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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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)**

- (1) CONTINUING CONNECTED TRANSACTION, VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL IN RELATION TO SUPPLEMENTAL AGREEMENT TO 2022-2025 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT;**
- (2) MAJOR TRANSACTIONS IN RELATION TO ENGINEERING, PROCUREMENT AND CONSTRUCTION CONTRACTS FOR THE FACILITIES RELATING TO A 2,380MW WIND FARM PROJECT LOCATED IN TONGLIAO CITY, THE PRC, A 1,380MW WIND FARM PROJECT LOCATED IN HORQIN DISTRICT, TONGLIAO CITY, THE PRC AND A 1,000MW WIND FARM PROJECT LOCATED IN HORQIN LEFT REAR BANNER, TONGLIAO CITY, THE PRC;**
- (3) SHARE PREMIUM REDUCTION;**
- AND**
- (4) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and Shareholders**



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A letter from the Board is set out from pages 7 to 36 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 37 to 38 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 39 to 47 of this circular.

A notice convening a SGM to be held at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, PRC) on Monday, 18 December 2023 at 11:00 a.m. is set out on pages 58 to 61 of this circular. A form of proxy for the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

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## DEFINITIONS

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*In this 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
“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 shareholder of the Company holding 7,176,943,498 Shares, representing approximately 32.04% of the issued share capital 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 wholly-owned subsidiary of BEH and hence a connected person of the Company
“Board”	the board of Directors of the Company
“Bye-laws”	the bye-laws of the Company, as amended, supplemented or modified from time to time
“Companies Act”	the Companies Act 1981 of the laws of Bermuda, as amended from time to time
“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
“Contributed Surplus Account”	the contributed surplus account of the Company as ascertained in accordance with the Companies Act
“controlling shareholder”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

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## DEFINITIONS

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“Effective Date”	the date on which the Share Premium Reduction shall become effective, being the next business day immediately following the date of the SGM at which the relevant special resolution approving the Share Premium Reduction will be considered and, if appropriate, passed by the Shareholders
“EPC”	engineering, procurement and construction
“EPC Contract 1”	the EPC contract entered into between Minglong New Energy, Xintong Wind Power and Powerchina Jiangxi dated 9 November 2023 in relation to the Works 1
“EPC Contract 2”	the EPC contract entered into between Minglong New Energy and Powerchina Jiangxi dated 9 November 2023 in relation to the Works 2
“EPC Contract 3”	the EPC contract entered into between Xintong Wind Power and Powerchina Jiangxi dated 9 November 2023 in relation to the Works 3
“EPC Contracts”	collectively, EPC Contract 1, EPC Contract 2 and EPC Contract 3
“Facilities”	collectively, Facility 1, Facility 2 and Facility 3
“Facility 1”	the 500kV pooling station (including energy storage and centralised control center) for the 2,380MW wind farm project located in Tongliao City, the PRC
“Facility 2”	collectively, (i) three power transmission lines connecting three 220kV booster stations to a 500kV pooling station; and (ii) five 50Mvar distributed compensators, for the 1,380MW wind farm project located in Horqin District, Tongliao City, the PRC
“Facility 3”	collectively, (i) the power transmission lines connecting two 220kV booster stations to a 500kV pooling station; and (ii) seven 50Mvar distributed compensators, for the 1,000MW wind farm project located in Horqin Left Rear Banner, Tongliao City, the PRC
“Finance Department”	the financial management department of the Company

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## DEFINITIONS

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“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 to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Supplemental 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”	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 transactions contemplated under the Supplemental Agreement
“Independent Shareholders”	Shareholders other than BEH, Beijing Jingneng Leasing and their respective associates who are required under the Listing Rules to abstain from voting at the SGM for the resolution approving the Supplemental Agreement and the transactions contemplated thereunder
“Independent Third Parties”	person(s) who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties independent of, and not connected with, the Company and its connected person(s)
“kV”	kilovolt
“kW”	kilowatt(s), which equals to 1,000 watts
“Latest Practicable Date”	28 November 2023, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained herein

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“LPR”	the loan prime rate announced by the National Interbank Funding Center from time to time
“Minglong New Energy”	Tongliao Minglong New Energy Co., Ltd.* (通遼市銘龍新能源有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“Mvar”	megavolt ampere of reactive power
“MW”	megawatt(s), which equals 1,000,000 watts
“MWh”	megawatt-hour(s)
“Powerchina Jiangxi”	Powerchina Jiangxi Electric Power Construction Co., Ltd. (中國電建集團江西省電力建設有限公司), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China, which for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Governmental Body”	has the meaning ascribed to it under Rule 19A.04 of the Listing Rules
“Proposed Revised Annual Cap”	the revised annual cap for the transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement for the year ending 31 December 2023, being RMB6,000 million
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“SGM” or “Special General Meeting”	the special general meeting of the Company to be convened at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, PRC) on Monday, 18 December 2023 at 11:00 a.m. or any adjournment thereof, and the notice of which is attached to this circular
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s) of the Company
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of an amount of approximately HK\$10,807 million (equivalent to approximately RMB9,125 million) standing to the credit of the Share Premium Account as at the Effective Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supplemental Agreement”	the supplemental agreement to the 2022-2025 Finance Lease Business Framework Agreement entered into between the Company and Beijing Jingneng Leasing on 3 November 2023 in relation to the Proposed Revised Annual Cap
“Works”	collectively, Works 1, Works 2 and Works 3
“Works 1”	the EPC services undertaken by Powerchina Jiangxi pursuant to the EPC Contract 1 for the construction of Facility 1, details of which are set out under the paragraph headed “The EPC Contract 1 – Principal terms of the EPC Contract 1 – Subject matter”

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## DEFINITIONS

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“Works 2”	the EPC services undertaken by Powerchina Jiangxi pursuant to the EPC Contract 2 for the construction of Facility 2, details of which are set out under the paragraph headed “The EPC Contract 2 – Principal terms of the EPC Contract 2 – Subject matter”
“Works 3”	the EPC services undertaken by Powerchina Jiangxi pursuant to the EPC Contract 3 for the construction of Facility 3, details of which are set out under the paragraph headed “The EPC Contract 3 – Principal terms of the EPC Contract 3 – Subject matter”
“Xintong Wind Power”	Tongliao Xintong Wind Power Co., Ltd.* (通遼市新通風能有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“%”	per cent

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



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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Zhang Ping (*Chairman*)

Mr. Lu Zhenwei

*Non-executive Directors:*

Mr. Liu Guoxi

Mr. Su Yongjian

Mr. Li Hao

Mr. Lu Xiaoyu

*Independent Non-executive Directors:*

Ms. Jin Xinbin

Ms. Li Hongwei

Mr. Zhu Jianbiao

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Principal Place of Business in Hong Kong:*

Unit 1012, 10/F.

West Tower, Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

4 December 2023

*To the Shareholders*

Dear Sir or Madam,

- (1) CONTINUING CONNECTED TRANSACTION, VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL IN RELATION TO SUPPLEMENTAL AGREEMENT TO 2022-2025 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT;**
- (2) MAJOR TRANSACTIONS IN RELATION TO ENGINEERING, PROCUREMENT AND CONSTRUCTION CONTRACTS FOR THE FACILITIES RELATING TO A 2,380MW WIND FARM PROJECT LOCATED IN TONGLIAO CITY, THE PRC, A 1,380MW WIND FARM PROJECT LOCATED IN HORQIN DISTRICT, TONGLIAO CITY, THE PRC AND A 1,000MW WIND FARM PROJECT LOCATED IN HORQIN LEFT REAR BANNER, TONGLIAO CITY, THE PRC;**
- (3) SHARE PREMIUM REDUCTION;**
- AND**
- (4) NOTICE OF SPECIAL GENERAL MEETING**

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

The purpose of this circular is to provide you with, among other things, (i) details of the Supplemental Agreement; (ii) details of the EPC Contracts; (iii) details of the Share Premium Reduction; (iv) a letter of advice from the Independent Board Committee to the Independent Shareholders in connection with the Supplemental Agreement; (v) 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 Supplemental Agreement; and (vi) the notice of the SGM, to enable you to make an informed decision on whether to vote for or against those resolutions to be proposed at the SGM.

### 2. SUPPLEMENTAL AGREEMENT TO THE 2022-2025 FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT

References are made to the announcement of the Company dated 3 November 2023 in relation to the Supplemental Agreement and the supplemental circular of the Company dated 30 November 2022 in relation to, among others, the 2022-2025 Finance Lease Business Framework Agreement entered into between the Company and Beijing Jingneng Leasing, pursuant to which Beijing Jingneng Leasing and/or its associate companies has agreed to provide finance lease services, including but not limited to, direct lease and sales and leaseback services to the Group from 1 December 2022 until 30 November 2025, subject to the terms and conditions provided therein.

#### **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 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.

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## LETTER FROM THE BOARD

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Scope of finance lease services:

Pursuant to the 2022-2025 Finance Lease Business Framework Agreement, Beijing Jingneng Leasing and/or its associate companies will provide finance lease services, including but not limited to, direct lease 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.

**(1) Direct lease services**

Upon the requests or instructions of the Group, Beijing Jingneng Leasing and/or its associate companies will provide finance lease 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.

### **The Supplemental Agreement**

In light of the business needs of the Group, the Company and Beijing Jingneng Leasing entered into the Supplemental Agreement on 3 November 2023 (after trading hours), pursuant to which, the Company and Beijing Jingneng Leasing has agreed to revise the annual cap under the 2022-2025 Finance Lease Business Framework Agreement for the year ending 31 December 2023 to RMB6,000 million.

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## LETTER FROM THE BOARD

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Save for the above amendment, all other terms and conditions of the 2022-2025 Finance Lease Business Framework Agreement remain unchanged.

The Supplemental Agreement shall become effective upon being approved at the general meeting of the Company.

### **Historical transaction amounts, existing caps and Proposed Revised Annual Cap**

#### ***Historical transaction amounts in relation to finance lease services provided by Beijing Jingneng Leasing and/or its associate companies***

	For the year ended 31 December 2021 <i>RMB'million</i>	For the one month ended 31 December 2022 <i>RMB'million</i>	For the eight months ended 31 August 2023 <i>RMB'million</i>
Historical transaction amounts (including principal amount, lease interests and handling fees)	Nil	806.82	1,984.94

#### ***Existing caps and Proposed Revised Annual Cap under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental Agreement***

	For the one month ended 31 December 2022 <i>RMB'million</i>	For the year ending 31 December 2023 <i>RMB'million</i>	For the year ending 31 December 2024 <i>RMB'million</i>	For the eleven months ending 30 November 2025 <i>RMB'million</i>
Existing caps	1,000	4,000	5,000	6,000
Proposed Revised Annual Cap	-	6,000	-	-

#### **Basis for the Proposed Revised Annual Cap and reasons for and benefits of entering into the Supplemental Agreement**

The Proposed Revised Annual Cap includes principal amount, lease interests and handling fees, which 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,

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## LETTER FROM THE BOARD

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***(1) Historical amount for the eight months ended 31 August 2023***

The transaction amount (excluding interest) for power generation projects in relation to leasing arrangements entered into under the 2022-2025 Finance Lease Business Framework Agreement for the eight months ended 31 August 2023 has amounted to approximately RMB1,902 million.

***(2) Financial requirements of the upcoming power generation projects in construction***

The power generation business is a capital-intensive business and further business development and expansion of the Group requires a lot of capital. The Company expects the financing requirements of the Group for power generation projects (involving 12 power generation projects with an aggregate installed capacity of 3,286.70MW) in relation to leasing arrangements to be entered into in the four months ending 31 December 2023 will amount to approximately RMB3,710 million. The aforementioned 12 power generation projects were not considered when estimating the annual cap for the year ending 31 December 2023 under the 2022-2025 Finance Lease Business Framework Agreement as (i) 6 projects were planned to be acquired or constructed after the entering into the 2022-2025 Finance Lease Business Framework Agreement and (ii) the financing of the other 6 projects were either repaid in advance for better interest rate or failed to be provided by other financial institutions per the schedule requested by the Group. The financing of these projects will be provided by Beijing Jingneng Leasing.

***(3) Expected interest incurred or to be incurred under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental Agreement***

The Company expects the interest incurred or to be incurred under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental Agreement for the year ending 31 December 2023 will be approximately RMB113 million. When calculating the interest expense to be incurred for new leasing to be entered into, the Company adopted the expected annual interest rate of 3.26%. 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 2023, there are 164 power plants beneficially owned by the Group with an aggregate installed capacity of approximately 7,221.96MW comparing with 125 power plants and an aggregate installed capacity of approximately 5,603.44MW as at 31 December 2022. The entering into the Supplemental Agreement will facilitate the Group's growing capital needs in associate with the rapid development of the Group.

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## LETTER FROM THE BOARD

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Having considered the above, the Directors (excluding the independent non-executive Directors, whose opinion on the Supplemental Agreement and the transactions contemplated thereunder will be set forth in the circular by reference to the advice from the Independent Financial Adviser in this regard) are of the view that the Supplemental Agreement and the Proposed Revised Annual Cap have been negotiated on an 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 and the Supplemental Agreement.

As Mr. Su Yongjian (the non-executive Director) was the senior management of BEH, he had abstained from voting on the Board resolution approving the Supplemental Agreement and the transactions contemplated thereunder. Save and except for the aforesaid, none of the Directors has any material interest in the Supplemental Agreement and was required to abstain from voting on the Board resolution in relation to the Supplemental Agreement.

### **Financial effects of the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental Agreement**

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

Direct lease under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental 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 lease by Beijing Jingneng Leasing were in substance the principal and interests for such financing activity. Upon maturity of such direct lease 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 recognise, 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".

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## LETTER FROM THE BOARD

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The sales and leaseback services under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental 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 lease back 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 recognise the transferred asset and a recognition of financial liability applying “HKFRS 9 Financial instruments” for the cash received.

### **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 and the Supplemental Agreement, which include the following:

### ***Comparison with independent quotations***

The Finance Department is responsible for collecting and monitoring the information under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental Agreement. Prior to entering into individual leasing contracts under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental 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 and 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.

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## LETTER FROM THE BOARD

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### ***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 and the Supplemental 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, the Supplemental 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.

The Finance Department will monitor the leasing transactions under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental Agreement on a regular basis. In particular, the Finance Department will be in close contact with the Group's business teams which are 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 and the Supplemental 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.



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## LETTER FROM THE BOARD

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### **Information on the Parties**

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

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

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 32.04% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules.

### **Listing Rules Implications**

#### ***2022-2025 Finance Lease Business Framework Agreement and the Supplemental 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.

#### *Direct lease services*

The transactions under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental Agreement in respect of direct lease services will be recognised as acquisition of assets. As the highest applicable percentage ratio exceeds 100%, the transactions under the Supplemental Agreement in respect of direct lease 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.

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## LETTER FROM THE BOARD

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### *Sales and leaseback services*

The transactions under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental 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 Supplemental 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 and the Supplemental Agreement constitute disposal of assets under Rule 14.04(1)(a) of the Listing Rules. As the highest applicable percentage ratio exceeds 75%, such transactions under the Supplemental Agreement 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.

### **3. THE EPC CONTRACTS**

Reference is made to the announcement of the Company dated 9 November 2023 in respect of the EPC Contracts (the "**Announcement**").

On 9 November 2023 (after trading hours):

- (i) Minglong New Energy and Xintong Wind Power (together as the principals), both of them being subsidiaries of the Company, entered into the EPC Contract 1 with Powerchina Jiangxi (as the contractor). Pursuant to the EPC Contract 1, Powerchina Jiangxi will perform the Works 1 in relation to the construction of the Facility 1. The contract price of the EPC Contract 1 amounted to approximately RMB1,269 million (tax inclusive);
- (ii) Minglong New Energy (as the principal), a subsidiary of the Company, entered into the EPC Contract 2 with Powerchina Jiangxi (as the contractor). Pursuant to the EPC Contract 2, Powerchina Jiangxi will perform the Works 2 in relation to the construction of the Facility 2. The contract price of the EPC Contract 2 amounted to approximately RMB685 million (tax inclusive); and
- (iii) Xintong Wind Power (as the principal), a subsidiary of the Company, entered into the EPC Contract 3 with Powerchina Jiangxi (as the contractor). Pursuant to the EPC Contract 3, Powerchina Jiangxi will perform the Works 3 in relation to the construction of the Facility 3. The contract price of the EPC Contract 3 amounted to approximately RMB780 million (tax inclusive).

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## LETTER FROM THE BOARD

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### **The EPC Contract 1**

On 9 November 2023 (after trading hours), as disclosed in the Announcement, Minglong New Energy and Xintong Wind Power (together as the principals), both of them being subsidiaries of the Company, entered into the EPC Contract 1 with Powerchina Jiangxi, as the contractor.

### **Principal terms of the EPC Contract 1**

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

- Date: 9 November 2023 (after trading hours)
- Parties:
- (i) Minglong New Energy (as one of the principals), a subsidiary of the Company;
  - (ii) Xintong Wind Power (as one of the principals), a subsidiary of the Company; and
  - (iii) Powerchina Jiangxi (as the contractor), a third party independent of the Company and the connected persons of the Company as at the Latest Practicable Date.
- Subject matter: Pursuant to the EPC Contract 1, Powerchina Jiangxi agrees to serve as the EPC contractor to provide EPC services to Minglong New Energy and Xintong Wind Power for the construction of Facility 1. The EPC services under Works 1 shall include the survey, design, engineering, procurement, supply, construction, installation, testing, commissioning, and hand over of the Facility 1 which is capable of complying with the agreed technical standards specified in the technical agreement attached to the EPC Contract 1.

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## LETTER FROM THE BOARD

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In addition, Powerchina Jiangxi shall be responsible for, among others, all permanent and temporary land acquisition, compliance procedures, revegetation, ecological management, external coordination, connection to the centralised control center of Tongliao 238 base project's for remote supervision and control over Works 1, intelligent technology project, energy storage systems, implementation of the review comments on the design proposal for the access system, and other works arising out of and in connection with the construction of the Facility 1 as set forth in the EPC Contract 1. Powerchina Jiangxi shall also guarantee the achievement of the performance standards set forth in the EPC Contract 1.

Construction period:

The Works 1 is scheduled to commence subject to the written notice from Minglong New Energy and Xintong Wind Power to Powerchina Jiangxi, and the completion of grid connection is expected to be taken place in June 2024 under the EPC Contract 1.

Contract Price 1 and payment method:

The consideration of the EPC Contract 1 is approximately RMB1,269 million (tax inclusive) (“**Contract Price 1**”) which consists of equipment and materials payment, construction and installation payment, survey and design payment and other fees, the details of the payment structure are as follow:

<b>Payments &amp; fees</b>	<i>approximately RMB' million</i>
1. Equipment and materials payment	1,040
2. Construction and installation payment	199
3. Survey and design payment	7
4. Other fees	<u>23</u>
<b>Total</b>	<b><u><u>1,269</u></u></b>

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## LETTER FROM THE BOARD

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The Contract Price 1 shall be settled in the following manners:

**(i) Advance Payment**

20% of the Contract Price 1 as advance payment (the “**Advance Payment 1**”) shall be paid to Powerchina Jiangxi upon the fulfillment of the following conditions, including (i) the EPC Contract 1 being effective; (ii) the receipt of the letter of performance guarantee and letter of advance payment guarantee (each is equivalent to 10% of the total contract value under the EPC Contract 1 and is irrevocable and payable on demand); and (iii) the receiving of a receipt for Advance Payment 1 from Powerchina Jiangxi to Minglong New Energy and Xintong Wind Power.

**(ii) Milestone Payment**

Based on the progress of the project and the receipt of the relevant invoice(s), Minglong New Energy and Xintong Wind Power shall pay to Powerchina Jiangxi with respect to the equipment and materials payment, construction and installation payment, survey and design payment and other fees. In furtherance to the above, Minglong New Energy and Xintong Wind Power shall pay up to 95% of the equipment and materials payment, 97% of the construction and installation payment, 95% of the survey and design payment and 100% of the other fees upon the fulfilment of certain conditions set out under the EPC Contract 1, including, among others, achieving satisfactory results from the inspection of the completed project and obtaining relevant compliance approvals (if applicable).

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## LETTER FROM THE BOARD

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### (iii) Quality Assurance Fund

Under the EPC Contract 1, the remaining 5% of the equipment and materials payment, 3% of the construction and installation payment, and 5% of the survey and design payment shall be retained by Minglong New Energy and Xintong Wind Power (the “Quality Assurance Fund 1”), and shall be paid to Powerchina Jiangxi upon the fulfilment of the conditions set out in the “Quality guarantee” below.

Performance guarantee: Under the EPC Contract 1, Powerchina Jiangxi shall provide a letter of performance guarantee issued by a qualified commercial bank agreed by Minglong New Energy and Xintong Wind Power with an amount equivalent to 10% of the Contract Price 1, to guarantee the due performance by Powerchina Jiangxi of its obligations under the EPC Contract 1.

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

Advance payment guarantee: Under the EPC Contract 1, together with the letter of performance guarantee, Powerchina Jiangxi shall provide a letter of advance payment guarantee issued by a qualified commercial bank agreed by Minglong New Energy and Xintong Wind Power with an amount equivalent to 10% of the Contract Price 1, to guarantee that the Advance Payment 1 will be used in accordance with the terms of the EPC Contract 1.

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

Quality guarantee: The Quality Assurance Fund 1 shall be released upon the fulfilment of the following conditions:

- (a) all defects of the Works 1 have been rectified during the warranty periods, and a certificate confirming the same has been issued by Minglong New Energy and Xintong Wind Power;

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## LETTER FROM THE BOARD

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- (b) all agreed technical standards stated in the EPC Contract 1 have been met; and if there is any quality issue, Powerchina Jiangxi shall have already resolved the issue in accordance with the EPC Contract 1; and
- (c) before the expiration of the warranty periods under the EPC Contract 1, with respect to any equipment with warranty periods exceeding one year, Powerchina Jiangxi shall unconditionally transfer the rights to the quality assurance obligation of the relevant suppliers of such equipment to Minglong New Energy and Xintong Wind Power.

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

### **The EPC Contract 2**

On 9 November 2023 (after trading hours), as disclosed in the Announcement, Minglong New Energy, a subsidiary of the Company, as the principal, entered into the EPC Contract 2 with Powerchina Jiangxi, as the contractor.

### **Principal terms of the EPC Contract 2**

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

- Date: 9 November 2023 (after trading hours)
- Parties:
- (i) Minglong New Energy (as the principal), a subsidiary of the Company; and
  - (ii) Powerchina Jiangxi (as the contractor), a third party independent of the Company and the connected persons of the Company as at the Latest Practicable Date.
- Subject matter: Pursuant to the EPC Contract 2, Powerchina Jiangxi agrees to serve as the EPC contractor to provide EPC services to Minglong New Energy for the construction of Facility 2. The EPC services under Works 2 shall include the survey, design, engineering, procurement, supply, construction, installation, testing, commissioning, and hand over of the Facility 2 which is capable of complying with the agreed technical standards specified in the technical agreement attached to the EPC Contract 2.

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## LETTER FROM THE BOARD

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In addition, Powerchina Jiangxi shall be responsible for, among others, all permanent and temporary land acquisition, compliance procedures, revegetation, ecological management, external coordination, underground cable monitoring, on-line monitoring of the partial electrical discharge of underground cables, on-line monitoring of the temperature of cable terminations and connectors, implementation of the review comments on the design proposal for the access system, and other works arising out of and in connection with the construction of the Facility 2 as set forth in the EPC Contract 2. Powerchina Jiangxi shall also guarantee the achievement of the performance standards set forth in the EPC Contract 2.

Construction period:

The Works 2 is scheduled to commence subject to the written notice from Minglong New Energy to Powerchina Jiangxi, and completion of the rectification of defects and inspection and delivery are expected to be taken place by June 2024 for works relating to the compensators and December 2024 for works relating to the power transmission lines under the EPC Contract 2.

Contract Price 2 and payment method:

The consideration of the EPC Contract 2 is approximately RMB685 million (tax inclusive) (“**Contract Price 2**”) which consists of equipment and materials payment, construction and installation payment, survey and design payment and other fees, the details of the payment structure are as follow:

<b>Payments &amp; fees</b>	<i>approximately RMB' million</i>
1. Equipment and materials payment	428
2. Construction and installation payment	223
3. Survey and design payment	1
4. Other fees	<u>33</u>
<b>Total</b>	<b><u><u>685</u></u></b>



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## LETTER FROM THE BOARD

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The Contract Price 2 shall be settled in the following manners:

**(i) Advance Payment**

20% of the Contract Price 2 as advance payment (the “**Advance Payment 2**”) shall be paid to Powerchina Jiangxi upon the fulfillment of the following conditions, including (i) the EPC Contract 2 being effective; (ii) the receipt of the letter of performance guarantee and letter of advance payment guarantee (each is equivalent to 10% of the total contract value under the EPC Contract 2 and is irrevocable and payable on demand); and (iii) the receiving of a receipt for Advance Payment 2 from Powerchina Jiangxi to Minglong New Energy.

**(ii) Milestone Payment**

Based on the progress of the project and the receipt of the relevant invoice(s), Minglong New Energy shall pay to Powerchina Jiangxi with respect to the equipment and materials payment, construction and installation payment, survey and design payment and other fees. In furtherance to the above, Minglong New Energy shall pay up to 95% of the equipment and materials payment, 97% of the construction and installation payment, 95% of the survey and design payment and 100% of the other fees upon the fulfilment of certain conditions set out under the EPC Contract 2, including, among others, achieving satisfactory results from the inspection of the completed project and obtaining relevant compliance approvals (if applicable).

**(iii) Quality Assurance Fund**

Under the EPC Contract 2, the remaining 5% of the equipment and materials payment, 3% of the construction and installation payment, and 5% of the survey and design payment shall be retained by Minglong New Energy (the “**Quality Assurance Fund 2**”), and shall be paid to Powerchina Jiangxi upon the fulfilment of the conditions set out in the “Quality guarantee” below.

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## LETTER FROM THE BOARD

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Performance guarantee: Under the EPC Contract 2, Powerchina Jiangxi shall provide a letter of performance guarantee issued by a qualified commercial bank agreed by Minglong New Energy with an amount equivalent to 10% of the Contract Price 2, to guarantee the due performance by Powerchina Jiangxi of its obligations under the EPC Contract 2.

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

Advance payment guarantee: Under the EPC Contract 2, together with the letter of performance guarantee, Powerchina Jiangxi shall provide a letter of advance payment guarantee issued by a qualified commercial bank agreed by Minglong New Energy with an amount equivalent to 10% of the Contract Price 2, to guarantee that the Advance Payment 2 will be used in accordance with the terms of the EPC Contract 2.

The letter of advance payment guarantee shall be released once the Advance Payment 2 is fully utilised along the progress of the project in accordance with the terms of the EPC Contract 2.

Quality guarantee: Under the EPC Contract 2, for the release of the Quality Assurance Fund 2 after date on which the completion of Works 2 is accepted by the Group and at any time within the warranty periods, Powerchina Jiangxi can opt to provide a letter of quality guarantee with an amount equivalent to the Quality Assurance Fund 2, to guarantee the due performance of the obligation of Powerchina Jiangxi to rectify all defects within the warranty periods in accordance with the terms of the quality warranty attached to the EPC Contract 2.

The Quality Assurance Fund 2 shall be released upon the fulfilment of the following conditions:

- (a) all defects of the Works 2 have been rectified during the warranty periods, and a certificate confirming the same has been issued by Minglong New Energy;

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## LETTER FROM THE BOARD

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- (b) all agreed technical standards stated in the EPC Contract 2 have been met; and if there is any quality issue, Powerchina Jiangxi shall have already resolved the issue in accordance with the EPC Contract 2; and
- (c) before the expiration of the warranty periods under the EPC Contract 2, with respect to any equipment with warranty periods exceeding one year, Powerchina Jiangxi shall unconditionally transfer the rights to the quality assurance obligation of the relevant suppliers of such equipment to Minglong New Energy.

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

### **The EPC Contract 3**

On 9 November 2023 (after trading hours), as disclosed in the Announcement, Xintong Wind Power, a subsidiary of the Company, as the principal, entered into the EPC Contract 3 with Powerchina Jiangxi, as the contractor.

### **Principal terms of the EPC Contract 3**

The principal terms of the EPC Contract 3 are set out as below:

- Date: 9 November 2023 (after trading hours)
- Parties:
- (i) Xintong Wind Power (as the principal), a subsidiary of the Company; and
  - (ii) Powerchina Jiangxi (as the contractor), a third party independent of the Company and the connected persons of the Company as at the Latest Practicable Date.
- Subject matter: Pursuant to the EPC Contract 3, Powerchina Jiangxi agrees to serve as the EPC contractor to provide EPC services to Xintong Wind Power for the construction of Facility 3. The EPC services under Works 3 shall include the survey, design, engineering, procurement, supply, construction, installation, testing, commissioning, and hand over of the Facility 3 which is capable of complying with the agreed technical standards specified in the technical agreement attached to the EPC Contract 3.

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## LETTER FROM THE BOARD

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In addition, Powerchina Jiangxi shall be responsible for, among others, all permanent and temporary land acquisition, compliance procedures, revegetation, ecological management, external coordination, underground cable monitoring, on-line monitoring of the partial electrical discharge of underground cables, on-line monitoring of the temperature of cable terminations and connectors, implementation of the review comments on the design proposal for the access system, and other works arising out of and in connection with the construction of the Facility 3 as set forth in the EPC Contract 3. Powerchina Jiangxi shall also guarantee the achievement of the performance standards set forth in the EPC Contract 3.

Construction period:

The Works 3 is scheduled to commence subject to the written notice from Xintong Wind Power to Powerchina Jiangxi, and completion of the rectification of defects and inspection and delivery are expected to be taken place by June 2024 for works relating to the compensators and December 2024 for works relating to the power transmission lines under the EPC Contract 3.

Contract Price 3 and payment method:

The consideration of the EPC Contract 3 is approximately RMB780 million (tax inclusive) (“**Contract Price 3**”) which consists of equipment and materials payment, construction and installation payment, survey and design payment and other fees, the details of the payment structure are as follow:

<b>Payments &amp; fees</b>	<i>approximately RMB' million</i>
1. Equipment and materials payment	579
2. Construction and installation payment	175
3. Survey and design payment	1
4. Other fees	<u>25</u>
<b>Total</b>	<b><u><u>780</u></u></b>

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## LETTER FROM THE BOARD

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The Contract Price 3 shall be settled in the following manners:

**(i) Advance Payment**

20% of the Contract Price 3 as advance payment (the “**Advance Payment 3**”) shall be paid to Powerchina Jiangxi upon the fulfillment of the following conditions, including (i) the EPC Contract 3 being effective; (ii) the receipt of the letter of performance guarantee and letter of advance payment guarantee (each is equivalent to 10% of the total contract value under the EPC Contract 3 and is irrevocable and payable on demand); and (iii) the receiving of a receipt for Advance Payment 3 from Powerchina Jiangxi to Xintong Wind Power.

**(ii) Milestone Payment**

Based on the progress of the project and the receipt of the relevant invoice(s), Xintong Wind Power shall pay to Powerchina Jiangxi with respect to the equipment and materials payment, construction and installation payment, survey and design payment and other fees. In furtherance to the above, Xintong Wind Power shall pay up to 95% of the equipment and materials payment, 97% of the construction and installation payment, 95% of the survey and design payment and 100% of other fees upon the fulfillment of certain conditions set out under the EPC Contract 3, including, among others, achieving satisfactory results from the inspection of the completed project and obtaining relevant compliance approvals (if applicable).

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## LETTER FROM THE BOARD

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### (iii) Quality Assurance Fund

Under the EPC Contract 3, the remaining 5% of the equipment and materials payment, 3% of the construction and installation payment, and 5% of the survey and design payment shall be retained by Xintong Wind Power (the “**Quality Assurance Fund 3**”), and shall be paid to Powerchina Jiangxi upon the fulfilment of the conditions set out in the “Quality guarantee” below.

Performance guarantee: Under the EPC Contract 3, Powerchina Jiangxi shall provide a letter of performance guarantee issued by a qualified commercial bank agreed by Xintong Wind Power with an amount equivalent to 10% of the Contract Price 3, to guarantee the due performance by Powerchina Jiangxi of its obligations under the EPC Contract 3.

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

Advance payment guarantee: Under the EPC Contract 3, together with the letter of performance guarantee, Powerchina Jiangxi shall provide a letter of advance payment guarantee issued by a qualified commercial bank agreed by Xintong Wind Power with an amount equivalent to 10% of the Contract Price 3, to guarantee that the Advance Payment 3 will be used in accordance with the terms of the EPC Contract 3.

The letter of advance payment guarantee shall be released once the Advance Payment 3 is fully utilised along the progress of the project in accordance with the terms of the EPC Contract 3.

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## LETTER FROM THE BOARD

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Quality guarantee: Under the EPC Contract 3, for the release of the Quality Assurance Fund 3 after date on which the completion of Works 3 is accepted by the Group and at any time within the warranty periods, Powerchina Jiangxi can opt to provide a letter of quality guarantee with an amount equivalent to the Quality Assurance Fund 3, to guarantee the due performance of the obligation of Powerchina Jiangxi to rectify all defects within the warranty periods in accordance with the terms of the quality warranty attached to the EPC Contract 3.

The Quality Assurance Fund 3 shall be released upon the fulfilment of the following conditions:

- (a) all defects of the Works 3 have been rectified during the warranty periods, and a certificate confirming the same has been issued by Xintong Wind Power;
- (b) all agreed technical standards stated in the EPC Contract 3 have been met; and if there is any quality issue, Powerchina Jiangxi shall have already resolved the issue in accordance with the EPC Contract 3; and
- (c) before the expiration of the warranty periods under the EPC Contract 3, with respect to any equipment with warranty periods exceeding one year, Powerchina Jiangxi shall unconditionally transfer the rights to the quality assurance obligation of the relevant suppliers of such equipment to Xintong Wind Power.

The Group shall perform the rights and obligations under the EPC Contract 3 subject to the approval by the Shareholders and other approvals required under the Listing Rules.

### **Basis for Determination of the Contract Prices under the EPC Contracts**

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

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## LETTER FROM THE BOARD

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### Reasons for and Benefits of Entering into the EPC Contracts

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

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

The EPC Contracts represent the Group’s continuing effort to develop wind farm projects in “Northeast China, North China and Northwest China”. The entering into of the EPC Contracts for wind farms located in the Tongliao City, Inner Mongolia would be in line with the national policies in terms of layout of sizeable power bases, as well as the Group’s strategy to further develop and diversify the clean energy portfolio.

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

### Information of the Parties

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

Minglong New Energy is a subsidiary of the Company established in the PRC with limited liability. Minglong New Energy is held as to 90% by BEI Energy Development (Beijing) Co., Ltd.\* (京能國際能源發展(北京)有限公司)(“**BEIED**”) and 10% by Tongliao Henglong New Energy Co., Ltd.\* (通遼市恒龍新能源有限公司)(“**Henglong New Energy**”). BEIED is a subsidiary of the Company and its actual paid-in capital is, as at the Latest Practicable Date, held as to approximately 57.63% indirectly by the Company, 42.01% indirectly by Agricultural Bank of China Limited (中國農業銀行股份有限公司) (a joint stock company established in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 1288), and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601288)) and 0.36% by Silk Road New Energy (Changzhou) Co., Ltd.\* (絲綢之路新能源(常州)有限公司), which is indirectly held as to approximately 70.57% by the Company and 29.43% by ICBC Financial Asset Investment



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## LETTER FROM THE BOARD

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Co., Ltd.\* (工銀金融資產投資有限公司), which is in turn wholly-owned by Industrial and Commercial Bank of China Limited\* (中國工商銀行股份有限公司) (a joint stock company established in the PRC with limited liability, H shares and offshore preference shares of which are listed on the Stock Exchange (H shares stock code: 1398 and USD preference shares stock code: 4620), and the A shares and domestic preference shares of which are listed on the Shanghai Stock Exchange (A shares stock code: 601398 and domestic preference shares stock codes: 360011, 360036). On the other hand, as at the Latest Practicable Date and to the best information of the Directors, Henglong New Energy is ultimately held as to 50% by Deng Jianshuang (鄧建雙), 36% by Qiao Shuangqing (喬雙慶) and 14% by Jia Conggang (賈從剛). Minglong New Energy is primarily engaged in, among others, (i) development, construction and operation of wind power generation and photovoltaic power generation projects; (ii) sale of self-produced electricity; and (iii) provision of technical consultation, technology transfer and other technical services in relation to wind power generation and photovoltaic power generation projects.

Xintong Wind Power is a subsidiary of the Company established in the PRC with limited liability. Xintong Wind Power is held as to 80% by BEIED and 20% by Tongliao Xintong Energy Development Co., Ltd.\* (通遼市新通能源發展有限公司), which is wholly-owned by the Tongliao State-owned Assets Supervision and Administration Commission\* (通遼市國有資產監督管理委員會). Xintong Wind Power is primarily engaged in development and operation of power generation projects, power transmission business and power supply (distribution) business and provision of technical services in relation to wind power generation projects.

Powerchina Jiangxi is a company established in the PRC with limited liability, which is principally engaged in power generation engineering and construction. As at the Latest Practicable Date, to the best information of the Directors, Powerchina Jiangxi is a wholly-owned subsidiary of Power Construction Corporation of China, Ltd. (中國電力建設股份有限公司), a joint stock company incorporated in the PRC with limited liability, with its A shares listed on the Shanghai Stock Exchange (stock code: 601669).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Powerchina Jiangxi and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### **Listing Rules Implications**

Pursuant to Rule 14.22 of the Listing Rules, the EPC Contract 1, the EPC Contract 2 and the EPC Contract 3 shall be aggregated together since all these transactions are entered into by the Group with Powerchina Jiangxi within a 12 month period. As the highest applicable percentage ratio in respect of the EPC Contract 1, EPC Contract 2 and EPC Contract 3 on an aggregated basis exceeds 25% but is less than 100%, the EPC Contract 1, EPC Contract 2 and EPC Contract 3 together constitute major transactions of the Company and are therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **4. PROPOSED SHARE PREMIUM REDUCTION**

Reference is also made to the announcement of the Company dated 7 November 2023 in relation to the Share Premium Reduction. The Board intends to put forward a proposal to the Shareholders at the SGM to reduce certain credit standing to the Share Premium Account of the Company in accordance with applicable laws of Bermuda and the Bye-laws.

As at 30 June 2023, the amount standing to the credit of the Share Premium Account was approximately HK\$10,807 million (equivalent to approximately RMB9,125 million). It is proposed that (i) the entire amount standing to the credit of the Share Premium Account be reduced; (ii) approximately HK\$8,445 million (equivalent to approximately RMB7,091 million) of the credit arising from the Share Premium Reduction be applied to offset the accumulated losses of the Company as at 30 June 2023; and (iii) the remaining approximately HK\$2,362 million (equivalent to approximately RMB2,034 million) of the credit arising from the Share Premium Reduction be transferred to the Contributed Surplus Account which may be utilised by the Directors at their sole discretion in accordance with the Bye-laws and all applicable laws (including to offset any accumulated losses of the Company).

### **Reasons for the Share Premium Reduction**

The Directors propose the Share Premium Reduction as they consider it is unnecessary to maintain the Share Premium Account at its current level. In addition, the Company is subject to the restrictions under the Companies Act that funds standing to the credit of the Share Premium Account are not generally distributable to the Shareholders except in limited circumstances such as for paying up unissued shares of the Company to the Shareholders as fully paid bonus shares. On the other hand, credits in the Contributed Surplus Account may be applied by the Company in a more general manner as the Board may think fit and as permitted by the Companies Act, including but not limited to, (i) (subject to Shareholders' approval which the Company is seeking at the SGM) elimination of the accumulated losses of the Company, thus enabling the Shareholders and potential investors to have a better appreciation of the financial position of the Company; and (ii) payment of distribution to the Shareholders to the extent that the Company is

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## LETTER FROM THE BOARD

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not, or would not after the payment be, unable to pay its liabilities as they become due, and the realisable value of the Company's assets would not be less than its liabilities after payment of such distribution out of the Contributed Surplus Account.

The Share Premium Reduction and the subsequent transfer of credit arising therefrom to the Contributed Surplus Account will increase the amounts in the Contributed Surplus Account and give the Company greater flexibility. The Board believes that the Share Premium Reduction is in the interests of the Company and Shareholders as a whole.

### **Effect of the Share Premium Reduction**

The implementation of the Share Premium Reduction does not involve any reduction in the authorised or issued share capital of the Company nor does it involve any reduction in the nominal value of the Shares or the trading arrangements concerning the Shares. Save for the expenses incurred by the Company in relation to the Share Premium Reduction, the implementation of the Share Premium Reduction will not, in itself, have any material adverse effect on the underlying assets, liabilities, business operations, management or financial position of the Company or the interests of Shareholders as a whole.

### **Conditions of the Share Premium Reduction**

The Share Premium Reduction is conditional upon:

1. the passing of a special resolution by the Shareholders to approve the Share Premium Reduction at the SGM; and
2. compliance with section 46(2) of the Companies Act, including the Board being satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Share Premium Reduction would be, unable to pay its liabilities as they become due.

Subject to the fulfilment of the above conditions, it is expected that the Share Premium Reduction shall become effective on the next business day immediately following the date of passing of the special resolution to approve the Share Premium Reduction at the SGM.

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## LETTER FROM THE BOARD

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### 5. SPECIAL GENERAL MEETING

A notice convening the SGM is set out on pages 58 to 61 of this circular, at which (i) ordinary resolutions will be proposed for the Shareholders to consider and, if thought fit, to approve the Supplemental Agreement and the Proposed Revised Annual Cap, and the EPC Contracts and the transactions contemplated thereunder; and (ii) special resolution will be proposed for the Shareholders to consider and, if thought fit, to approve the Share Premium Reduction.

For the purpose of determining the entitlement for attending and voting at the SGM, the register of members of the Company will be closed from Wednesday, 13 December 2023 to Monday, 18 December 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 12 December 2023.

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

All Shareholders who have a material interest in any of the transactions contemplated by the Supplemental Agreement, together with their associates, will be required to abstain from voting at the SGM. As Beijing Jingneng Leasing is a subsidiary of BEH, each of BEH, Beijing Jingneng Leasing and their respective associates is required to abstain from voting on the relevant resolution(s) in relation to the Supplemental Agreement and transactions contemplated thereunder 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 32.04% of the issued share capital of the Company. BEH is required to abstain from voting on the resolution(s) in relation to the Supplemental Agreement and transactions contemplated thereunder to be proposed at the SGM.

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## LETTER FROM THE BOARD

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

### **6. VOTING BY WAY OF POLL**

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

### **7. RECOMMENDATION**

The Independent Board Committee after considering the advice from the Independent Financial Adviser, is of the view that the Supplemental Agreement and the Proposed Revised Annual Cap 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 resolution in respect of the Supplemental Agreement and the Proposed Revised Annual Cap at the SGM.

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

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## LETTER FROM THE BOARD

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The Board also considers that the special resolution approving of the Share Premium Reduction is in the best interests of the Company and the Shareholders as a whole, and accordingly, recommends all Shareholders to vote in favour of the special resolution in respect of the Share Premium Reduction to be proposed at the SGM.

### 8. FURTHER INFORMATION

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

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

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



# 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)

4 December 2023

*To the Shareholders*

Dear Sir or Madam,

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

We refer to the circular of the Company dated 4 December 2023 (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 Supplemental Agreement and the Proposed Revised Annual Cap, 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 7 to 36 of the Circular and the “Letter from the Independent Financial Adviser” as set out on pages 39 to 47 of the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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 Supplemental Agreement (including the Proposed Revised Annual Cap) 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 resolution to be proposed at the SGM in respect of the Supplemental Agreement and the Proposed Revised Annual Cap at the SGM.

Yours faithfully,

**Independent Board Committee**

**Jin Xinbin    Li Hongwei    Zhu Jianbiao**

*Independent non-executive Directors*



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*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 Transaction for the purpose of inclusion in this circular.*



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

4 December 2023

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

Dear Sirs,

**CONTINUING CONNECTED TRANSACTION,  
VERY SUBSTANTIAL ACQUISITION AND  
VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO SUPPLEMENTAL AGREEMENT 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 the Supplemental Agreement and the transactions contemplated thereunder (the “**Transaction**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 4 December 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, in light of the business needs of the Group, the Company and Beijing Jingneng Leasing entered into the Supplemental Agreement on 3 November 2023 (after trading hours), pursuant to which, the Company and Beijing Jingneng Leasing has agreed to revise the annual cap under the 2022-2025 Finance Lease Business Framework Agreement for the year ending 31 December 2023 to RMB6,000 million. Save for the aforesaid amendment, all other terms and conditions of the 2022-2025 Finance Lease Business Framework Agreement remain unchanged.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the Board Letter, the Transaction constitutes a continuing connected transaction, very substantial acquisition 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.

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 Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and is 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 Transaction 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.

### 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) 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); (ii) major and continuing connected transaction (details of which were set out in the Company's circular dated 25 May 2022); (iii) a proposed spin-off (details of which were set out in the Company's circular dated 3 October 2022); (iv) major and connected transaction (details of which were set out in the Company's announcement dated 15 November 2022); (v) major and connected transaction (details of which were set out in the Company's circular dated 30 November 2022); and (vi) major transaction, very substantial acquisition, very substantial disposal and continuing connected transactions (details of which were set out in the Company's supplemental circular dated 30 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 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 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 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 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 Transaction. 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 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 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 Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the 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, 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 Transaction. 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

#### **Information on Beijing Jingneng Leasing**

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

#### **Reasons for and benefits of the Transaction**

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 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.

As noted from the Board Letter, the transaction amount (excluding interest) for power generation projects in relation to leasing arrangements entered into under the 2022-2025 Finance Lease Business Framework Agreement for the eight months ended 31 August 2023 was RMB1,902 million. The existing annual cap for the year ending 31 December 2023 is insufficient to cater for the Group's financing needs and thus it is required to be revised.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered the above reasons and (i) that the transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement provided financing channels to the Group; (ii) the pricing policy under the 2022-2025 Finance Lease Business Framework Agreement; (iii) the existing annual cap for the year ending 31 December 2023 is insufficient to cater for the Group's financing needs and thus it is required to be revised; and (iv) our analyses on Proposed Revised Annual Cap as set out in the section headed "Proposed annual caps" below, we consider that the Transaction is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

### **Principal terms of the Transaction**

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
- (ii) Beijing Jingneng Leasing

#### ***Term of the agreement***

The 2022-2025 Finance Lease Business Framework Agreement 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 finance lease services, including but not limited to, direct lease 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. Details of pricing policy for direct lease services and sales and leaseback services are set out under the section headed "Scope of finance lease services" of the Board Letter.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the Board Letter, to safeguard the interests of the Shareholders as 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 procedures for approval such individual leasing transaction, we consider that the effective implementation of the internal control measures would help to ensure fair pricing of the transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement 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 and the Supplemental Agreement on a regular basis. In particular, the Finance Department will be in close contact with the Group’s business teams which are 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 such 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.

To assess the effectiveness of the internal control procedures, we obtained 5 individual finance lease contracts entered into between the Group and members of Beijing Jingneng Leasing (the “**Individual Contracts**”) in 2023 with quotations from two independent third parties corresponding to each of the Individual Contracts. According to the aforesaid documents, the cost of finance lease offered by members of Beijing Jingneng Leasing were lower than those offered by independent third parties.

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 transactions under the 2022-2025 Finance Lease Business Framework Agreement.

Having considered our findings on the costs of the Individual Contracts and our discussion with relevant staff, we do not doubt the effectiveness of the internal control procedures.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Proposed annual caps

The table below set out are (i) the historical transaction amounts for the one month ended 31 December 2022 and for the eight months ended 31 August 2023; (ii) the existing annual caps for the one month ended 31 December 2022 and for the year ending 31 December 2023; and (iii) the Proposed Revised Annual Cap:

	<b>For the one month ended 31 December 2022 RMB'million</b>	<b>For the year ending 31 December 2023 RMB'million</b>
Historical transaction amounts	806.82	1,984.94 <i>(Note)</i>
Existing annual caps	1,000	4,000
Proposed Revised Annual Cap	N/A	6,000

*Note: for the eight months ended 31 August 2023*

With reference to the Board Letter, the Proposed Revised Annual Cap was determined based on (i) the historical transaction amounts (excluding interest) of approximately RMB1,902 million; (ii) the Group's expected financing requirement of approximately RMB3,710 million for 12 power generation projects with aggregate installed capacity of 3,286.70MW (the "**New Projects**"); and (iii) the expected interest incurred or to be incurred from (i) and (ii) above of approximately RMB113 million in aggregate.

To assess the fairness and reasonableness of the Proposed Revised Annual Cap, we obtained a calculation of the Proposed Revised Annual Cap, which consist of details (including the installed capacity, principal amount, interest rate and the type of finance lease) on the existing power generation projects under the Transaction (the "**Existing Projects**") and the New Projects.

Based on the calculation, we noted that:

- i) the average financing requirement of the Existing Projects were approximately RMB3.57 million per MW; and
- ii) the average expected financing requirement of the New Projects were approximately RMB3.74 million per MW (note: financing of ten New Projects will be solely provided by Beijing Jingneng Leasing while the financing of two New Projects will be provided by both Beijing Jingneng Leasing and independent third party(ies) due to the size of these two New Projects, thus the total financing requirements of these two New Projects were considered for calculation purpose).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As there is no material difference between the average financing requirement of the Existing Projects and the New Projects, we consider the average expected financing requirement of the New Projects to be justifiable.

Accordingly, we are of the view that the Group's expected financing requirement of approximately RMB3,710 million from Beijing Jingneng Leasing for the New Projects to be justifiable.

In respect of the expected interest incurred or to be incurred for the year ending 31 December 2023, we noted that (i) the expected interests for Existing Projects were calculated based on the pre-determined interest rates when entering into the relevant finance lease arrangements; (ii) the expected interests for New Projects were calculated based on the expected annual interest rate of 3.26%. According to the website of the People's Bank of China, the current 5-year LPR was 4.20% (which is generally referenced to when determining the interest rate), the expected annual interest rate of 3.26% is lower than the current 5-year LPR. Furthermore, the expected interest rate for the New Projects also fell within the interest rate range of Existing Projects. Therefore, we consider that it is justifiable to adopt the expected annual interest rate of 3.26% when determining the expected interest expense of New Projects for calculation Proposed Revised Annual Cap purpose.

Having considered that (i) the Group's expected financing requirement of approximately RMB3,710 million from Beijing Jingneng Leasing is justifiable; (ii) the expected annual interest rate of 3.26% is justifiable; and (iii) the interest expenses of Existing Projects are based on the outstanding principal amount of lease and agreed annual interest rate, we are of the view that the expected interest incurred or to be incurred from Existing Projects and New Projects to be justifiable.

Having considered that the Proposed Revised Annual Cap of RMB6,000 million was close to the summation of (i) the historical transaction amounts (excluding interest) of RMB1,902 million; (ii) the Group's expected financing requirement of approximately RMB3,710 million for the New Projects; and (iii) the expected interest incurred or to be incurred from (i) and (ii) above of approximately RMB113 million in aggregate, we are of the view that the Proposed Revised Annual Cap is fair and reasonable.

Shareholders should note that as the Proposed Revised Annual Cap is relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2023, it does not represent forecasts of costs to be incurred from the Transaction. Consequently, we express no opinion as to how closely the actual costs to be incurred under the Transaction for FY2023 will correspond with the Proposed Revised Annual Cap.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### **Listing Rules implication**

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 values of the Transaction must be restricted by its annual caps for the period concerned under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental Agreement; (ii) the terms of the Transaction must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Transaction must be included in the Company's subsequent published annual reports.

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 Transaction (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 annual caps.

In the event that the total amounts of the Transaction are anticipated to exceed the annual caps, or that there is any proposed material amendment to the terms of the Transaction, 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 Transaction 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 Transaction (including the Proposed Revised Annual Cap) are on normal commercial terms and are fair and reasonable; and (ii) the Transaction is 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 resolution(s) to be proposed at the SGM to approve the Transaction (including the Proposed Revised Annual Cap) 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 AND COMPANY ACQUIRED**

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

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

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

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

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

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

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

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

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

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

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

## 2. STATEMENT OF INDEBTEDNESS OF THE GROUP

**Indebtedness**

As at the close of business on 31 October 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the borrowings of the Group comprised the following indebtedness:

	<i>RMB' million</i>
Bank borrowings	
Secured and with guarantee	7,213
Secured and without guarantee	4,222
Unsecured and with guarantee	9,088
Unsecured and without guarantee	25,472
Finance lease liabilities	
Secured and with guarantee	2,998
Secured and without guarantee	5,984
Unsecured and without guarantee	936
Other borrowings	
Secured and without guarantee	110
Unsecured and without guarantee	1,470
Convertible bonds	
Unsecured and without guarantee	<u>338</u>
	<u><u>57,831</u></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 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular.

The Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 31 October 2023 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 32.04% 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 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 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

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

The direct lease transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental 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 lease transactions contemplated under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental Agreement will be recognised as finance costs.

The sales and leaseback services under the 2022-2025 Finance Lease Business Framework Agreement and the Supplemental 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 lease back 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 recognise the transferred asset and a recognition of financial liability applying "HKFRS 9 Financial instruments" for the cash received.

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

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

## **6. FINANCIAL AND OPERATION PROSPECTS OF THE GROUP**

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

According to the Group's preliminary operation statistics, the 169 power plants beneficially owned by the Group and its associates with an aggregate installed capacity of approximately 7,797.26MW have generated electricity in an aggregate volume of approximately 4,329,303 megawatt-hours ("MWh") in the third quarter of 2023, and the aggregate electricity generation volume for the nine months ended 30 September 2023 has amounted to approximately 10,149,667 MWh.

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

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 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 Director(s) or the chief executive(s)	Capacity/ Nature of interest	Number of Shares/ underlying Shares held	Total number of Shares/ underlying Shares held	Approximate percentage of the issued Shares <sup>(1)</sup>
Mr. Zhang Ping	Beneficial owner	7,000,000 24,000,000 <sup>(2)</sup>	31,000,000	0.14%
Mr. Liu Guoxi	Beneficial owner	13,000,000 <sup>(2)</sup>	13,000,000	0.06%
Mr. Zhu Jun	Beneficial owner	1,200,000 28,050,000 <sup>(2)</sup>	29,250,000	0.13%

Notes:

- These percentages are calculated based on 22,399,550,432 listed shares of the Company (the “**Shares**”) in issue as at the Latest Practicable Date.
- These are the Shares underlying the share options were granted by the Company on 16 June 2022 under the share option scheme adopted by the Company on 15 June 2022.

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

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

### **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 2022 (being the date of which the latest published audited financial statements of the Group were made up).

## 6. DIRECTORS' COMPETING INTERESTS

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

## 7. MATERIAL ADVERSE CHANGES

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

## 8. MATERIAL CONTRACTS

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

- (a) the notice of exercise of call options executed by MNS Wind Finance Pty Ltd (“**MNSWF**”) and issued to the Goldwind International Moorabool Limited (“**Vendor (North)**”) on 29 June 2023 and the sale and purchase agreement to be entered into between MNSWF and Vendor (North) in relation to the exercise of call options in respect of the acquisition of 26% of the issued share capital in Moorabool Wind Farm (Holding) Pty Ltd (“**Target Company (North)**”);
- (b) the notice of exercise of call options executed by MNSWF and issued to the Goldwind International Moorabool South Limited (“**Vendor (South)**”) on 29 June 2023 and the sale and purchase agreement to be entered into between MNSWF and Vendor (South) in relation to the exercise of call options in respect of the acquisition of 26% of the issued share capital in Moorabool South Wind Farm (Holding) Pty Ltd (“**Target Company (South)**”);
- (c) the trust contract dated 10 March 2023 entered into between BEI Energy Development (Beijing) Co., Ltd.\* (京能國際能源發展(北京)有限公司) (“**BEIED**”) and China Industrial International Trust Limited\* (興業國際信託有限公司) (“**China Industrial International Trust**”), in relation to the formation of the trust and the transfer of the underlying assets, for the purpose of the issuance of the asset-backed commercial papers by China Industrial International Trust;
- (d) the trust contract dated 28 December 2022 entered into between BEIED and China Industrial International Trust, in relation to the disposal of the underlying assets by BEIED to China Industrial International Trust;



- (e) the call option deeds dated 20 December 2022 granted by each of Vendor (North) and Vendor (South) to MNSWF, under which Vendor (North) and Vendor (South), irrevocably grant to MNSWF (or any other person nominated by MNSWF) an option to purchase, and require Vendor (North) and Vendor (South) to sell to MNSWF, 26% of the issued share capital in each of Target Company (North) and Target Company (South);
- (f) the sale and purchase agreements dated 20 December 2022 entered into between MNSWF as the purchaser and each of Vendor (North) and Vendor (South) as vendors, in relation to the acquisition of 25% of the issued share capital in each of Target Company (North) and Target Company (South);
- (g) the conditional equity transfer agreement(s) and the supplemental agreement(s) (as applicable) dated 1 March 2022 entered into between BEIED, 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 Shuzhou 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);
- (h) the conditional equity transfer agreements dated 30 December 2021 entered into between BEIED 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;
- (i) the conditional equity transfer agreement dated 28 December 2021 entered into between BEIED as purchaser, Zanhuan 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;

- (j) the conditional equity transfer agreement dated 22 December 2021 entered into between BEIED 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; and
- (k) the equity transfer agreement(s) and the supplemental agreement(s) dated 10 December 2021 entered into between BEIED 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).

## 9. EXPERT AND CONSENT

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

<b>Name</b>	<b>Qualification</b>
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 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 2022, 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 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 circular (both days inclusive):

- (a) the Supplemental 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 39 to 47 of this circular;
- (d) the written consent of Gram Capital referred to in the section headed "9. Expert and consent" in this appendix;
- (e) the EPC Contract 1;
- (f) the EPC Contract 2; and
- (g) the EPC Contract 3.

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## NOTICE OF SPECIAL GENERAL MEETING

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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)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the special general meeting (“SGM”) of Beijing Energy International Holding Co., Ltd. (the “Company”) will be held at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, PRC) on Monday, 18 December 2023 at 11:00 a.m. for the following purpose:

#### ORDINARY RESOLUTIONS

1. **“THAT**

- (a) the Supplemental Agreement (as defined in the circular of the Company dated 4 December 2023 (the “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 Proposed Revised Annual Cap (as defined in the 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 Supplemental Agreement and the transactions contemplated thereunder.”

2. **“THAT**

- (a) the EPC Contract 1 (as defined in the Circular), a copy of which is marked “B” and initialled by the Chairman of the SGM for the purpose of identification, the terms and the transactions contemplated thereunder, be and are hereby approved; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the EPC Contract 1 and the transactions contemplated thereunder.”

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## NOTICE OF SPECIAL GENERAL MEETING

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3. **“THAT**

- (a) the EPC Contract 2 (as defined in the Circular), a copy of which is marked “C” and initialled by the Chairman of the SGM for the purpose of identification, the terms and the transactions contemplated thereunder, be and are hereby approved; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the EPC Contract 2 and the transactions contemplated thereunder.”

4. **“THAT**

- (a) the EPC Contract 3 (as defined in the Circular), a copy of which is marked “D” and initialled by the Chairman of the SGM for the purpose of identification, the terms and the transactions contemplated thereunder, be and are hereby approved; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the EPC Contract 3 and the transactions contemplated thereunder.”

### SPECIAL RESOLUTION

To consider and, if thought fit, pass the following resolution as a special resolution of the Company:–

5. **“THAT** subject to and conditional upon compliance with the requirements of section 46(2) of the Companies Act 1981 of the laws of Bermuda (as amended from time to time) and the Bye-laws (as amended, supplemented or modified from time to time), with effect on the next business day immediately following the date of passing this special resolution:
- (a) (i) the amount of approximately HK\$10,807 million (equivalent to approximately RMB9,125 million) standing to the credit of the Share Premium Account be reduced; (ii) approximately HK\$8,445 million (equivalent to approximately RMB7,091 million) of the credit arising from the Share Premium Reduction be applied to offset the accumulated losses of the Company as at 30 June 2023; and (iii) the remaining approximately HK\$2,362 million (equivalent to approximately RMB2,034 million) of the credit arising from the Share Premium Reduction be transferred to the Contributed Surplus Account which may be utilised by the Directors at their sole discretion in accordance with the Bye-laws and all applicable laws (including to offset any accumulated losses of the Company); and

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## NOTICE OF SPECIAL GENERAL MEETING

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- (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 Share Premium Reduction.”

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

Hong Kong, 4 December 2023

*Notes:*

1. For the purpose of determining the entitlement for attending and voting at the SGM, the register of members of the Company will be closed from Wednesday, 13 December 2023 to Monday, 18 December 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 12 December 2023.
2. A member entitled to attend and vote at the SGM is entitled to appoint one or, if he holds two or more shares, more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
3. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he/she/it so wish. In such event, the instrument appointing such a proxy shall be deemed to be revoked.
4. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding of the SGM or any adjournment thereof.
5. In the case of joint holders of Shares, any one of such joint holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. Votes on the ordinary resolutions and special resolution set out herein and are to be passed at the SGM will be taken by way of poll.

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## NOTICE OF SPECIAL GENERAL MEETING

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

*Executive Directors:*

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

*Independent Non-executive Directors:*

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

*Non-executive Directors:*

Mr. Liu Guoxi  
Mr. Su Yongjian  
Mr. Li Hao  
Mr. Lu Xiaoyu