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**北京能源國際控股有限公司**

**Beijing Energy International Holding Co., Ltd.**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 686)**

**MAJOR TRANSACTION AND CONNECTED TRANSACTION  
ACQUISITION OF 40% EQUITY INTEREST  
IN THE TARGET COMPANY**

**THE ACQUISITION**

On 20 August 2024 (after trading hours), the Buyer and the Seller entered into the SPA, pursuant to which the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to purchase, the Sale Shares for a consideration consisting of the Completion Amount of approximately AUD183 million and the Adjustment Amount (if any).

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Acquisition to be contemplated under the SPA exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as at the date of this announcement, the Seller is a wholly-owned subsidiary of JNCEC, which is held as to approximately 68.68% by BEH. BEH is a controlling shareholder of the Company holding 7,176,943,498 Shares, representing approximately 32.64% of the voting rights underlying the issued Shares (excluding Shares held by the Company as Treasury Shares). Accordingly, the Seller is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Based on the above, the Acquisition is subject to (i) the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The SGM will be convened by the Company to seek the Independent Shareholders' approval of the Acquisition. All Shareholders who have a material interest in the Acquisition, together with their associates, will be required to abstain from voting at the SGM.

As the Seller is a direct subsidiary of JNCEC and an indirect subsidiary of BEH, BEH and its associates are required to abstain from voting on the relevant resolution(s) to be proposed at the SGM.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely, Ms. Jin Xinbin, Ms. Li Hongwei, Mr. Zhu Jianbiao and Mr. Zeng Ming, to advise the Independent Shareholders on the Acquisition. None of the members of the Independent Board Committee has any interest in the Acquisition.

The Independent Board Committee has resolved to appoint Pulsar Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition. The Independent Board Committee will form its view after obtaining and considering the advice from the Independent Financial Adviser.

A circular containing, among other things, (i) further details about the Acquisition; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) notice of the SGM; and (v) other information as required under the Listing Rules, will be despatched by the Company to the Shareholders on or before 30 September 2024 as additional time is likely to be required for the Company to prepare and finalise certain information for inclusion in the circular.

## **INTRODUCTION**

On 20 August 2024 (after trading hours), the Buyer and the Seller entered into the SPA, pursuant to which the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to purchase, the Sale Shares for a consideration consisting of the Completion Amount of approximately AUD183 million and the Adjustment Amount (if any).

## THE SPA

The principal terms of the SPA agreed by the parties are summarized below:

- Date: 20 August 2024 (after trading hours)
- Parties:
- (i) The Buyer, namely, Beijing Energy International (Australia) Holding Pty Ltd
  - (ii) The Seller, namely, Beijing Jingneng Clean Energy (Hong Kong) Co., Limited
  - (iii) The Target Company, namely, Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd
- Subject matter: The Buyer has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the Sale Shares.
- Consideration of the Acquisition: Pursuant to the SPA, the consideration for the Sale Shares is the payment by the Buyer of the Purchase Price, which equals to the Completion Amount adjusted by the Adjustment Amount (if any).

### *The Completion Amount*

Pursuant to the SPA, the Completion Amount shall be the Equity Value agreed by the Parties in the SPA, being approximately AUD183 million.

### *The Adjustment Amount*

Pursuant to the SPA, the Adjustment Amount shall be equal to 40% of:

- (i) The net profit after tax of the Target Company for the period from the valuation date set forth in the SPA to the Completion Date;

*less*

- (ii) any fully franked dividend declared or paid by the Target Company prior to the Completion Date (except for those declared before the valuation date set forth in the SPA).

In the event that the above calculation result is less than zero, the Adjustment Amount shall be deemed to be zero.

Within 15 Business Days of the Completion, the Seller shall engage an independent accountant to prepare an adjustment statement setting out the calculation of the Adjustment Amount. The adjustment statement (and the resulting Adjustment Amount reflected in the adjustment statement) prepared by such independent accountant will be final and binding on the Parties and will constitute the final Adjustment Amount, except in the case of manifest error, in which case the determination will be void and the matter must either be remitted back to the independent accountant for correction or resolved in accordance with the requirements and procedures for dispute resolution as set out in the SPA.

