
THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this supplemental 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 supplemental circular, together with the enclosed revised 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)

SUPPLEMENTAL CIRCULAR OF THE SPECIAL GENERAL MEETING IN RELATION TO

(1) CONTINUING CONNECTED TRANSACTION AND
MAJOR TRANSACTION IN RELATION TO
2023-2025 FINANCIAL SERVICES FRAMEWORK AGREEMENT;

(2) CONTINUING CONNECTED TRANSACTION,
VERY SUBSTANTIAL ACQUISITION AND
VERY SUBSTANTIAL DISPOSAL IN RELATION TO
2022-2025 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT;
AND

SUPPLEMENTAL NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and Shareholders



Gram Capital Limited
嘉林資本有限公司

This supplemental circular should be read together with the circular of the Company dated 30 November 2022.

A letter from the Board is set out from pages 4 to 23 of this supplemental circular. A letter from the Independent Board Committee containing its recommendation to the Shareholders is set out on pages 24 to 25 of this supplemental circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Shareholders is set out on pages 26 to 43 of this supplemental circular.

A supplemental 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 12/F, Building 7, Sanfeng North Lane, Chaoyang District, Beijing, PRC) on Thursday, 15 December 2022 at 11:00 a.m. is set out on pages 56 to 57 of this supplemental circular. A revised 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 revised 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 revised 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.

PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

In view of the ongoing COVID-19 pandemic, the following precautionary measures will be implemented at the SGM for the sake of health and safety of our Shareholders, Directors, staff, stakeholders and other participants, including without limitation:

- (1) Compulsory body temperature checks
- (2) Filling and submission of health declaration form
- (3) Wearing of surgical face mask
- (4) No provision of refreshments or drinks

Any person who does not comply with the precautionary measures referred to items no. (1) to (3) above, with body temperature above 37.2 degree Celsius, has any of the symptoms stated in the health declaration form or is subject to any Hong Kong Government prescribed quarantine, may be denied entry into the SGM venue. The Company encourages Shareholders to appoint the chairman of the meeting as their proxy to vote according to their indicated voting instructions on the resolution at the SGM as an alternative to attending the SGM in person to exercise their voting rights at the SGM. The Company will continue to review the COVID-19 pandemic situation and related prevention and control policies, and may implement further precautionary measures and may make relevant adjustments and arrangements for the SGM accordingly. Further announcement will be issued as and when appropriate.

30 November 2022

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Letter from the Independent Board Committee	24
Letter from the Independent Financial Adviser	26
Appendix I – Financial Information of the Group	44
Appendix II – General Information	48
Supplemental Notice of Special General Meeting	56

DEFINITIONS

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

“2022-2025 Finance Lease Business Framework Agreement”	the finance lease business framework agreement entered into on 17 November 2022 between the Company and Beijing Jingneng Leasing
“2023-2025 Financial Services Framework Agreement”	the financial services framework agreement entered into on 17 November 2022 between the Company and BEH Finance
“associate(s)”	has the meanings ascribed to it under the Listing Rules
“BEH”	Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司), a company incorporated in the PRC with limited liability and a controlling with limited liability shareholder of the Company holding 7,176,943,498 Shares of the Company, representing approximately 32% of the issued share capital of the Company
“BEH Finance”	BEH Finance Co., Ltd.* (京能集團財務有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of BEH and hence a connected person of the Company
“Beijing Jingneng Leasing”	Beijing Jingneng Financial Leasing Co., Ltd.* (北京京能融資租賃有限公司), a company incorporated in the PRC with limited liability, which is a subsidiary of BEH and hence a connected person of the Company
“Board”	the board of Directors of the Company
“Company”	Beijing Energy International Holding Co., Ltd., a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 686)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Finance Department”	the financial management department of the Group
“Financial Services Framework Agreement”	the financial services framework agreement entered into on 3 July 2020 between the Company and BEH Finance

DEFINITIONS

“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the deposit services under the 2023-2025 Financial Services Framework Agreement and the transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKAS”	Hong Kong Accounting Standards
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the deposit services under the 2023-2025 Financial Services Framework Agreement and the transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement
“Independent Shareholders”	Shareholders other than BEH, BEH Finance, Beijing Jingneng Leasing and their respective associates who are required under the Listing Rules to abstain from voting at the SGM for the resolutions approving the 2023-2025 Financial Services Framework Agreement, the 2022-2025 Finance Lease Business Framework Agreement and the transactions contemplated thereunder
“Latest Practicable Date”	28 November 2022, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information in this supplemental circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“LPR”	the loan prime rate announced by the National Interbank Funding Center from time to time
“MW”	megawatts, which equals 1,000,000 watts
“Original Circular”	the circular of the Company dated 30 November 2022 in relation to (i) potential major transaction and connected transaction in relation to the proposed establishment of the asset-backed securities program and proposed issuance of the the asset-backed securities to be managed by China Merchants Securities Assets Management Co., Ltd. and (ii) re-election of retiring director
“PRC”	the People’s Republic of China, which for the purpose of this supplemental circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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 12/F, Building 7, Sanfeng North Lane, Chaoyang District, Beijing, PRC) on Thursday, 15 December 2022 at 11:00 a.m. or any adjournment thereof, and the supplemental notice of which is set out in this supplemental circular
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* *In this supplemental 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.*

LETTER FROM THE BOARD



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. Zhao Bing

Mr. Su Yongjian

Mr. Li Hao

Mr. Lu Xiaoyu

Independent Non-executive Directors:

Ms. Jin Xinbin

Ms. Li Hongwei

Mr. Zhu Jianbiao

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Principal Place of Business in Hong Kong:

Unit 1012, 10/F.

West Tower, Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

30 November 2022

To the Shareholders

Dear Sir or Madam,

**SUPPLEMENTAL CIRCULAR OF THE SPECIAL GENERAL MEETING
IN RELATION TO**

**(1) CONTINUING CONNECTED TRANSACTION AND
MAJOR TRANSACTION IN RELATION TO**

2023-2025 FINANCIAL SERVICES FRAMEWORK AGREEMENT;

**(2) CONTINUING CONNECTED TRANSACTION,
VERY SUBSTANTIAL ACQUISITION AND**

VERY SUBSTANTIAL DISPOSAL IN RELATION TO

2022-2025 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT;

AND

SUPPLEMENTAL NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

This supplemental circular should be read together with the Original Circular which contains, among other things, information regarding the resolutions to be proposed at the SGM.

LETTER FROM THE BOARD

Reference is made to the announcement of the Company dated 17 November 2022 in respect of 2023-2025 Financial Services Framework Agreement and 2022-2025 Finance Lease Business Framework Agreement.

As the Financial Services Framework Agreement will expire on 31 December 2022, on 17 November 2022 (after trading hours), the Company and BEH Finance entered into the 2023-2025 Financial Services Framework Agreement, pursuant to which BEH Finance has agreed to provide to the Group deposit services, loan services and other financial services for the three years ending 31 December 2025. In addition, on 17 November 2022 (after trading hours), the Company and Beijing Jingneng Leasing entered into the 2022-2025 Finance Lease Business Framework Agreement, pursuant to which Beijing Jingneng Leasing has agreed to provide financial leasing services to the Group for the three years ending 30 November 2025.

The purpose of this supplemental circular is to provide you with, among other things, (i) details of the 2023-2025 Financial Services Framework Agreement and the 2022-2025 Finance Lease Business Framework Agreement; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in connection with the 2023-2025 Financial Services Framework Agreement and the 2022-2025 Finance Lease Business Framework Agreement; (iii) a letter of advice from the Independent Financial Adviser setting out its recommendation to the Independent Board Committee and the Independent Shareholders in connection with the 2023-2025 Financial Services Framework Agreement and the 2022-2025 Finance Lease Business Framework Agreement; and (iv) the notice of SGM, to enable you to make an informed decision on whether to vote for or against those resolution(s) to be proposed at the SGM.

2. 2023-2025 FINANCIAL SERVICES FRAMEWORK AGREEMENT

The principal terms of the 2023-2025 Financial Services Framework Agreement are summarised as follows:

Date: 17 November 2022 (after trading hours)

Parties: (i) the Company
(ii) BEH Finance

Term of the agreement: The 2023-2025 Financial Services Framework Agreement is subject to the approval of the Independent Shareholders at the SGM and shall be effective for three years from 1 January 2023 until 31 December 2025. Subject to compliance with the requirements under relevant laws and the Listing Rules, the 2023-2025 Financial Services Framework Agreement may be extended for no more than three years upon mutual agreement of the parties.

LETTER FROM THE BOARD

Scope of financial services
and pricing policy:

(1) Deposit services

The Group may from time to time deposit cash at BEH Finance. The terms (including the interest rate and commission charged) to be offered by BEH Finance in respect of the deposit services shall be no less favourable than those offered by independent commercial banks in the PRC for provision of similar services to the Group, and the deposit interest to be paid by BEH Finance to the Group shall not be lower than the deposit interest rate of the same level for the same period as promulgated by the People's Bank of China.

(2) Loan services

The Group may from time to time request BEH Finance to provide unsecured loan services to it. The loan interest rate to be charged by BEH Finance shall be determined with reference to the benchmark loan interest rate of the same level for the same period as promulgated by the People's Bank of China, and shall not be higher than the interest rate charged to the Group by independent commercial banks for loans provided on the same conditions.

(3) Other financial services

BEH Finance may from time to time provide other financial services to the Group, including but not limited to, transfer settlement services, financial and financing advisory, credit verification and related consultation and agency, insurance agency, provision of guarantees, bill acceptance and discounting, entrusted loans, financial leasing, underwriting of corporate bonds, etc.

The other financial services to be provided to the Group by BEH Finance shall be conducted on normal commercial terms, and such terms shall be similar to or no less favourable than the terms offered by independent third parties for similar services.

LETTER FROM THE BOARD

Historical transaction amounts and proposed annual caps

Historical annual caps under the Financial Services Framework Agreement

	For the year ended 31 December 2020 ^(Note) (RMB'million)	For the year ended 31 December 2021 (RMB'million)	For the year ending 31 December 2022 (RMB'million)
Deposit services (maximum daily deposit balance (including any interest accrued thereon))	N/A	2,500	3,000
Other financial services	N/A	10	10

Note: As the Financial Services Framework Agreement was approved by the independent Shareholders at the special general meeting of the Company held on 26 January 2021, the annual caps for the deposit services and other financial services for the year ended 31 December 2020 had become obsolete and no longer applicable.

Historical transaction amounts under the Financial Services Framework Agreement

	For the year ended 31 December 2020 (RMB'million)	For the year ended 31 December 2021 (RMB'million)	For the nine months ended 30 September 2022 (RMB'million)
Deposit services (maximum daily deposit balance (including any interest accrued thereon))	Nil	1,949	2,751
Other financial services	Nil	0.36	Nil

Proposed annual caps under the 2023-2025 Financial Services Framework Agreement

	For the year ending 31 December 2023 (RMB'million)	For the year ending 31 December 2024 (RMB'million)	For the year ending 31 December 2025 (RMB'million)
Deposit services (maximum daily deposit balance (including any interest accrued thereon))	5,000	6,000	7,000
Other financial services	25	25	25

LETTER FROM THE BOARD

Basis for the proposed annual caps and reasons for and benefits of entering into the 2023-2025 Financial Services Framework Agreement

(1) Deposit services

The proposed annual caps for the deposit services, which is the maximum daily deposit balance (including any interest accrued thereon), were determined after taking into account, among other thing, the cash and cash equivalents of the Group of approximately RMB4,338 million as at 30 June 2022 and taking into account the expected interest income from BEH Finance.

The power generation business is a capital-intensive business and further business development and expansion of the Group requires a lot of capital. Taking into account the current pace of development and plans for expansion, it is expected that the Company will be in a position to expand the capacity of power plants by approximately 5,000MW annually for the two years ending 31 December 2025 and the Company may need to conduct further fundraising to meet its capital requirements. Funds that are not utilized immediately may be deposited at institutions which provide deposit services but only at a certain level to avoid the idleness of new financing. Accordingly, the demand for deposit services will increase.

Given that BEH Finance has sufficient understanding of the business operations and development of the Group and can provide to the Group financial services in a timely manner on comparable or better terms available, the Company intends to deposit funds with BEH Finance to enhance its fund management.

(2) Other financial services

The proposed annual caps for other financial services, which is the service fees to be paid by the Group to BEH Finance for other financial services provided, were determined after taking into account, among other things, (a) the newly engagement of business by BEH Finance in the areas of (i) financial consulting, credit verification and related consulting and agency services; (ii) provision of guarantees; (iii) entrusted loan and entrusted investment; (iv) bill acceptance and discounting; and (v) internal transfer settlement and corresponding settlement and settlement plans in the coming three years and considering the relevant historical transaction amount between the Group and independent third parties which provided the same service to the Group; (b) the Group's expected demand for other financial services covered by the 2023-2025 Financial Services Framework Agreement for the three years ending 31 December 2025, taking into account the business development plan of the Group especially the annual installed capacities of newly-added clean energy power for the same period; and (c) the Group's plan to streamline its financial vendor management through engaging selected non-bank financial institution(s) to enhance management efficiency.

LETTER FROM THE BOARD

BEH Finance is under the supervision of China Banking and Insurance Regulatory Commission. In the past years, it has maintained satisfactory operating results and financial position with good risk control and well-regulated management to ensure the safety of fund deposits. BEH Finance provides deposit and other financial services to its member units, which facilitates settlement between all member units, shortens the time for fund transfer and turnover, and helps reduce capital costs and maximize operating efficiency.

BEH Finance is subject to Measures for the Administration of Finance Companies of Enterprise Groups* 《企業集團財務公司管理辦法》 (the “**Administrative Measures**”) promulgated by China Banking and Insurance Regulatory Commission which regulates the operation of non-bank financial institutions which provide financial management services to the enterprise group member entities.

As advised by BEH Finance, BEH Finance complied with the financial ratio requirements stipulated in the Administrative Measures for the three years ended 31 December 2021 and there was no non-compliance with applicable laws and regulations of the PRC. The Directors are not aware of any record of non-compliance with the relevant laws and regulations of the PRC in respect of the operations of BEH Finance in the three years ended 31 December 2021.

For the Company’s continuous monitoring of the financial conditions of BEH Finance during the term of the 2023-2025 Financial Services Framework Agreement, the Finance Department will from time to time review the financial statements of BEH Finance as disclosed on the website of the National Interbank Funding Centre of the PRC (<http://www.chinamoney.com.cn>). According to applicable regulations, BEH Finance is required to disclose (i) its balance sheet as at year end of the previous year and its income statement for the previous year by 15 January each year, (ii) its balance sheet as at 30 June of the year and its income statement for the six months from January to June of the year by 15 July each year, and (iii) its audited annual financial statements and audit report as audited by a certified public accountant (including but not limited to the full text of the audit opinion, audited balance sheet, audited income statement and notes to financial statements) by 30 April each year. Moreover, as stated above, according to applicable regulations, BEH Finance is required to satisfy certain financial ratio requirements as stipulated in the Administrative Measures. BEH Finance has agreed to promptly inform the Company in writing of any material non-compliance by BEH Finance with any applicable laws or regulations which may affect the Group.

LETTER FROM THE BOARD

The deposit(s) to be placed by the Company with BEH Finance will be repayable on demand pursuant to applicable regulations.

Since BEH Finance only provides financial services to its member units and has extensive understanding of the Group's business operations and development, and capital requirements, BEH Finance can provide the Group with flexible and convenient services that are more in line with specific customized needs at any time, enabling the Group to obtain financial services from a stable source in its daily course of business.

Moreover, the operations of the Group requires flexible and diversified financial services. As the terms (including interest rates and commission charged) in respect of financial services contemplated under the 2023-2025 Financial Services Framework Agreement shall be no less favourable than the terms offered by major independent commercial banks or financial institutions in the PRC for provision of similar services to the Group, and considering that the 2023-2025 Financial Services Framework Agreement does not prevent the Group from obtaining services from other commercial banks or financial institutions, the Group may still at its discretion to choose other major independent commercial banks in the PRC as it considers appropriate and beneficial to the Group as its financial service provider. Therefore, the 2023-2025 Financial Services Framework Agreement allows the Group to enjoy benefits and flexibility of diversified financing channels without posing any adverse effect on the assets and liabilities of the Group.

In addition to the above, the Directors are of the view that the Company's exposure to credit and counterparty risks under the 2023-2025 Financial Services Framework Agreement is limited as, as advised by BEH Finance, (1) BEH Finance is a regulated entity and it complied with the financial ratio requirements stipulated in the Administrative Measures for the three years ended 31 December 2021; (2) BEH Finance did not have any non-performing loans for the three years ended 31 December 2021; (3) the lowest capital adequacy ratio of BEH Finance for the three years ended 31 December 2021 was approximately 19.72%, which was significantly higher than the requirement applicable to commercial banks in the PRC (8%); and (4) BEH's undertaking to provide financial support to BEH Finance in case the latter has urgent capital needs.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the 2023-2025 Financial Services Framework Agreement and its proposed annual caps have been negotiated on arm's length basis and (i) is entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

In view of the reasons and benefits discussed above, the Board is not aware of any disadvantages to the Company on the transactions contemplated under the 2023-2025 Financial Services Framework Agreement.

As Mr. Zhao Bing (the non-executive Director) and Mr. Su Yongjian (the non-executive Director) were the senior management of BEH, they had abstained from voting on the Board resolutions approving the 2023-2025 Financial Services Framework Agreement and the transactions contemplated thereunder. Save and except for the aforesaid, none of the Directors has any material interest in the 2023-2025 Financial Services Framework Agreement and was required to abstain from voting on the Board resolutions in relation to the 2023-2025 Financial Services Framework Agreement.

Internal control measures

To safeguard the interests of our Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the 2023-2025 Financial Services Framework Agreement, which include the followings:

- Before entering into any new deposit arrangements with BEH Finance, the Finance Department shall be responsible for obtaining quotes from at least two other independent commercial banks in the PRC for similar deposit services and similar duration. Those quotes, together with the quote from BEH Finance, will be reviewed to ensure that the deposit rate and terms for the Company's deposit with BEH Finance are on normal commercial terms or better, and not lower than the interest rate and terms offered by major independent commercial banks in the PRC and the People's Bank of China. The quote from BEH Finance has to pass the internal approval process of the Company before it can be accepted;
- The Finance Department shall regularly check the relevant interest rates and other financial service fees by comparing the deposit interest rates, loan interest rates quoted by other major independent commercial banks in the PRC as well as service fees charged for other financial services to ensure that the transactions are conducted in accordance with the pricing policies agreed under the 2023-2025 Financial Services Framework Agreement;
- The Finance Department shall be responsible for closely monitoring the balance of the deposits of the Group with BEH Finance on a daily basis, and monitoring the Group's daily maximum deposit balance and total interest receivable from these deposits to ensure that the relevant amount will not exceed the annual cap;
- BEH Finance shall set up and maintain secured and stable on-line systems through which the relevant member of the Group which deposits money with it can view the balance of such deposits at anytime on any day; and

LETTER FROM THE BOARD

- The independent non-executive Directors will conduct annual review of the transactions in relation to the deposit services and other financial services under the 2023-2025 Financial Services Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in the Company's annual report(s) in accordance with the Listing Rules that the transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms are fair and reasonable and in the interests of the Shareholders as a whole.

3. 2022-2025 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT

The principal terms of the 2022-2025 Finance Lease Business Framework Agreement are summarised as follows:

Date:	17 November 2022 (after trading hours)
Parties:	(i) the Company (ii) Beijing Jingneng Leasing
Term of the agreement:	The 2022-2025 Finance Lease Business Framework Agreement is subject to the approval of the Independent Shareholders at the SGM and shall be effective for three years from 1 December 2022 until 30 November 2025. Subject to compliance with the requirements under relevant laws and the Listing Rules, the 2022-2025 Finance Lease Business Framework Agreement may be extended for no more than three years upon mutual agreement of the parties.
Scope of finance lease services and pricing policy:	Pursuant to the 2022-2025 Finance Lease Business Framework Agreement, Beijing Jingneng Leasing and/or its associate companies will provide financial leasing services, including but not limited to, direct leasing and sales and leaseback services to the Group in accordance with normal commercial terms and the interest rate determined thereby must not higher than market interest rate. It is anticipated that assets which would be subject to finance leases contemplated under the 2022-2025 Finance Lease Business Framework Agreement include power generation equipment for clean energy.

LETTER FROM THE BOARD

(1) Direct leasing services

Upon the requests or instructions of the Group, Beijing Jingneng Leasing and/or its associate companies will provide financial leasing solutions to the Group for the purchase of equipment, and will make the payment for the equipment to the suppliers in accordance with the conditions set by the Group and charge the Group lease rental for the equipment according to the schedule. All lease rental will be settled by the Group in cash.

(2) Sales and leaseback services

According to the financing needs of the Group, Beijing Jingneng Leasing and/or its associate companies will purchase equipment owned by the Group that meet the requirements of leaseback business to the extent permitted by law, and lease such equipment back to the Group and charge the Group lease rental. All lease rental will be settled by the Group in cash.

Historical transaction amounts and proposed annual caps

Historical transaction amounts in relation to financial leasing services (both direct leasing and sales and leaseback arrangements) provided by Beijing Jingneng Leasing and/or its associates

	For the year ended 31 December 2020 (RMB'million)	For the year ended 31 December 2021 (RMB'million)	For the nine months ended 30 September 2022 (RMB'million)
Historical transaction amounts	Nil	Nil	456

LETTER FROM THE BOARD

Proposed annual caps under the 2022-2025 Finance Lease Business Framework Agreement

	For the one month ending 31 December 2022 (RMB'million)	For the year ending 31 December 2023 (RMB'million)	For the year ending 31 December 2024 (RMB'million)	For the eleven months ending 30 November 2025 (RMB'million)
Proposed annual caps	1,000	4,000	5,000	6,000

Basis for the proposed annual caps and reasons for and benefits of entering into 2022-2025 Finance Lease Business Framework Agreement

The proposed annual caps under the 2022-2025 Finance Lease Business Framework Agreement, which includes principal amount, lease interests and handling fees, will be determined by the Group and Beijing Jingneng Leasing and/or its associate companies after arm's length negotiations and with reference to the market price of the same type of finance lease assets. The proposed annual caps were determined after taking into account, among other things,

(1) Scale of the upcoming power generation projects in construction

As at the date of this supplemental circular, the Company expects that the annual installed capacities of newly-added clean energy power in relation to leasing arrangements will amount to approximately 1,200MW, 1,250MW and 1,500MW for the years ending 31 December 2023, 2024 and for the eleven months ending 30 November 2025 respectively. Moreover, the Company expects that it will enter into new sales and leaseback arrangements with Beijing Jingneng Leasing for four clean energy projects of approximately RMB711 million for the one month ending 31 December 2022.

(2) Historical financial requirements of power generation projects

The power generation business is a capital-intensive business and further business development and expansion of the Group requires a lot of capital. Historically, the financing requirements of the Group for power generation projects in relation to leasing arrangements entered in 2022 amounted to approximately RMB3.15 million per MW and the Company expects there will be approximately 5% increment annually from 2024.

LETTER FROM THE BOARD

(3) *Sales and leaseback services to be provided by Beijing Jingneng Leasing based on existing lease*

The Company expects that the estimated demand of sales and leaseback services to be provided by Beijing Jingneng Leasing based on existing lease will amount to approximately RMB206 million for the one month ending 31 December 2022 and approximately RMB495 million for the year ending 31 December 2024.

(4) *Expected interest to be incurred under the 2022-2025 Finance Lease Business Framework Agreement*

The Company expected interest to be incurred under the 2022-2025 Finance Lease Business Framework Agreement will be RMB180 million, RMB355 million and RMB516 million for the years ending 31 December 2023, 2024 and for the eleven months ending 30 November 2025 respectively. When calculating the interest expense to be incurred for new leasing to be entered into, the Company adopted the expected annual interest rate of 4.2%. Such expected rate is lower than the current 5-year LPR, which is generally referenced to when determining the interest rate.

As at 30 September 2022, there are 109 power plants beneficially owned by the Group with an aggregate installed capacity of approximately 5,017.37MW comparing with 61 power plants and an aggregate installed capacity of approximately 2,070.40MW as at 31 December 2020. The entering into the 2022-2025 Finance Lease Business Framework Agreement will facilitate the Group's growing capital needs in associate with the rapid development of the Group. The entering into the 2022-2025 Finance Lease Business Framework Agreement will continue to enable the Company to control financing risk and financing cost in its course of investing in new projects and satisfy the Company's demand of funds for purchasing power generation equipment in the early phase construction of the project and satisfy the Company's demand of funds for project management and operation in a timely manner.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the 2022-2025 Finance Lease Business Framework Agreement and its proposed annual caps have been negotiated on arm's length basis and (i) is entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole.

In view of the reasons and benefits discussed above, the Board is not aware of any disadvantages to the Company on the transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement.

LETTER FROM THE BOARD

As Mr. Zhao Bing (the non-executive Director) and Mr. Su Yongjian (the non-executive Director) were the senior management of BEH, they had abstained from voting on the Board resolutions approving the 2022-2025 Finance Lease Business Framework Agreement and the transactions contemplated thereunder. Save and except for the aforesaid, none of the Directors has any material interest in the 2022-2025 Finance Lease Business Framework Agreement and was required to abstain from voting on the Board resolutions in relation to the 2022-2025 Finance Lease Business Framework Agreement.

Financial effects of the 2022-2025 Finance Lease Business Framework Agreement

Consistent with the historical accounting treatment of its previous transactions that were of the same nature, the Company will not recognize the arrangements under the 2022-2025 Finance Lease Business Framework Agreement as rights-of-use asset pursuant to HKFRS 16.

Direct leasing under the 2022-2025 Finance Lease Business Framework Agreement is in substance a financing arrangement rather than a lease transaction under “HKFRS 16 Leases”. Payment would be made directly by Beijing Jingneng Leasing to the supplier designated by the Group for the purchase of equipment. The Group is responsible for the overall acceptability of the underlying assets and bears the related risk and rewards on the conditions of the underlying assets since the initial purchase of equipment with supplier. Charges in connection with direct leasing by Beijing Jingneng Leasing is in substance the principal and interests for such financing activity. Upon maturity of such direct leasing pursuant to the prescribed repayment schedule or early repayment, the Group will be entitled to purchase the assets at a nominal consideration. The Group is able to control the equipment throughout their entire economic life. Accordingly, the Group will recognize, at the time of the transfer of such equipment from the supplier initially, the asset as an addition to property, plant and equipment (construction-in-progress), applying “HKAS 16 Property, plant and equipment” while the liability as a loan from leasing company applying “HKFRS 9 Financial instruments”.

The sales and leaseback services under the 2022-2025 Finance Lease Business Framework Agreement are in substance a financing arrangement rather than a lease transaction under “HKFRS 16 Leases”. Under the arrangement, Beijing Jingneng Leasing will purchase the equipment owned by the Group and then leaseback to the Group for rentals. Upon maturity, the Group will be entitled to purchase back the assets at a nominal consideration. As substantial risks and rewards of such assets are retained by the Group before and after these arrangements, the transaction will not satisfy the requirement of “HKFRS 15 Revenue” to be accounted for as a sale of an asset. According to HKFRS 16.103(a), the seller-lessee shall continue to recognize the transferred asset and a recognition of financial liability applying “HKFRS 9 Financial instruments” for the cash received.

LETTER FROM THE BOARD

Internal control measures

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement, which include the following:

Comparison of with independent quotations

The Finance Department is responsible for collecting and monitoring the information under the 2022-2025 Finance Lease Business Framework Agreement. Prior to entering into individual leasing contracts under the 2022-2025 Finance Lease Business Framework Agreement, the Finance Department will compare the major terms and financing costs associated with such arrangements to the major terms provided and financing costs charged by at least two independent third parties which provide finance leasing of a similar scale and nature in the PRC. It is intended that the Group will be sourcing such quotes from independent third parties whose operational scale and financial position are at least comparable to those of Beijing Jingneng Leasing having a track record of at least one year in providing similar leasing services. Officers handling the relevant matters shall submit a report to the head of the Finance Department and the chief financial officer of the Group for approval, which is subject to the preliminary and final review by them based on the relevant rules and regulations.

Pricing terms and mechanism

The Finance Department and other relevant operation departments of the Group are jointly responsible for conducting reviews on compliance with relevant laws, regulations, the Group's internal policies and the Listing Rules in respect of both continuing connected transactions and connected transactions. They are also jointly responsible for evaluating the transaction terms under each underlying agreement of the 2022-2025 Finance Lease Business Framework Agreement, in particular, the fairness and reasonableness of the pricing terms under each agreement.

Ongoing monitoring of terms and annual caps

Independent non-executive Directors have also reviewed and will continue to review the terms of the 2022-2025 Finance Lease Business Framework Agreement and the transactions contemplated thereunder to ensure that the agreements are entered into on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

The Finance Department will monitor the leasing transactions under the 2022-2025 Finance Lease Business Framework Agreement on a regular basis. In particular, the Finance Department will be in close contact with the Group's business teams responsible for leasing so that the Finance Department will be able to reasonably anticipate the expected transaction amount in advance. With the benefit of time and communication, the Finance Department will monitor and assess whether the annual cap is expected to be exceeded based on proposed transactions to be entered into, and where necessary, elevate such issue to the Board with proposed revised annual caps and such other relevant information so that the Board will be in a position to consider and, where applicable, comply with applicable Listing Rules in connection with such revised annual caps.

Independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the 2022-2025 Finance Lease Business Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreements and the Group's pricing policy measures, and to confirm if the price and terms offered are fair and reasonable and comparable to those offered by unrelated third parties.

4. INFORMATION ON THE PARTIES

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 clean energy projects.

Beijing Jingneng Leasing is a company incorporated in the PRC with limited liability and a direct wholly-owned subsidiary of BEH. It is primarily engaged in providing financial leasing services to the public and members of the BEH group.

BEH Finance is a company incorporated in the PRC with limited liability and is a subsidiary of BEH. As at the date of this supplemental circular, it is held as to 60% by BEH, 20% by Beijing Jingneng Clean Energy Co., Limited, a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Stock Exchange (stock code: 579) and 20% by Beijing Jingneng Power Co., Ltd. a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 600578). Within its business scope, BEH Finance provides its member units with financial services including but not limited to financial consultation, payment, insurance agency, bill acceptance and discounting and entrusted loans.

LETTER FROM THE BOARD

BEH is a company incorporated in the PRC with limited liability which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. It is a state-owned company in the PRC indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. BEH is the controlling shareholder of the Company, indirectly holding approximately 32% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules.

5. LISTING RULES IMPLICATIONS

2023-2025 Financial Services Framework Agreement

As BEH Finance is a subsidiary of BEH, the controlling shareholder of the Company, BEH Finance is a connected person of the Company. Accordingly, the 2023-2025 Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The loan services to be provided by BEH Finance to the Group are on normal commercial terms or better and no security over the assets of the Group will be made in respect of such loan services. Accordingly, such loan services are exempted from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As the highest applicable percentage ratio in respect of the deposit services contemplated under the 2023-2025 Financial Services Framework Agreement exceeds 25%, the deposit services constitute a major transaction and continuing connected transaction of the Company which is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapters 14 and 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of other financial services contemplated under the 2023-2025 Financial Services Framework Agreement exceeds 0.1% but is less than 5%, the other financial services constitute a continuing connected transaction of the Company which is subject to the reporting, announcement and annual review requirements but are exempted from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

2022-2025 Finance Lease Business Framework Agreement

As Beijing Jingneng Leasing is a subsidiary of BEH, the controlling shareholder of the Company, Beijing Jingneng Leasing is a connected person of the Company.

LETTER FROM THE BOARD

Direct leasing services

The transactions under the 2022-2025 Finance Lease Business Framework Agreement in respect of direct leasing services will be recognized as acquisition of assets. As the highest applicable percentage ratio exceeds 100%, the transactions under the 2022-2025 Finance Lease Business Framework Agreement in respect of direct leasing services constitute (i) a continuing connected transaction of the Company which is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules and (ii) very substantial acquisition of the Company which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Sales and leaseback services

The transactions under the 2022-2025 Finance Lease Business Framework Agreement in respect of sales and leaseback services constitute financial assistance received by the Group. As the highest applicable percentage ratio exceeds 5%, the receiving of financial assistance under the 2022-2025 Finance Lease Business Framework Agreement constitute a continuing connected transaction of the Company which is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

In addition, the transfers of legal ownership of the leased assets under the sales and leaseback services of the 2022-2025 Finance Lease Business Framework Agreement constitute disposal of assets. As the highest applicable percentage ratio exceeds 75%, such transactions constitute very substantial disposal of the Company which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

6. SPECIAL GENERAL MEETING AND REVISED FORM OF PROXY

A supplemental notice convening the SGM is set out on pages 56 to 57 of this supplemental circular, at which ordinary resolutions will be proposed for the Shareholders to consider and, if thought fit, to approve the 2023-2025 Financial Services Framework Agreement and its proposed annual caps and the 2022-2025 Finance Lease Business Framework Agreement and its proposed annual caps and the transactions contemplated thereunder.

LETTER FROM THE BOARD

A revised form of proxy for use at the SGM is enclosed to this supplemental circular and such revised 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 revised 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 (the "**Closing Time**") or any adjournment thereof (as the case may be). Completion and return of the revised 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.

Any Shareholder who has not yet deposited the original form of proxy is requested to deposit only the revised form of proxy if he/she intends to appoint a proxy to attend the SGM on his/her behalf. Any Shareholder who has already deposited the original form of proxy should note that:

- (i) if the revised form of proxy is deposited before the Closing Time, the revised form of proxy will revoke and supersede the original form of proxy previously deposited by the Shareholder. The revised form of proxy (if duly completed) will be treated as a valid form of proxy deposited by the Shareholder; and
- (ii) if no revised form of proxy is deposited before the Closing Time, the original form of proxy (if duly completed) will be treated as a valid form of proxy deposited by the Shareholder. The proxy so appointed pursuant to the original form of proxy will be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the SGM, including the newly added ordinary resolutions as set out in the supplemental notice of SGM.

Apart from the new ordinary resolutions and other information as set out in this supplemental circular, all the other matters of the SGM remain unchanged. For details of other resolutions to be considered and approved at the SGM and other relevant matters, please refer to the Original Circular.

LETTER FROM THE BOARD

All Shareholders who have a material interest in any of the transactions contemplated under the 2023-2025 Financial Services Framework Agreement and the 2022-2025 Finance Lease Business Framework Agreement, together with their associates, will be required to abstain from voting on the relevant resolution(s) to be proposed at the SGM. As at the Latest Practicable Date, BEH is a controlling shareholder of the Company, holding 7,176,943,498 Shares, representing approximately 32% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules. As Beijing Jingneng Leasing and BEH Finance are subsidiaries of BEH, each of Beijing Jingneng Leasing and BEH Finance is also a connected person of the Company. As a result, each of BEH, Beijing Jingneng Leasing and BEH Finance and their respective close associates (together holding 7,176,943,498 Shares, representing approximately 32% of the issued share capital of the Company) are required to abstain from voting on the relevant resolution(s) to be proposed at the SGM.

7. 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 resolutions put to the vote at the SGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

8. RECOMMENDATION

The Independent Board Committee after considering the advice from the Independent Financial Adviser, is of the view that the 2023-2025 Financial Services Framework Agreement and its proposed annual caps and the 2022-2025 Finance Lease Business Framework Agreement and its proposed annual caps have been negotiated on arm's length basis and (i) are entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole. The Board shared the same view of the Independent Board Committee. Therefore, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolutions in respect of the 2023-2025 Financial Services Framework Agreement and its proposed annual caps and the 2022-2025 Finance Lease Business Framework Agreement and its proposed annual caps at the SGM.

LETTER FROM THE BOARD

9. FURTHER INFORMATION

This supplemental circular is being distributed to the Shareholders. This supplemental circular does not constitute an offer or invitation to subscribe for or purchase any securities nor is it calculated to invite any such offer or invitation. Neither this supplemental circular nor anything contained herein shall form the basis of any contract or commitment whatsoever.

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

30 November 2022

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION AND
MAJOR TRANSACTION IN RELATION TO
2023-2025 FINANCIAL SERVICES FRAMEWORK AGREEMENT
AND
CONTINUING CONNECTED TRANSACTION AND
VERY SUBSTANTIAL TRANSACTION IN RELATION TO
2022-2025 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT**

We refer to the supplemental circular of the Company dated 30 November 2022 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to consider and advise the Shareholders in respect of the 2023-2025 Financial Services Framework Agreement (including its proposed annual caps) and the 2022-2025 Finance Lease Business Framework Agreement (including its proposed annual caps), details of which are set out in the Circular.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in this regard. We wish to draw your attention to the “Letter from the Board” as set out on pages 4 to 23 of the Circular and the “Letter from the Independent Financial Adviser” as set out on pages 26 to 43 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider (i) the terms of the 2023-2025 Financial Services Framework Agreement (including its proposed annual caps) and the 2022-2025 Finance Lease Business Framework Agreement (including its proposed annual caps) are on normal commercial terms and are fair and reasonable, and (ii) the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM in respect of the 2023-2025 Financial Services Framework Agreement and its proposed annual caps and the 2022-2025 Finance Lease Business Framework Agreement and its proposed annual caps at the SGM.

Yours faithfully,

Independent Board Committee

Jin Xinbin Li Hongwei Zhu Jianbiao

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transactions for the purpose of inclusion in this supplemental circular.



Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

30 November 2022

*To: The independent board committee and the independent shareholders
of Beijing Energy International Holding Co., Ltd.*

Dear Sirs,

**CONTINUING CONNECTED TRANSACTION AND
MAJOR TRANSACTION IN RELATION TO
2023-2025 FINANCIAL SERVICES FRAMEWORK AGREEMENT
AND
CONTINUING CONNECTED TRANSACTION,
VERY SUBSTANTIAL ACQUISITION AND
VERY SUBSTANTIAL DISPOSAL IN RELATION TO
2022-2025 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the deposit services under the 2023-2025 Financial Services Framework Agreement (the “**Deposit Services**”); and (ii) the transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement (the “**Lease Services**”, together with the Deposit Services, the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the supplemental circular dated 30 November 2022 issued by the Company to the Shareholders (the “**Supplemental Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Supplemental Circular unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Deposit Services

On 17 November 2022, the Company and BEH Finance entered into the 2023-2025 Financial Services Framework Agreement, pursuant to which BEH Finance has agreed to provide to the Group deposit services, loan services and other financial services for the three years ending 31 December 2025.

With reference to the Board Letter, the Deposit Services constitute major and continuing connected transaction of the Company and are subject to the reporting, announcement, the Independent Shareholders' approval and annual review requirement under the Listing Rules.

The Lease Services

On the even date, the Company and Beijing Jingneng Leasing entered into the 2022-2025 Finance Lease Business Framework Agreement, pursuant to which Beijing Jingneng Leasing has agreed to provide financial leasing services to the Group for the three years ending 30 November 2025.

With reference to the Board Letter, the transactions under the 2022-2025 Finance Lease Business Framework Agreement in respect of direct leasing services constitute a continuing connected transaction and very substantial acquisition of the Company, and are subject to the reporting, announcement, the Independent Shareholders' approval and annual review requirement under the Listing Rules. Furthermore, the transactions under the 2022-2025 Finance Lease Business Framework Agreement in respect of sales and leaseback services constitute a continuing connected transaction and very substantial disposal of the Company, and are subject to the reporting, announcement, the Independent Shareholders' approval and annual review requirement under the Listing Rules. Please also refer to section headed "Listing Rules Implications" for details.

The Independent Board Committee comprising Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Transactions at the SGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser in relation to (i) major and continuing connected transaction (details of which were set out in the Company's circular dated 8 January 2021); (ii) discloseable and continuing connected transaction (details of which were set out in the Company's circular dated 2 October 2021); (iii) a continuing connected transaction and connected transaction pursuant to Rule 14A.52 of the Listing Rules (details of which were set out in the Company's announcement dated 10 May 2022); (iv) major and continuing connected transaction (details of which were set out in the Company's circular dated 25 May 2022); (v) spin-off (details of which were set out in the Company's circular dated 3 October 2022); and (vi) major and connected transaction (details of which were set out in the Company's announcement dated 15 November 2022). Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company relating to any transaction of the Company with executed agreement during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagements, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagements were only independent financial adviser engagements and will not affect our independence to act as the Independent Financial Adviser, we are of the view that we are independent to act as the Independent Financial Adviser.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Supplemental Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Supplemental Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Supplemental Circular, or the reasonableness of the opinions expressed by the Company and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Supplemental 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Supplemental 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 therein or the Supplemental Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Supplemental Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, BEH Finance, Beijing Jingneng Leasing, and each of their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

Information on the Company

With reference to the Board Letter, 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 clean energy projects.

A. THE DEPOSIT SERVICES

Information on BEH Finance

With reference to the Board Letter, BEH Finance is a company incorporated in the PRC with limited liability and is a subsidiary of BEH. Within its business scope, BEH Finance provides its member units with financial services including but not limited to financial consultation, payment, insurance agency, bill acceptance and discounting and entrusted loans.

With reference to the Board Letter, BEH Finance is subject to Measures for the Administration of Finance Companies of Enterprise Groups* 《企業集團財務公司管理辦法》 (the “**Administrative Measures**”) promulgated by China Banking and Insurance Regulatory Commission with effect from 13 November 2022 which regulates the operation of non-bank financial institutions which provide financial management services to the enterprise group member entities. The Administrative Measures set out certain compliance and risk control requirements/measures in relation to the operation of group financing companies, including but not limited to maintaining certain financial ratios at all times.

The table below sets out the key financial ratio requirements of 《企業集團財務公司管理辦法》 (中國銀行業監督管理委員會令2006年第8號) (the Administrative Measures on Finance Companies within Group Enterprises (No. 8 order in 2006 of China Banking Regulatory Commission)*) and 《企業集團財務公司風險監管指標考核暫行辦法》 (the Provisional Measures for Risk Regulation Indicators Assessment of Finance Companies of Business Group*) (collectively, the “**Previous Measures**”) (Note: the aforesaid documents were superseded/voided on 13 November 2022) and the respective financial ratios of BEH Finance for the three years ended 31 December 2021 as provided by the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial ratio	Requirements (Note)	Financial ratios of BEH Finance		
		For the year ended 31 December 2021 (approximate %)	For the year ended 31 December 2020 (approximate %)	For the year ended 31 December 2019 (approximate %)
Capital adequacy ratio	Not less than 10%	<i>Lowest during the respective period</i> 23.69 20.17 19.72		
Inter-financial institution borrowing balances to total capital ratio	Not more than 100%	<i>Highest during the respective period</i> Nil Nil Nil		
Total amount of outstanding guarantees to total capital ratio	Not more than 100%	1.87	0.87	Nil
Long-term and short-term investment to total capital ratio	Not more than 70%	60.82	62.21	31.66
Self-owned fixed assets to total capital ratio	Not more than 20%	0.15	0.27	0.29
Non-performing loan ratio	Not more than 5%	Nil	Nil	Nil

Note: BEH Finance is required to comply with relevant financial ratios requirements as set out in the Administrative Measures, which may be different from the existing financial ratios requirements under the Previous Measures.

As shown in the table above, BEH Finance complied with the relevant financial ratio requirements as set out in the Previous Measures during 2019, 2020 and 2021. As also confirmed by the Directors, they are not aware of any record of non-compliance with the relevant laws and regulations of the PRC in respect of the operations of BEH Finance for the three years ended 31 December 2021.

The key indicators of credit risk are the non-performing loan ratio and the allowance of non-performing loans to total loans ratio. According to the above table, the highest non-performing loan ratios were nil during each of the three years ended 31 December 2021, which indicated that BEH Finance did not have non-performing loans during the three years ended 31 December 2021. As BEH Finance did not have non-performing loans, the allowance of non-performing loans to total loans ratio were not applicable.

We also noted from BEH Finance's articles of association that BEH, being the controlling shareholder of the BEH Finance, undertook that in the event that BEH Finance experiences any urgent payment difficulties BEH will provide funding to BEH Finance to satisfy its capital needs according to BEH Finance's actual needs for solving the difficulties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Reasons for and benefit of the Deposit Services

With reference to the Board Letter, the operations of the Group requires flexible and diversified financial services. As the terms (including interest rates and commission charged) in respect of financial services contemplated under the 2023-2025 Financial Services Framework Agreement shall be no less favourable than the terms offered by major independent commercial banks or financial institutions in the PRC for provision of similar services to the Group, and considering that the 2023-2025 Financial Services Framework Agreement does not prevent the Group from obtaining services from other commercial banks or financial institutions, the Group may still at its discretion to choose other major independent commercial banks in the PRC as it considers appropriate and beneficial to the Group as its financial service provider. Therefore, the 2023-2025 Financial Services Framework Agreement allows the Group to enjoy benefits and flexibility of diversified financing channels without posing any adverse effect on the assets and liabilities of the Group.

In light of the above reasons, in particular, (i) the pricing policy of the Deposit Services; and (ii) the Group may at its discretion choose other major independent commercial banks in the PRC as it considers appropriate and beneficial to the Group as its financial service provider, we consider that the Deposit Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

Principal terms of the Deposit Services

Set out below are the key terms of the Deposit Services, details of which are set out under the section headed “2023-2025 FINANCIAL SERVICES FRAMEWORK AGREEMENT” of the Board Letter.

Date: 17 November 2022

Parties: (i) the Company
(ii) BEH Finance

Term of the agreement: The 2023-2025 Financial Services Framework Agreement is subject to the approval of the Independent Shareholders at the SGM and shall be effective for three years from 1 January 2023 until 31 December 2025. Subject to compliance with the requirements under relevant laws and the Listing Rules, the 2023-2025 Financial Services Framework Agreement may be extended for no more than three years upon mutual agreement of the parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Scope of deposit services: The Group may from time to time deposit cash at BEH Finance.

Pricing Policy

The terms (including the interest rate and commission charged) to be offered by BEH Finance in respect of the deposit services shall be no less favourable than those offered by independent commercial banks in the PRC for provision of similar services to the Group, and the deposit interest to be paid by BEH Finance to the Group shall not be lower than the deposit interest rate of the same level for the same period as promulgated by the People's Bank of China.

With reference to the Board Letter, to safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the 2023-2025 Financial Services Framework Agreement. Details of the internal control procedures are set out under the section headed "INTERNAL CONTROL MEASURES" of the Board Letter. Having considered that (i) there will be quotes obtaining from at least two other independent commercial banks in the PRC for similar deposit services and similar duration before entering into any new deposit arrangements with BEH Finance; and (ii) there will be quotes reviewing and approving procedure before BEH Finance's quote accepted by the Company, we consider that the effective implementation of the internal control measures would help to ensure fair pricing of the Deposit Services according to the pricing policies.

Furthermore, the Finance Department shall be responsible for closely monitoring the balance of the deposits of the Group with BEH Finance on a daily basis and monitoring the Group's daily maximum deposit balance and total interest receivable from these deposits. We consider that the effective implementation of the aforesaid procedures would help to ensure the annual caps will not be exceeded.

We also discussed with a staff of Company's Finance Department and understood that the Finance Department's staffs are aware of the internal control measures and will comply with the internal control measures when conducting the Deposit Services.

We also noted from the Company's annual report for 2021 that, among other things, with respect to the aggregate amount of each of the continuing connected transactions set out in the table of continuing connected transactions (including the Deposit Services), nothing has come to the Company's auditors' attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual cap as set by the Company.

Having considered our findings as mentioned above, we do not doubt the effectiveness of the implementation of the internal procedures for the Deposit Services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Proposed annual caps

Set out below are (i) the historical maximum daily deposit balance (including any interest accrued thereon) of the Deposit Services for the two years ended 31 December 2021 and the nine months ended 30 September 2022 with existing annual caps; and (ii) the proposed maximum daily deposit balance (including any interest accrued thereon) of the Deposit Services for the three years ending 31 December 2025:

	For the year ended 31 December 2020 (RMB'million)	For the year ended 31 December 2021 (RMB'million)	For the year ending 31 December 2022 (RMB'million)
Maximum daily deposit balance (including any interest accrued thereon)	Nil (Note 1)	1,949	2,751 (Note 2)
Existing annual caps	N/A	2,500	3,000
Utilisation rate (%)	N/A	78.0	91.7

	For the year ending 31 December 2023 (RMB'million)	For the year ending 31 December 2024 (RMB'million)	For the year ending 31 December 2025 (RMB'million)
Maximum daily deposit balance (including any interest accrued thereon) for the Deposit Services (the “ Deposit Caps ”)	5,000	6,000	7,000

Notes:

1. The proposed annual cap for the maximum deposit balance with BEH Finance for the year ended 31 December 2020 had become obsolete.
2. the figure was for the nine months ended 30 September 2022.

Details of the bases for determining the Deposit Caps are set out under the section headed “Basis for the proposed annual caps and reasons for and benefits of entering into the 2023-2025 Financial Services Framework Agreement” of the Board Letter.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the above table, we noted that the relevant utilisation rates of the existing annual caps were approximately 78.0% and 91.7% for the year ended 31 December 2021 and the nine months ended 30 September 2022 respectively. Despite that the abovementioned utilisation rates of the existing annual caps were at high levels, the Deposit Caps for the three years ending 31 December 2025 were significantly higher than the existing annual caps for the three years ending 31 December 2022.

To assess the fairness and reasonableness of the Deposit Caps (in particular the significant increase), we performed the following analyses:

- According to the Company's 2022 interim report, as at 30 June 2022, the Group recorded cash and cash equivalents of approximately RMB4,338 million.
- We noted that the Deposit Cap for the year ending 31 December 2024 represented an increase of RMB1,000 million as compared to that for the year ending 31 December 2023 and the Deposit Cap for the year ending 31 December 2025 represented an increase of RMB1,000 million as compared to that for the year ending 31 December 2024. As confirmed by the Directors, the aforesaid increases were mainly due to the expected increase in the installed capacity of power plants, leading to additional funding requirement for such projects. Accordingly, the estimated increase in the Deposit Caps was determined based on funds (from fund raising to meet the Group's capital requirements) that are not utilized immediately. Certain level of the funds may be deposited at institutions which provide deposit services to avoid the idleness of new financing.

With reference to the Board Letter, the Company will be in a position to expand the installed capacity of power plants by approximately 5,000MW annually for the two years ending 31 December 2025. The estimated funds (from fund raising to meet the Group's capital requirements) for the two years ending 31 December 2025 were then calculated based on the estimated installed capacity of power plants of the Group as at 31 December 2022 and the estimated relevant cash inflow from financing activities for the year ending 31 December 2022.

Upon our request, we obtained a list showing all wind power and solar power projects of the Group to be newly connected in grid in 2022 and 2023. Furthermore, we also obtained the Company's internal "Fourteenth Five-year Development Plan" and acknowledged that the planned aggregated installed capacity of the Group's power plants as at 31 December 2025. The planned installed capacity of power plans as at 31 December 2024 was close to the mid-point of the aggregated installed capacity of the Group's power plants as at 31 December 2023 and 31 December 2025. The aforesaid installed capacity of power plants by 5,000MW and 5,000MW for the two years ending 31 December 2025 represented the difference between the planned installed capacity of the Group's power plants as at 31 December 2023, 2024 and 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We further noted that the proportion of “proposed annual cap for the two years ending 31 December 2025” as a percentage of “estimated funds (from fund raising to meet the Group’s capital requirements) for the same year” was in line with the proportion of “existing annual cap for the year ended 31 December 2021” as a percentage of “relevant cash inflow from financing activities for the year ended 31 December 2021”.

- As advised by the Directors, it is difficult to forecast the total cash level for whole period of the three years ending 31 December 2025. Nevertheless, should there be any substantial increase in total cash of the Group, the Group may opt to deposit larger portion of cash in commercial banks or re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction to revise the Deposit Caps.

Based on the above factors, we are of the view that the Deposit Caps for the three years ending 31 December 2025 are fair and reasonable.

In light of the above, we are of the view that the terms of the Deposit Services are on normal commercial terms and are fair and reasonable.

B. LEASE SERVICES

Information on Beijing Jingneng Leasing

With reference to the Board Letter, Beijing Jingneng Leasing is a company established in the PRC with limited liability and a direct wholly-owned subsidiary of BEH. It is primarily engaged in providing financial leasing services to the public and members of the BEH group.

Reasons for and benefits of the Lease Services

As advised by the Directors, the Company intends to minimize incurring substantial amount of capital expenditure in purchasing large amount of power generation equipment in the construction of new energy power plants. The finance lease under the 2022-2025 Finance Lease Business Framework Agreement would enable the Company to control financing risk and financing cost in its course of investing in new renewable energy projects and satisfy the Company’s demand of funds for purchasing power generation equipment in the early phase construction of the project in a timely manner.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the Board Letter, the power generation business is a capital-intensive business and further business development and expansion of the Group requires a lot of capital. As advised by the Directors, the Group has been exploring various financing channels to enhance its financing capability and reduce its finance cost. We understood that both direct lease and sales and leaseback lease are the financing activities generally adopted by listed companies with principal business of power generation. Furthermore, pursuant to the 2022-2025 Finance Lease Business Framework Agreement, Beijing Jingneng Leasing and/or its associates will provide financial leasing services, including but not limited to, direct leasing and sales and leaseback services to the Group in accordance with normal commercial terms and the interest rate determined thereby must not higher than market interest rate.

Having considered the above reasons, in particular (i) the Lease Services provided financing channels to the Group; (ii) the pricing policy under the 2022-2025 Finance Lease Business Framework Agreement, we consider that the Lease Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

Principal terms of the Lease Services

Set out below are the key terms of the Lease Services, details of which are set out under the section headed “2022-2025 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT” of the Board Letter.

Date: 17 November 2022

Parties: (i) the Company; and
(ii) Beijing Jingneng Leasing

Term of the agreement:

The 2022-2025 Finance Lease Business Framework Agreement is subject to the approval of the Independent Shareholders at the SGM and shall be effective for three years from 1 December 2022 until 30 November 2025. Subject to compliance with the requirements under relevant laws and the Listing Rules, the 2022-2025 Finance Lease Business Framework Agreement may be extended for no more than three years upon mutual agreement of the parties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Scope of finance lease services and pricing policy:

Pursuant to the 2022-2025 Finance Lease Business Framework Agreement, Beijing Jingneng Leasing and/or its associates will provide financial leasing services, including but not limited to, direct leasing and sales and leaseback services to the Group in accordance with normal commercial terms and the interest rate determined thereby must not be higher than market interest rate. It is anticipated that assets which would be subject to finance leases contemplated under the 2022-2025 Finance Lease Business Framework Agreement include power generation equipment for clean energy. Detailed pricing policy for direct leasing services and sales and leaseback services are set out under the section headed “Scope of finance lease services and pricing policy” of the Board Letter.

With reference to the Board Letter, to safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the 2022-2025 Finance Lease Business Framework Agreement. Details of the internal control procedures are set out under the section headed “INTERNAL CONTROL MEASURES” of the Board Letter. Having considered that (i) there will be quotes obtaining from at least two other independent third parties which provide finance leasing of a similar scale and nature in the PRC prior to entering into individual leasing contracts under the 2022-2025 Finance Lease Business Framework Agreement; and (ii) there will be quotes reviewing and approving procedure before, we consider that the effective implementation of the internal control measures would help to ensure fair pricing of the Lease Services according to the pricing policies.

In addition, we also noted from the internal control procedures that the Finance Department will monitor the leasing transactions under the 2022-2025 Finance Lease Business Framework Agreement on a regular basis. In particular, the Finance Department will be in close contact with the Group’s business teams responsible for leasing such that the Finance Department will be able to reasonably anticipate the expected transaction amount in advance. With the benefit of time and communication, the Finance Department will monitor and assess whether the annual cap is expected to be exceeded based on proposed transactions to be entered into, and where necessary, elevate such issue to the Board with proposed revised annual caps and such other relevant information so that the Board will be in a position to consider and, where applicable, comply with applicable Listing Rules in connection with such revised annual caps.

We also discussed with a staff of Company’s Finance Department and understood that the Finance Department’s staffs are aware of the internal control measures and will comply with the internal control measures when conducting the Lease Services. Accordingly, we do not doubt the effectiveness of the implementation of the internal procedures for the Lease Services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Proposed annual caps

The table below set out are the proposed annual caps of the Lease Services (i) for the one month ending 31 December 2022; (ii) for two years ending 31 December 2024; and (iii) for the 11 months ending 30 November 2025 (the “**Lease Cap(s)**”):

	For the one month ending 31 December 2022 (the “2022 Period”) <i>RMB’ million</i>	For the year ending 31 December 2023 (“FY2023”) <i>RMB’ million</i>	For the year ending 31 December 2024 (“FY2024”) <i>RMB’ million</i>	For the eleven months ending 30 November 2025 (the “2025 Period”) <i>RMB’ million</i>
Lease Caps	1,000	4,000	5,000	6,000

With reference to the Board Letter, the Lease Caps were determined after taking into account of various factors, details of which were set out under the section headed “Basis for the proposed annual caps and reasons for and benefits of entering into 2022-2025 Finance Lease Business Framework Agreement” in the Board Letter.

To assess the fairness and reasonableness of the Lease Caps, we performed the following analyses/work done:

- we obtained a calculation of the Lease Caps and noted that the Lease Caps were calculated based on the Group’s estimation on the demand of the Lease Services. There were no material differences between the Lease Caps and the estimated demand of the Lease Services for the same period.
- the estimated demand of the Lease Services for the one month ending 31 December 2022 comprised (i) the estimated demand of the sale-and-lease back services to be provided by Beijing Jingneng Leasing for four clean energy projects (the “**2022 Projects**”) for the one month ending 31 December 2022; and (ii) the estimated demand of the sale-and-lease back services to be provided by Beijing Jingneng Leasing based on two existing sale-and-lease back leases, the interest rates of which were considered high.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We further noted that the estimated demand of the sale-and-lease back services to be provided by Beijing Jingneng Leasing for the 2022 Projects were calculated by multiplying “the estimated financing requirements of the Group for power generation projects in relation to the leasing arrangements (the “**Estimated Average Amount**”) of approximately RMB3.15 million per MW” by “the installed capacity of the 2022 Projects”. Based on the existing finance lease arrangements of the Company, we noted that Estimated Average Amount is in line with the per installed capacity finance lease of the existing finance lease entered into between the Group and members of BEH (calculated by dividing the principal amount of finance lease arrangement by the installed capacity of such underlying assets according to the relevant information of the existing finance lease entered into between the Group and members of BEH (the “**Existing BEH Finance Lease Arrangement(s)**”)).

In respect of the estimated demand of the sale-and-lease back services to be provided by Beijing Jingneng Leasing based on two existing sale-and-lease back leases, we obtained the sale-and-lease back agreements entered into between the Group and independent service suppliers. According to the agreements, the interest rates were higher than the Expected Interest Rate (as defined and analyzed below). Upon our further enquiry, the Directors advised us the outstanding principal amount of the two existing sale-and-lease back leases. We noted that the estimated demand of the sale-and-lease back services to be provided by Beijing Jingneng Leasing for the purpose of replacement represented the outstanding principal amount of the two existing sale-and-lease back leases.

Based on the above, we consider the Lease Cap for the one month ending 31 December 2022 to be fair and reasonable.

- The estimated demand of the Lease Services for the two years ending 31 December 2024 and the 11 months ended 30 November 2025 comprised (i) the estimated demand of lease services to be provided by Beijing Jingneng Leasing for each of the aforesaid periods; (ii) the estimated lease interests (the “**Estimated Lease Interests**”); and (iii) the estimated demand of the lease services to be provided by Beijing Jingneng Leasing based on existing lease arrangements, the interest rates of which were considered high.

(i) **The estimated demand of lease services to be provided by Beijing Jingneng Leasing for each of the aforesaid periods** were calculated by “the Estimated Average Amount for the relevant periods” multiplying “the annual installed capacities of newly-added clean energy power installed capacity for the aforesaid periods”.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As mentioned above, the Company will be in a position to expand the installed capacity of power plants by approximately 5,000MW annually for the two years ending 31 December 2025. We also obtained a list showing all wind power and solar power projects of the Group to be newly connected in grid in 2022 and 2023.

We noted that the Directors assumed only certain of the power projects will be involved in lease arrangements, with installed capacity of power projects of 1,200MW for FY2023, 1,250MW for FY2024 and 1,500MW for the 2025 Period respectively.

The installed capacity of power projects which will be involved in lease arrangement for FY2023 (1,200MW) represented approximately 17% to be estimated aggregate installed capacity of power plants as at 31 December 2023, whereas the Group's newly-added direct lease amount to the newly-added financing amount accounted for approximately 10% for the nine months ended 30 September 2022. We consider the annual installed capacities of newly-added clean energy power for FY2023 to be justifiable.

We also noted that the Directors assumed the annual installed capacities of newly-added clean energy power for FY2024 to be at similar level of that for FY2023. The annual installed capacities of newly-added clean energy power for FY2025 represented an increase of 20% as compared to that for FY2024, representing a smaller increase as compared to an increase of approximately 30% in aggregate clean energy power installed capacity as at 31 December 2025 (as compared to that as at 31 December 2024).

With reference to the Board Letter, the Company expects an annual increment of 5% on the Estimated Average Amount annually from 2024, reflecting the possible increase on cost of wind and solar power equipment as advised by the Directors.

The Estimated Lease Interests: We noted that the estimated lease interests were determined based on (a) lease arrangements under the Finance Lease Business Framework Agreement; and (b) lease arrangements under the 2022-2025 Finance Lease Business Framework Agreement.

With reference to the Board Letter, when calculating the interest expense to be incurred for new leasing to be entered into, the Company adopted the expected annual interest rate of 4.2% (the “**Expected Interest Rate**”). Such expected rate is lower than the current 5-year LPR, which is commonly referenced to when determining the interest rate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the website of the People's Bank of China, the current 5-year LPR was 4.30%. In addition, the Expected Interest Rate of 4.2% also fell within the interest rate range of Existing BEH Finance Lease Arrangement. Therefore, we consider that it is justifiable to adopt the Expected Interest Rate (i.e. 4.2%) for the purpose of calculating Lease Caps.

In respect of the estimated demand of the lease services to be provided by Beijing Jingneng Leasing based on existing lease arrangements (the interest rates of which were considered high), the Directors expect to replace the existing lease arrangements in 2024 (in addition to the 2022 Period). We obtained relevant lease agreements entered into between the Group and independent service suppliers. According to the lease agreements, the interest rates thereunder were higher than the Expected Interest Rate. Upon our further enquiry, the Directors advised us the outstanding principal amount of the aforesaid lease arrangements. We noted that the estimated demand of the lease services to be provided by Beijing Jingneng Leasing for the purpose of replacement represented the outstanding principal amount of the aforesaid existing lease arrangements.

Based on the above factors, we are of the view that the estimated demand of the Lease Services for the 2022 Period, FY2023, FY2024 and the 2025 Period are fair and reasonable. As there were no material differences between the Lease Caps and the estimated demand of the Lease Services for the same period, we are also of the view that the Lease Caps for the 2022 Period, FY2023, FY2024 and the 2025 Period are fair and reasonable.

Shareholders should note that as the Lease Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to the expiry of the 2022-2025 Finance Lease Business Framework Agreement, and it does not represent forecasts of revenue to be recorded from the transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement. Consequently, we express no opinion as to how closely the actual revenue, purchase or income to be generated or incurred under the transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement will correspond with the Lease Caps.

Listing Rules Implications

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the actual/maximum values of Deposit Services/Lease Services must be restricted by their respective annual caps for the period concerned under the 2023-2025 Financial Services Framework Agreement and/or the 2022-2025 Finance Lease Business Framework Agreement; (ii) the terms of the Transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the transactions contemplated under the 2023-2025 Financial Services Framework Agreement and the 2022-2025 Finance Lease Business Framework Agreement (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the proposed annual caps.

In the event that the total amounts of the Deposit Services and/or the Lease Services are anticipated to exceed their respective annual caps, or that there is any proposed material amendment to the terms of the Deposit Services/Lease Services, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions contemplated under the Deposit Services and/or the Lease Services and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions (including their respective annual caps) are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Transactions (including their respective annual caps) and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for each of the three years ended 31 December 2019, 2020 and 2021 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 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 2019 (pages 84-190), which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0830/2020083000035.pdf>

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

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

- (iii) 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>

- (iv) Interim report of the Company for the six months ended 30 June 2022 (pages 21-57), which can be accessed via the link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0921/2022092100325.pdf>

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

As at the close of business on 31 October 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this supplemental circular, the borrowings of the Group comprised the following indebtedness:

RMB' million

Bank borrowings	
Secured and with guarantee	7,612
Secured and without guarantee	3,346
Unsecured and with guarantee	4,646
Unsecured and without guarantee	14,927

RMB' million

Finance lease liabilities	
Secured and with guarantee	5,028
Secured and without guarantee	4,392
Unsecured and without guarantee	18
Convertible bonds	
Unsecured and without guarantee	346
	<u>40,315</u>

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or any material outstanding loan capital, bank overdrafts, loans, mortgages, charges or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, guarantees or any other actual or material contingent liabilities outstanding at the close of business on 31 October 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this supplemental circular.

The Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 31 October 2022 up to and including the Latest Practicable Date.

3. SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources of the Group (including the Group's internal resources, available banking and other borrowing facilities and credit enhancement guarantee from BEH, a controlling shareholder of the Company holding approximately 32% of the issued capital of the Company), in the absence of any unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient working capital for the Group's requirements for at least the next 12 months from the date of this supplemental circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL CHANGES

As at the Latest Practicable Date, there had not been any material change in the financial or operation position or outlook of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

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

The deposit services contemplated under the 2023-2025 Financial Services Framework Agreement are expected to increase the earnings of the Group in terms of interest income to be generated when the Group places deposits with BEH Finance. The deposit services will not have material impact on the assets and liabilities of the Group.

The direct leasing transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement are expected to increase the asset of the amount being the principal amount, lease interests and handling fees as an addition to property, plant and equipment (construction-in-progress) and increase the liability as a loan from leasing company at the time of the transfer of the assets purchased from the supplier initially and during the construction of the relevant project concerned. After the relevant project is put into operation, the interests derived from the direct leasing transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement will be recognized as finance costs.

The sales and leaseback services under the 2022-2025 Finance Lease Business Framework Agreement are in substance a financing arrangement rather than a lease transaction under “HKFRS 16 Leases”. Under the arrangement, Beijing Jingneng Leasing will purchase the equipment owned by the Group and then leaseback to the Group for rentals. Upon maturity, the Group will be entitled to purchase back the assets at a nominal consideration. As substantial risks and rewards of such assets were retained by the Group before and after these arrangements, the transaction will not satisfy the requirement of “HKFRS 15 Revenue” to be accounted for as a sale of an asset. According to HKFRS 16.103(a), the seller-lessee shall continue to recognize the transferred asset and a recognition of financial liability applying “HKFRS 9 Financial instruments” for the cash received.

6. FINANCIAL AND OPERATION PROSPECTS OF THE GROUP

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

In February 2020, the Company completed the allotment and issuance of Shares to BEH and BEH became the single largest and controlling Shareholder. Upon completion of the subscription, BEH issued a letter to the Group and agreed to provide credit enhancement guarantee in the amount of RMB8 to 10 billion for a period of 3 years, depending on the actual operating funding needs of the Group.

As at 30 June 2022, the Group had 104 grid-connected power plants with an aggregate installed capacity of approximately 4,583.39MW in the PRC. According to the Company's interim report, the 104 power plants beneficially owned by the Group have generated electricity in an aggregate volume of approximately 3,322,474 megawatt-hours (“MWh”) for the six months ended 30 June 2022.

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

1. RESPONSIBILITY STATEMENT

This supplemental 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 supplemental 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 supplemental 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 10 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	Approximate Percentage of the issued Shares ⁽¹⁾
Mr. Zhang Ping	Beneficial Owner	28,544,000 ⁽²⁾	0.13%
Mr. Zhu Jun	Beneficial Owner	29,250,000 ⁽³⁾	0.13%

Notes:

- These percentages are calculated based on 22,427,948,432 listed Shares in issue as at the Latest Practicable Date.
- Among these interests, 24,000,000 share options were granted by the Company on 16 June 2022 under the share option scheme of the Company.
- Among these interests, 28,050,000 share options were granted by the Company on 16 June 2022 under the share option scheme of the Company.

(b) Long position in share options

Grantees	Date of grant	Exercise price (HK\$/Share)	Number of outstanding share options	Capacity/ Nature of interest	Exercise period <i>(Note)</i>
Mr. Zhang Ping	16 June 2022	HK\$0.240	24,000,000	Beneficial owner	from 16 June 2024 to 15 June 2027
Mr. Zhu Jun	16 June 2022	HK\$0.240	28,050,000	Beneficial owner	from 16 June 2024 to 15 June 2027

Note: Conditional upon the achievement or attainment of certain performance targets of the Company and the respective grantee, all share options granted shall vest in three tranches within a period of 3 years in proportions of 34%, 33% and 33%, i.e. 34% of the share options granted shall vest on 2nd anniversary of the grant, another 33% shall vest on the 3rd anniversary of the grant, and the remaining 33% shall vest on the 4th anniversary of the grant. In this table, “exercise period” of share options begins with the 2nd anniversary of the grant date.

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. Zhao Bing, a non-executive Director, is a director and general manager of Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), which is a direct controlling Shareholder of the Company, the head of finance department of BEH, the Company’s indirect controlling Shareholder, and the chairman and the general manager of Beijing Jingneng International Power Co., Ltd.* (北京京能國際能源股份有限公司). Mr. Su Yongjian, a non-executive Director, is the head of energy investment department of BEH, the Company’s indirect controlling Shareholder. Mr. Lu Xiaoyu, a non-executive Director, is a member of the party committee and a deputy general manager of Qingdao Chengtuo New Energy Group Co., Ltd.* (青島城投新能源集團有限公司), which is a subsidiary of the Company’s substantial Shareholder, Qingdao City Construction Investment (Group) Co., Ltd.* (青島城市建設投資(集團)有限責任公司).

3. MATERIAL LITIGATION

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

4. DIRECTORS' SERVICE CONTRACTS

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

5. 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 2021 (being the date of which the latest published audited financial statements of the Group were made up).

6. DIRECTORS' COMPETING INTERESTS

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

7. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2021, 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 supplemental circular and up to and including the Latest Practicable Date of this supplemental circular and are or may be material:

- (a) the conditional equity transfer agreement(s) and the supplemental agreement(s) (as applicable) dated 1 March 2022 entered into between BEI Energy Development (Beijing) Co., Ltd., as purchaser and Shanghai Sineng Investment Co., Ltd.* (上海斯能投資有限公司), as vendor respectively, in relation to the proposed acquisitions of the equity interest in each of Shuozhou City Pinglu District Honggou Wind Energy Co., Ltd.* (朔州市平魯區紅溝風電有限公司), Xiyang County Sineng New Energy Co., Ltd.* (昔陽縣斯能新能源有限公司), Xiyang County Sineng Wind Energy Co., Ltd.* (昔陽縣斯能風電有限公司) and Youyu County Sineng Wind Energy Co., Ltd.* (右玉縣斯能風電有限公司);
- (b) the conditional equity transfer agreements dated 30 December 2021 entered into between BEI Energy Development (Beijing) Co., Ltd. as purchaser, Hebei Hangtian Yuanfeng New Energy Technology Co., Ltd.* (河北航天遠豐新能源科技有限公司) and Guangzong County Guoshun Energy Co., Ltd.* (廣宗縣國順能源有限公司) as vendors and Guangzong County Guorui Energy Co., Ltd.* (廣宗縣國瑞能源有限公司), Longyao County Guochang New Energy Technology Co., Ltd.* (隆堯縣國昌新能源科技有限公司) and Nangong City Guoshun New Energy Technology Co., Ltd.* (南宮市國順新能源科技有限公司) as target companies, respectively, in relation to the acquisition of the entire equity interest in each of the target companies;
- (c) the conditional equity transfer agreement dated 28 December 2021 entered into between BEI Energy Development (Beijing) Co., Ltd. as purchaser, Zanzhuang County Shunli Energy Co., Ltd.* (贊皇縣順利能源有限公司) as vendor and Nangong City Guorui New Energy Technology Co., Ltd.* (南宮市國瑞新能源科技有限公司) as target company, in relation to the acquisition of the entire equity interest in the target company;
- (d) the conditional equity transfer agreement dated 22 December 2021 entered into between BEI Energy Development (Beijing) Co., Ltd. as purchaser, Nangong City Yuchuan New Energy Technology Co., Ltd.* (南宮市禹川新能源科技有限公司) as vendor and Nangong City Guolong New Energy Technology Co., Ltd.* (南宮市國隆新能源科技有限公司) as target company, in relation to the acquisition of the entire equity interest in the target company;

