and initialled by the Chairman of the SGM for the purpose of identification, and the terms and the transactions contemplated thereunder, be and are confirmed and approved, subject to such addition or amendment as any director(s) of the Company (the “**Director(s)**”) may consider necessary, desirable or appropriate; and
- (b) any one Director 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 Proposed Transfer, including the Equity Transfer Agreement (including any supplemental agreement thereto), and the transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto as he/she sees fit.”

For and on behalf of

Beijing Energy International Holding Co., Ltd.

Zhang Ping

Chairman of the Board

Hong Kong, 24 January 2025

NOTICE OF SPECIAL GENERAL MEETING

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 Thursday, 13 February 2025 to Tuesday, 18 February 2025 (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 Wednesday, 12 February 2025.
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 holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she/it was 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 resolution set out herein and is 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 of directors 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
Mr. Wang Cheng

Independent Non-executive Directors:

Ms. Jin Xinbin
Ms. Li Hongwei
Mr. Zhu Jianbiao
Mr. Zeng Ming