**Basis of the consideration:** The consideration of the Acquisition was determined after arm's length negotiation by the Parties. The Company has considered various factors, including (i) the historical operational and financial performance of the Target Group; (ii) the revenue expected to be generated by the Target Group in the forthcoming years; (iii) the prospects of the solar farm industry and wind farm industry in Australia; (iv) the recent trend of electricity prices and long term expectations in the Group's risk assessment; and (v) other factors set out in the paragraph headed "Reasons for and Benefits of the Acquisition" below in determining the consideration of the Acquisition. Furthermore, the Company has engaged the Valuer to prepare the Valuation Report. See "Valuation Report" below for further details.

**Payment of consideration:** The Completion Amount shall be paid by the Buyer to the bank account designated by the Seller in one lump sum on the Completion Date. The Adjustment Amount (if any) shall be paid by the Buyer within 10 Business Days after the Adjustment Amount is determined and agreed by the Parties.

The Group currently expects to finance the consideration of the Acquisition by way of utilising the Group's internal resources and external financing.

Conditions Precedent:

Pursuant to the SPA, Completion is subject to the following Conditions Precedent being fulfilled:

- (i) if the FIRB Act applies to the acquisition of the Sale Shares by the Buyer, (a) the Treasurer (or the Treasurer's delegate) has provided a written no objections notification under the FIRB Act to the proposed acquisition of the Sale Shares either with or without conditions; or (b) following notice of the proposed acquisition of the Sale Shares having been given by the Buyer to the Treasurer under the FIRB Act, the Treasurer has ceased to be empowered to make any order under Part 3 of the FIRB Act because the applicable time limit on making orders and decisions under the FIRB Act has expired;
- (ii) the approval of the Acquisition by the Independent Shareholders pursuant to the Listing Rules; and
- (iii) the approval of the Acquisition by the independent shareholders of JNCEC pursuant to the Listing Rules.

The Conditions Precedent may not be waived.

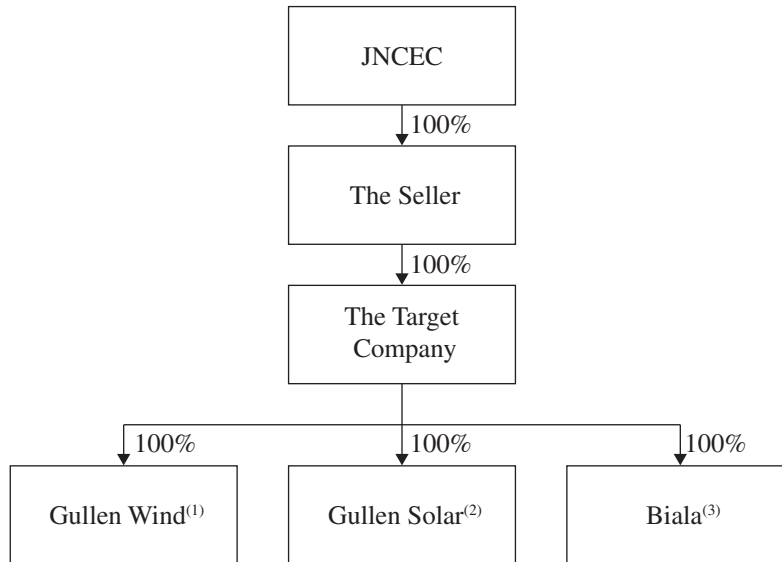
Completion:

Subject to the compliance with the requirements under all applicable laws and regulations, Completion will take place on the Completion Date, or any other time agreed by the Seller and the Buyer. At Completion, the Seller shall deliver to the Buyer (i) a transfer in favor of the Buyer (or as it may direct) executed by the Seller in respect of the Sale Shares; (ii) a copy of the amended constitution and a copy of a special resolution of the member(s) of the Target Company approving and duly adopting the amended constitution, subject to and effective on and from the Completion; (iii) the register of members of the Target Company, updated to reflect the transfer of the Sale Shares to the Buyer; and (iv) a copy of a resolution of the Target Company's directors signed by at least one director of the Target Company resolving the registration of the transfer of the Sale Shares, cancellation of the existing share certificate(s) and the issue of the new share certificate(s) in respect of the Sale Shares subject to, and with effect from, the Completion. Upon Completion, the Target Company will be owned as to 40% by the Company and become an associate of the Company.

## INFORMATION ABOUT THE TARGET GROUP

### Shareholding structure of the Target Group

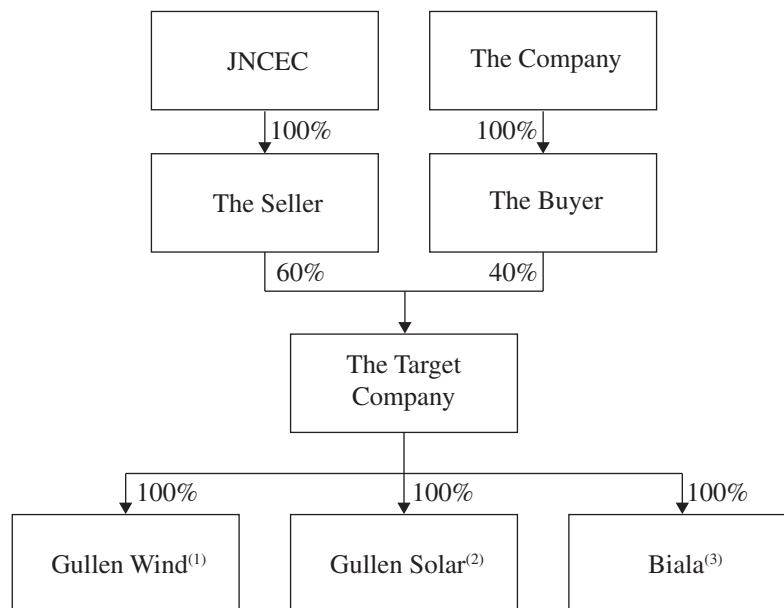
The Target Company is a company incorporated in Australia with limited liability and principally engaged in investment holding and currently holds the entire equity interest in each of Gullen Wind, Gullen Solar and Biala. As at the date of this announcement, the simplified shareholding structure of the Target Group is set forth as following:



*Notes:*

- (1) *Gullen Wind is the operator of Gullen Wind Farm.*
- (2) *Gullen Solar is the operator of Gullen Solar Farm.*
- (3) *Biala is the operator of Biala Wind Farm.*

The simplified shareholding structure of the Target Group immediately following Completion is set forth as following:



Notes:

- (1) *Gullen Wind is the operator of Gullen Wind Farm.*
- (2) *Gullen Solar is the operator of Gullen Solar Farm.*
- (3) *Biala is the operator of Biala Wind Farm.*

### **Information about the Projects**

Each of Gullen Wind, Gullen Solar and Biala is a company incorporated in Australia with limited liability and is the operator of the corresponding Projects. Details of the Projects are set forth as following:

- (1) Gullen Wind Farm is a wind farm located in the Southern Tablelands of New South Wales, Australia with 73 turbines and a total installed capacity of 165.5MW. Gullen Wind Farm is operated by Gullen Wind and was commissioned in December 2014.
- (2) Gullen Solar Farm is a solar photovoltaic power plant co-located within the Gullen Wind Farm with 42,180 solar panels and a total installed capacity of 10MW AC. Gullen Solar Farm is operated by Gullen Solar and commenced operations in August 2017.
- (3) Biala Wind Farm is a wind farm located in the Southern Tablelands of New South Wales, Australia with 31 turbines and a total installed capacity of 110.7MW. Biala Wind Farm is operated by Biala and was commissioned in April 2022.

## Financial information of the Target Company

Set out below is the audited profit before and after taxation of the Target Company for two years ended 31 December 2022 and 2023:

	For the year ended	
	31 December	
	2022	2023
	<i>Approximately</i>	<i>Approximately</i>
	<i>AUD' million</i>	<i>AUD' million</i>
Profit before taxation	56.2	57.2
Profit after taxation	30.9	39.8

The audited net assets of the Target Company as at 30 June 2024 was approximately AUD246.1 million.

## VALUATION REPORT

The fair valuation of 40% equity interest in the Target Company as at the Valuation Date assessed in the Valuation Report was prepared based on a sum-of-the-parts approach, with the value of the equity interest in each of Gullen Wind, Gullen Solar and Biala valued separately using the discounted cash flow method of the income approach. As a result, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. According to the Valuation Report, the fair market value of 40% equity interest in the Target Company as at the Valuation Date is assessed to be in the range of AUD164.1 million (low end) and AUD193.0 million (high end). The Equity Value agreed by the Parties is approximately AUD183 million. The consideration of the Acquisition shall be further adjusted by the Adjustment Amount set out in the paragraph headed “The SPA – Consideration of the Acquisition” above. Based on the above factors taken into account when determining the consideration of the Acquisition and other factors set out in the paragraph headed “Reasons for and Benefits of the Acquisition” below, the Directors are of the view that the consideration of the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.



## **Assumptions**

Pursuant to the Valuation Report, the Target Company has been valued based on a sum-of-the parts approach. The Target Company's equity interests in each of Gullen Wind, Gullen Solar and Biala has been valued separately. Details of the key assumptions upon which each of Gullen Wind, Gullen Solar and Biala was valued are set out below:

### ***Key assumptions for valuation of Gullen Wind***

1. **Project life:** Wind turbines typically have a design life of 25 to 30 years. Extension of the wind farm beyond their design life may require significant capital expenditure. The cash flow model assumes a remaining useful life of 16 years. At the end of the useful life, site decommissioning costs is assumed to equal the residual value of the wind farm assets, which are comprised predominantly of the wind turbines.
2. **Electricity generation volume:** Annual energy production for Gullen Wind Farm is assumed to be 471 GWh per annum based on historical production. Seasonality factors are applied based on historical trend. Degradation rate is assumed to be 0.1% per annum. Economic curtailment is based on independent forecast provided by an independent energy market research consultant for 2024 onwards.
3. **Loss factors:** MLF is a multiplier which is used to scale energy generation volumes to account for electricity losses along the transmission network. The MLF is based on management estimate considering forecast long-term average MLF provided by an independent energy market research consultant and is assumed to be flat over the entire forecast period.
4. **Electricity prices and PPA:** Gullen Wind's electricity price up until December 2024 is based on the PPA. Beyond that, wholesale electricity prices in the NEM sourced from independent electricity pricing forecasts provided by an independent energy market research consultant have been adopted which take into account changes in industry wide capacity, market demand, regulatory schemes and long-run marginal cost of new generation.

5. LGC prices: Gullen Wind's LGC price up until December 2024 is based on the PPA. Beyond that, uncontracted LGC price forecast has been assumed based on LGC prices provided by an independent energy market research consultant. A form of guarantee of origin certificate is assumed to come online when the Renewable Energy Target ends in 2030. The LGC price (real basis) is assumed to be AUD10 in 2031, declining linearly to reach AUD1 in 2040 after which it remains constant at AUD1 until 2060.
6. Operating costs: Operating costs comprise mainly of O&M, connection, land lease and other expenses. Most of the expenses are contracted with annual escalation factors.
7. Capital expenditure: No additional capital expenditure has been forecast as the WOM contract is inclusive of all costs.
8. Financing: Interest rate is assumed to be payable at 1.7% plus the base rate (before hedging), provided by management. It represents a 0.1% reduction from the contracted 1.8% interest rate to reflect management's expectation of interest savings from future portfolio financing and reduced risk perception for operation phase. 100% of the interest rate risk is assumed to be hedged until full repayment of the loans in 2034. