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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
ACQUISITIONS OF EQUITY INTERESTS IN
EACH OF THE TARGET COMPANIES OWNING WIND POWER
PROJECTS IN SHANXI PROVINCE, THE PRC**

THE ACQUISITIONS

References are made to the announcements of the Company dated 10 December 2021 and 17 December 2021 in relation to the Group's entering into of the Previous Acquisitions.

On 1 March 2022 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreements, respectively, in relation to the Acquisitions of each of the Target Companies, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the equity interests in each of the Target Companies.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the Previous Acquisitions and the Acquisitions are required to be aggregated for the purpose of classification of transaction under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio in respect of the aggregation of the Previous Acquisitions and the Acquisitions exceeds 25% but is less than 100%, the Previous Acquisitions and the Acquisitions together constitute a major transaction of the Company and are therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A circular containing, inter alia, (i) further information of the Acquisitions; (ii) financial information of the Target Companies; (iii) unaudited pro forma financial information of the Group as enlarged by the Acquisitions; (iv) Valuation Reports of the Target Companies; (v) general information; and (vi) the notice of special general meeting will be despatched to the Shareholders on or before 29 April 2022 as the Company needs more time to prepare and finalise information to be included in the circular.

Shareholders and potential investors of the Company should note that Closing is subject to the satisfaction and/or, where applicable, waiver of the Conditions Precedent. As the Acquisitions may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

References are made to the announcements of the Company dated 10 December 2021 and 17 December 2021 in relation to the Group's entering into of the Previous Acquisitions.

INTRODUCTION

The Board hereby announces that on 1 March 2022 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreements, respectively, in relation to the Acquisitions of each of the Target Companies, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the equity interests in each of the Target Companies.

THE ACQUISITIONS

The Equity Transfer Agreements

Each of the Equity Transfer Agreements is of similar principal terms except the identity of the Target Companies and the consideration, which are set out as below:

Date: 1 March 2022 (after trading hours)

Parties:

- (i) The Purchaser
- (ii) The Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and each of the Target Companies and their respective ultimate beneficial owners (if applicable) are independent third parties of the Company and its Connected Persons as at the date of this announcement.

Equity interests to be acquired

Pursuant to the respective Equity Transfer Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interests in each of Shuozhou Wind Energy, Xiyang Wind Energy and Youyu Wind Energy and 49% equity interests in Xiyang New Energy.

Consideration and Payment Terms

The consideration for the transfer of equity interests in Shuozhou Wind Energy, Xiyang New Energy, Xiyang Wind Energy and Youyu Wind Energy is approximately RMB510,867,000, RMB431,640,000, RMB179,907,000 and RMB328,224,000, respectively. The aggregate consideration of the Acquisitions amounts to approximately RMB1,450,638,000 and the consideration shall be paid by the Purchaser to the Vendor by way of bank transfer in the following manner under each of the Equity Transfer Agreements except the one for Xiyang New Energy:

1. the first instalment of the consideration under each of the Equity Transfer Agreements (being 40% to 60% of the respective consideration) is payable within five (5) Business Days upon the effective of the Equity Transfer Agreements;
2. the second instalment of the consideration under each of the Equity Transfer Agreements (being 40% to 60% of the respective consideration) is payable within seven (7) Business Days upon the date of Closing;
3. the remaining balance of the consideration under each of the Equity Transfer Agreements is payable within five (5) Business Days after the Purchaser receives the documents proving the completion of the Outstanding Matters to its satisfaction.

The consideration under the Equity Transfer Agreement in relation to the acquisition of 49% equity interests in Xiyang New Energy shall be paid in two instalments, (i) the first instalment, being 60% of the consideration is payable within five (5) Business Days upon the effective of the Equity Transfer Agreements; and (ii) the second instalment, being 40% of the consideration is payable within seven (7) Business Days upon the date of Closing.

Basis of the Consideration

The consideration under each of the Equity Transfer Agreements was determined after arm's length negotiation between the Group and the Vendor after considering various factors, among others, including (i) the financial performance of each of the Target Companies as at 30 June 2021, such as the revenue to be generated by each of the Target Companies and the total construction costs of the wind power generation projects owned by each of the Target Companies; (ii) the tariff adjustment receivables to be received by each of the Target Companies as at 30 June 2021; (iii) the consolidated liabilities and expenses payable by each of the Target Companies as at 30 June 2021; and (iv) the appraised value for the entire equity interest of Shuozhou Wind Energy, Xiyang New Energy, Xiyang Wind Energy and Youyu Wind Energy as at 30 June 2021 of approximately RMB502,000,000, RMB884,000,000, RMB190,000,000 and RMB449,000,000, respectively, as stated in the Valuation Reports.

Summary of the Valuation Reports

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

Basis assumptions

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

(i) General Assumptions

1. All the subject assets are at the transaction stage and the valuer conduct market simulation and valuation based on the transaction terms etc..
2. The assets being transacted and proposed to be transacted in the market have equal standing and the parties have sufficient opportunities and time to obtain market information to enable them to make rational judgment as to the subject assets' functionality, usage and transaction price etc..
3. The subject entity will fully comply with all the relevant laws and regulations and maintain continuous operation during the lifetime of the equipment.

(ii) Specific Assumptions

1. The specific valuation purposes stated in the valuation report are the premises of the valuation.
2. There will be no material change in the current applicable national laws, regulations, macro-economic condition. Besides, there will be no unforeseeable material change as to the external economic environment, including interest rate, exchange rate, taxation basis, tax rate and administrative charges etc..
3. The future operation and management team of the subject entity will commit due effort and maintain the current mode of operation and management and the scope and way of conducting business shall be consistent with the present direction.
4. The subject asset shall be used continuously in accordance with the current usage, way of using, scale, frequency and environment etc.. The valuation does not take into account the optimal usage of each of the assets.
5. Based on the current way and standard of management, there will not be any force majeure factors or unforeseeable factors which constitute a material adverse effect on the entity.
6. The relevant basic and financial information provided by the subject entity and principal are true, accurate and complete.
7. The financial statements and transaction records etc. of the comparables relied upon by the valuation personnel are true and reliable.
8. The scope of valuation is based on the valuation declaration forms provided by the principal and the subject entity and does not take into account any other assets or contingent liabilities which fall outside the said forms.
9. The net cashflow of the subject entity is evenly recorded during the year.
10. The subject entity will obtain the compliance permits such as the ownership certificate for the properties, the construction land planning permit and the planning permit for construction engineering etc. by the end of 2022 and the relevant administrative penalties involving the construction land are withdrawn. (in respect of the valuation for Youyu Wind Energy, Shuozhou Wind Energy and Xiyang Wind Energy)

11. The subject entity can enter the subsidy list of renewable energy electricity* (可再生能源發電補貼清單) and obtain subsidies in full in the future. Besides, it is assumed that the subsidies will be recovered within a receivable period of two years. (in respect of the valuation for Youyu Wind Energy and Shuozhou Wind Energy)
12. The renewal energy subsidies being received during a receivable period of two years. (in respect of the valuation for Xiyang Wind Energy)
13. The subject entity will be able to receive various levels of subsidies in full within a receivable period of two years. (in respect of the valuation for Xiyang New Energy)

Confirmations

Grant Thornton Hong Kong Limited (“**Grant Thornton**”), acting as the reporting accountants 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 Target Companies prepared by the Valuer used in the Valuation Reports, which do not involve the adoption of accounting policies.

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

Experts and consents

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

Name	Qualification
China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司)	Valuer
Grant Thornton	Certified Public Accountants, Hong Kong

As at the date of this announcement, each of the Valuer and Grant Thornton does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group. To the best of the Directors' knowledge, information and belief, each of the Valuer and Grant Thornton is an independent third party.

Each of the Valuer and Grant Thornton has consented to the inclusion of its independent assurance report on calculations of discounted future estimated cash flows in this announcement and the circular, and the references to its name in the form and context in which they are included.

Conditions Precedent

The Closing is conditional on, among other things:

- (i) the relevant Equity Transfer Agreement having been executed by the Vendor and the Purchaser;
- (ii) all necessary and required approvals regarding the transaction contemplated under the Equity Transfer Agreements having been obtained, including: (a) with respect to the Vendor, both internal and external approvals, consents and authorities and the consents from all other third parties (if necessary); and (b) with respect to the Purchaser, the approval from its shareholders (if applicable) and its board of directors and the shareholders' approval from its controlling shareholder, namely the Company;
- (iii) no regulations or orders having been formulated, published, promulgated, implemented or approved by any governmental authorities that would cause the Equity Transfer Agreements and the transactions contemplated thereunder illegal or otherwise restrict or prohibit the Equity Transfer Agreements and any transaction contemplated thereunder;
- (iv) both Vendor and Purchaser having fulfilled their commitments and promises under the Equity Transfer Agreements in all material respects on or before the date of Closing and both Vendor and Purchaser ensure that all the representations and warranties are and will be true and accurate in all material respects as at the date of the Equity Transfer Agreements and the date of Closing unless such representations and warranties are provided on a specific date which would be true and accurate in all material respects as at such specific date under this circumstance;

- (v) the names of the proposed legal representative, director(s), supervisor(s), manager(s) and financial officer(s) to be changed and the proposed amendments on the articles of association of the relevant Target Companies having been provided by the Purchaser;
- (vi) no occurrence of events with material negative impact on the Target Companies, or such issues having being resolved before the date of Closing;
- (vii) the Purchaser and Vendor having obtained the written approval from the financial institutions as the debt creditors of the Target Companies or notified such financial institutions in relation to the Acquisitions; and
- (viii) the Purchaser having paid the Vendor the first instalment of the consideration under each of the Equity Transfer Agreements.

Apart from those Conditions Precedent, the acquisition of Xiyang New Energy is also conditional on China Three Gorges Renewables (Group) Co., Ltd.* (中國三峽新能源(集團)股份有限公司) having consented to not exercise its right of first refusal on the acquisition of 49% equity interests in Xiyang New Energy in written or being deemed to consent to not exercise such right pursuant to the PRC laws and the articles of association of Xiyang New Energy.

Closing

Closing of each of the Equity Transfer Agreements shall take place within three (3) Business Days after the Conditions Precedent have been fulfilled or waived in writing and both Vendor and Purchaser shall complete the registration of the transfer of equity interest in the relevant Target Company under the name of the Purchaser. The issuance date of the new business license being issued to the relevant Target Company shall be the date of Closing.

Upon Closing of the Acquisitions, apart from Xiyang New Energy, each of the Target Companies will become an indirect wholly-owned subsidiary of the Company and the financial results and assets and liabilities of each of the Target Companies will be consolidated into the consolidated financial statements of the Company.

Closing of each of the Equity Transfer Agreements is not conditional upon each other.

INFORMATION ABOUT THE PARTIES TO THE EQUITY TRANSFER AGREEMENTS

Information of the Group and the Purchaser

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other renewable energy projects. The Purchaser is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the investment, development and operation of solar energy and other clean energy.

Information of the Target Companies

Each of the Target Companies is a company established in the PRC with limited liability. The Target Companies are principally engaged in the operation, maintenance and management of new energy power plants in the PRC and located in different counties in Shanxi, the PRC. Shuozhou Wind Energy is operating a wind power plant with the grid-connected capacity of 100MW, Xiyang New Energy is operating a wind power plant with the grid-connected capacity of 200MW, Xiyang Wind Energy is operating three wind power plants with the grid-connected capacity of 10MW each and Youyu Wind Energy is operating a wind power plant with the grid-connected capacity of 99.5MW.

The table below sets out certain audited financial information of the Target Companies for the years ended 31 December 2019 and 2020:

Shuozhou Wind Energy

	For the year ended	
	31 December	
	2019	2020
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	–	12,206
Profit after taxation	–	15,268

As at 31 December 2020, the net assets of Shuozhou Wind Energy amounted to approximately RMB245,268,000.

Xiyang New Energy

	For the year ended	
	31 December	
	2019	2020
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	58,733	44,202
Profit after taxation	51,358	38,522

As at 31 December 2020, the net assets of Xiyang New Energy amounted to approximately RMB407,908,000.

Xiyang Wind Energy

	For the year ended	
	31 December	
	2019	2020
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	4,828	8,439
Profit after taxation	4,828	9,250

As at 31 December 2020, the net assets of Xiyang Wind Energy amounted to approximately RMB85,078,000.

Youyu Wind Energy

	For the year ended	
	31 December	
	2019	2020
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	35,615	26,029
Profit after taxation	35,615	29,616

As at 31 December 2020, the net assets of Youyu Wind Energy amounted to approximately RMB303,440,000.

Information of the Vendor

The Vendor is principally engaged in the wind power generation, photovoltaic power generation, high-tech investment consulting and investment management. As at the date of this announcement, each of the Target Companies, apart from Xiyang New Energy, is a direct wholly-owned subsidiary of the Vendor and Xiyang New Energy is owned as to 49% by the Vendor and 51% by China Three Gorges Renewables (Group) Co., Ltd.* (中國三峽新能源(集團)股份有限公司) (an other joint stock company (listed) established in the PRC with limited liability and listed on Shanghai Stock Exchange with stock code of 600905). The Vendor is directly owned as to 50% by each of Shanghai Maifu New Energy Technology Company Limited* (上海勸福新能源科技有限公司) (“**Shanghai Maifu**”) and Tibet Shannan Heyi Investment Holding Company Limited* (西藏山南合一投資控股有限公司) (“**Tibet Shannan**”). Shanghai Maifu is ultimately wholly owned by Macquarie Group Limited (“**MQG**”), a company listed in Australian Securities Exchange Limited (the “**ASX**”) with stock code of MQG, which is a global financial services group operating in 32 markets pursuant to MQG’s annual report for the year ended 31 March 2021 published on the website of the ASX. Tibet Shannan is ultimately controlled by Ms. Zhang Jin Hui (張錦輝女士).

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owners, including Ms. Zhang Jin Hui (張錦輝女士), MQG and its ultimate beneficial owners are independent third parties of the Company and its Connected Persons as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group, being principally engaged in the development, investment, operation and management of power plants and other renewable energy projects, has been identifying suitable investment opportunities to acquire renewable energy projects with good prospects and potential for stable returns.

The Board is of the view that the Acquisitions will be complementary to the Group’s existing renewable power plant portfolio and enables the Group to further expand its scale of business in the renewable energy sector to enhance return to the Shareholders. The Acquisitions are therefore considered by the Board to be a good opportunity to expand the Group’s existing renewable energy business.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Acquisitions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the Previous Acquisitions and the Acquisitions are required to be aggregated for the purpose of classification of transaction under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio in respect of the aggregation of the Previous Acquisitions and the Acquisitions exceeds 25% but is less than 100%, the Previous Acquisitions and the Acquisitions together constitute a major transaction of the Company and are therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A circular containing, inter alia, (i) further information of the Acquisitions; (ii) financial information of the Target Companies; (iii) unaudited pro forma financial information of the Group as enlarged by the Acquisitions; (iv) Valuation Reports of the Target Companies; (v) general information; and (vi) the notice of special general meeting will be despatched to the Shareholders on or before 29 April 2022 as the Company needs more time to prepare and finalise information to be included in the circular.

Shareholders and potential investors of the Company should note that Closing is subject to the satisfaction and/or, where applicable, waiver of the Conditions Precedent. As the Acquisitions may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition(s)”	all or any of the proposed acquisition of the equity interest in each of the Target Companies by the Purchaser from the Vendor, as contemplated under the Equity Transfer Agreements
“Board”	the board of Directors of the Company
“Business Days”	a day excluding Saturdays, Sundays and statutory holidays in the PRC

“Closing”	completion of the relevant Acquisition pursuant to the corresponding Equity Transfer Agreement
“Company”	Beijing Energy International Holding Co., Ltd. (北京能源國際控股有限公司), 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)
“Conditions Precedent”	the conditions precedent to the completion of the sale and purchase of the equity interests in the Target Companies set out in each of the Equity Transfer Agreements
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Equity Transfer Agreement(s)”	the conditional equity transfer agreement(s) and the supplemental agreement(s) (as applicable) dated 1 March 2022 entered into by the Purchaser and the Vendor, respectively, in relation to the relevant Acquisition, on the terms and conditions set out therein
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Outstanding Matters”	the outstanding matters stipulated in the respective Equity Transfer Agreement and as supplemented to be completed by the Vendor and each of the relevant Target Companies
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Acquisitions”	the Group’s acquisitions of entire equity interests in certain companies from the Vendor as disclosed in the announcements of the Company dated 10 December 2021 and 17 December 2021

“Purchaser”	Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Shuozhou Wind Energy”	Shuozhou City Pinglu District Honggou Wind Energy Co., Ltd.* (朔州市平魯區紅溝風電有限公司), a company established in the PRC with limited liability and is directly wholly owned by the Vendor as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company(ies)”	All or any of Shuozhou Wind Energy, Xiyang New Energy, Xiyang Wind Energy and Youyu Wind Energy
“Valuation Reports”	the valuation reports dated 8 January 2022 prepared by the Valuer in relation to the entire equity interest in each of the Target Companies
“Valuer”	China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司), a limited liability company established in the PRC
“Vendor”	Shanghai Sineng Investment Co., Ltd.* (上海斯能投資有限公司), a company established in the PRC with limited liability

“Xiyang New Energy”	Xiyang County Sineng New Energy Co., Ltd.* (昔陽縣斯能新能源有限公司), a company established in the PRC with limited liability and is directly owned as to 49% by the Vendor and 51% by China Three Gorges Renewables (Group) Co., Ltd.* (中國三峽新能源(集團)股份有限公司) as at the date of this announcement
“Xiyang Wind Energy”	Xiyang County Sineng Wind Energy Co., Ltd.* (昔陽縣斯能風電有限公司), a company established in the PRC with limited liability and is directly wholly owned by the Vendor as at the date of this announcement
“Youyu Wind Energy”	Youyu County Sineng Wind Energy Co., Ltd.* (右玉縣斯能風電有限公司), a company established in the PRC with limited liability and is directly wholly owned by the Vendor as at the date of this announcement
“%”	per cent

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

Hong Kong, 1 March 2022

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

* *For identification purposes only*

APPENDIX I – REPORT FROM GRANT THORNTON

1 March 2022

REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE EQUITY INTERESTS IN XIYANG COUNTY SINENG WIND ENERGY CO., LTD., XIYANG COUNTY SINENG NEW ENERGY CO., LTD., YOUYU COUNTY SINENG WIND ENERGY CO., LTD. AND SHUOZHOU CITY PINGLU DISTRICT HONGGOU WIND ENERGY CO., LTD.

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 8 January 2022 prepared by China Alliance Appraisal Co., Ltd. in respect of the equity interests in Xiyang County Sineng Wind Energy Co., Ltd., Xiyang County Sineng New Energy Co., Ltd., Youyu County Sineng Wind Energy Co., Ltd. and Shuozhou City Pinglu District Honggou Wind Energy Co., Ltd. (collectively the “**Target Companies**”) as at 30 June 2021 is based (the “**Valuations**”). The Valuations based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and reference to the Valuations will be included in an announcement dated 1 March 2022 issued by the Company in connection with acquisitions of the Target Companies (the “**Announcement**”).

Directors’ responsibilities

The directors of the Company are responsible for the reasonableness and validity of the assumptions (the “**Assumptions**”), based on which the discounted future estimated cash flows and the Valuations are prepared.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants’ responsibilities

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

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

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

Opinion

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

Grant Thornton Hong Kong Limited

Certified Public Accountants

Hong Kong

APPENDIX II – LETTER FROM THE BOARD IN RELATION TO THE PROFIT FORECAST

1 March 2022

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

Dear Sirs or Madams,

MAJOR TRANSACTION – ACQUISITIONS OF EQUITY INTERESTS IN EACH OF THE TARGET COMPANIES

We refer to the announcement of the Company dated 1 March 2022 (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings in this letter when used herein.

We refer to the valuation reports dated 8 January 2022 prepared by China Alliance Appraisal Co., Ltd.* (北京中同華資產評估有限公司), an independent professional valuer (the “**Valuer**”) in relation to the Valuations as at the valuation date. The Valuations are regarded as a profit forecast under Rule 14.61 of the Listing Rules (the “**Forecast**”).

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

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

By order of the Board
Beijing Energy International Holding Co., Ltd.
Zhang Ping
Chairman of the Board

* For identification purposes only