- (e) the equity transfer agreement(s) and the supplemental agreement(s) dated 10 December 2021 entered into between BEI Energy Development (Beijing) Co., Ltd. as purchaser and Shanghai Sineng Investment Co., Ltd.* (上海斯能投資有限公司), as vendor, respectively, in relation to the acquisitions of the entire equity interest in each of Yangqu County Weilan New Energy Co., Ltd.* (陽曲縣蔚藍新能源有限公司), Hunyuan Sineng New Energy Co., Ltd.* (渾源斯能新能源有限公司), Pianguan County Sineng Wind Energy Co., Ltd.* (偏關縣斯能風電有限公司) and Heshun County Sineng Wind Energy Co., Ltd.* (和順縣斯能風電有限公司);
- (f) the subscription agreement dated 22 June 2021 entered into between the Company, as the issuer and KGI Asia Limited, as the sole lead manager, in relation to the issue of US\$50,000,000 3.8% convertible bonds due 2024 by the Company;
- (g) the equity transfer agreement dated 9 June 2021 entered into between BEI Energy Development (Beijing) Co., Ltd. (“**BEIED**”) as the purchaser, Shanxi Xinyou Investment Group Co., Ltd.* (山西信友投資集團有限公司) (“**Shanxi Xinyou**”) as the vendor and Xinjiang Xinyou New Energy Power Co., Ltd.* (新疆信友新能源發電有限公司) (“**Xinjiang Xinyou**”) as the target company, in relation to the acquisition of the entire equity interests in Xinjiang Xinyou at nil consideration and assumption of debts in the amount of RMB430,000,000. On the same date, BEIED, Shanxi Xinyou, Xinjiang Xinyou and Powerchina Jiangxi Electric Power Construction Co., Ltd.* (中國電建集團江西省電力建設有限公司) entered into the cooperation agreement in relation to the development of 50MW wind power project in Xinjiang;
- (h) (i) the termination agreement dated 7 May 2021 entered into between United Photovoltaics (Changzhou) Investment Group Co., Ltd.* (聯合光伏(常州)投資集團有限公司) (“**UP Changzhou**”), Qinqdao ICBC Shengjing Equity Investment Fund Co., Ltd.* (青島工融盛景股權投資基金有限責任公司) (“**Investor 1**”), ICBC Financial Investment No. 3 (Tianjin) Equity Investment Partnership (Limited Partnership)* (工融金投三號(天津)股權投資合夥企業(有限合夥)) (“**Investor 2**”), United Photovoltaics (Shenzhen) Limited* (聯合光伏(深圳)有限公司) (“**UP Shenzhen**”), and Beijing Energy International Investment Limited (“**BEII**”) to terminate the Previous Capital Injection Agreement (as defined hereunder); (ii) the updated capital increase agreement dated 7 May 2021 entered into between ICBC Financial Asset Investment Co., Ltd.* (工銀金融資產投資有限公司) (“**ICBC Investment**”), UP Shenzhen, BEII and UP Changzhou to change the contract party to the Previous Capital Injection Agreement from Investor 1 and Investor 2 to ICBC Investment, whereas the other terms and conditions (apart from the aforesaid parties clause) remain the same as Previous Capital Injection Agreement; (iii) the equity interest transfer agreement dated 7 May 2021 entered into between ICBC Investment, BEH, UP Shenzhen, BEII and UP Changzhou in relation to the potential equity interest transfer upon the occurrence of any of the specific circumstances specified in the agreement;

- (i) the capital increase agreement dated 25 February 2021 entered into between UP Changzhou, Investor 1, Investor 2, UP Shenzhen and BEII, pursuant to which (i) Investor 1 conditionally agreed to inject RMB1 billion into UP Changzhou by way of cash contribution and in return for RMB793,853,739 in the registered capital of UP Changzhou; and (ii) Investor 1 and Investor 2 were entitled to, but not obliged to, subsequently inject in aggregate of not more than RMB2 billion within six (6) months after the effective date of the agreement in return for RMB1,587,707,478 in the registered capital of the UP Changzhou (the “**Previous Capital Injection Agreement**”);
- (j) the sale and purchase agreement dated 8 February 2021 entered into by BEI Energy Development (Beijing) Co., Ltd. and Inner Mongolia Xingbang United New Energy Co., Ltd.* (內蒙古興邦聯合光伏新能源有限公司) as purchasers and Zhongming Capital Holdings Group Co., Ltd.* (中明資本控股集團有限公司) and Inner Mongolia Weiheng Industry and Trade Co., Ltd.* (內蒙古偉恒工貿有限公司) as vendors in relation to the acquisition of entire equity interest in Inner Mongolia Minghua New Energy Co., Ltd.* (內蒙古明華新能源股份有限公司) which holds in total 6 solar power plants with total installed capacity of 115MW in Inner Mongolia, the PRC at the consideration of RMB300,580,000;
- (k) the equity interest transfer agreement dated 29 January 2021 entered into by BEI Energy Development (Beijing) Co., Ltd. as purchaser and Inner Mongolia Yuanhai New Energy Co., Ltd.* (內蒙古源海新能源有限責任公司) as vendor in relation to the acquisition of entire equity interest in Wulate Houqi Banner Yuanhai New Energy Co., Ltd.* (烏拉特後旗源海新能源有限責任公司) which owns an operational solar power plant with the grid-connected capacity of 50MW located in Inner Mongolia, the PRC at the consideration of RMB52,550,000;
- (l) the framework agreement dated 31 December 2020 entered into by United Photovoltaics (Shenzhen) Limited* (聯合光伏(深圳)有限公司) as purchaser and Tibet Huaxing New Energy Technology Co., Ltd.* (西藏華星新能源科技有限公司) as vendor in relation to the proposed acquisition of the entire equity interest in a project company which owns a photovoltaic power generation project with total installed capacity of 20MW in Tibet, the PRC, pursuant to which the purchaser is required to pay a refundable amount of RMB50 million as earnest money; and
- (m) the sale and purchase agreement dated 4 December 2020 entered into by BEI Energy Development (Beijing) Co., Ltd. as purchaser, Jiangshan Fengrong Investment Company Limited* (江山豐融投資有限公司) as vendor and Yulin City Jiangshan Yongchen New Energy Limited* (榆林市江山永宸新能源有限公司) as target company in relation to the proposed acquisition of the entire equity interest in Yulin City Jiangshan Yongchen New Energy Limited* (榆林市江山永宸新能源有限公司) at the consideration of approximately RMB1,177,829,000.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion or advice, which is contained in this supplemental circular:

Name	Qualification
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO

Gram Capital is an independent third party of the Company and its connected persons.

Gram Capital has given and has not withdrawn its written consent to the issue of this supplemental circular with the inclusion of its letter(s) or report(s) in the form and context in which they are included.

As at the Latest Practicable Date, Gram Capital 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 2021, being the date to which the latest published audited financial statements of the Company were made up.

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 supplemental circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

11. DOCUMENTS ON DISPLAY

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

- (a) the 2023-2025 Financial Services Framework Agreement;
- (b) the 2022-2025 Finance Lease Business Framework Agreement;
- (c) the letter from Gram Capital, the Independent Financial Adviser, as set out on pages 26 to 43 of this supplemental circular; and
- (d) the written consent of Gram Capital referred to in the section headed “9. Expert and consent” in this appendix.

SUPPLEMENTAL NOTICE OF SPECIAL GENERAL MEETING



京能集团

北京能源國際控股有限公司

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

SUPPLEMENTAL NOTICE OF SPECIAL GENERAL MEETING

Reference is made to the notice of special general meeting (the “**Notice of SGM**”) of Beijing Energy International Holding Co., Ltd. (the “**Company**”) dated 30 November 2022, which set out the time and venue of the special general meeting of the Company (the “**SGM**”) and contained the resolutions to be considered by the shareholders of the Company at the SGM.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN THAT the SGM will be held as originally scheduled at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 12/F, Building 7, Sanfeng North Lane, Chaoyang District, Beijing, PRC) on Thursday, 15 December 2022 at 11:00 a.m. for the following purpose:

ORDINARY RESOLUTIONS

3. “**THAT**

- (a) the 2023-2025 Financial Services Framework Agreement (as defined in the supplemental circular of the Company dated 30 November 2022 (the “**Supplemental Circular**”)), a copy of which is marked “A” and initialled by the Chairman of the SGM for the purpose of identification, the terms, the transactions contemplated thereunder together with the its proposed annual caps as set out in the Supplemental Circular be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the 2023-2025 Financial Services Framework Agreement and the transactions contemplated thereunder.”

4. “**THAT**

- (a) the 2022-2025 Finance Lease Business Framework Agreement (as defined in the Supplemental Circular), a copy of which is marked “B” and initialled by the Chairman of the SGM for the purpose of identification, the terms, the transactions contemplated thereunder together with the its proposed annual caps as set out in the Supplemental Circular be and are hereby approved, confirmed and ratified; and

SUPPLEMENTAL NOTICE OF SPECIAL GENERAL MEETING

- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the 2022-2025 Finance Lease Business Framework Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 30 November 2022

Notes:

1. Details of the ordinary resolutions numbered 3 and 4 stated above are set out in the Supplemental Circular. A revised form of proxy containing the above ordinary resolutions is enclosed with the Supplemental Circular. Please refer to the section headed “Special General Meeting and Revised Form of Proxy” on pages 20 to 22 of the Supplemental Circular for arrangements on the completion and submission of the revised form of proxy.
2. Apart from the newly added ordinary resolutions and other information as set out in the Supplemental Circular, all the other matters of the SGM remain unchanged. For details of the other resolutions to be considered and approved at the SGM and other relevant matters, please refer to the circular of the Company dated 30 November 2022 in relation to (i) potential major transaction and connected transaction in relation to the proposed establishment of the asset-backed securities program and proposed issuance of the the asset-backed securities to be managed by China Merchants Securities Assets Management Co., Ltd. and (ii) re-election of retiring director.
3. As at the date hereof, the Board comprises:

Executive Directors:

Mr. Zhang Ping (*Chairman*)
Mr. Lu Zhenwei

Non-Executive Directors:

Mr. Zhao Bing
Mr. Su Yongjian
Mr. Li Hao
Mr. Lu Xiaoyu

Independent Non-Executive Directors:

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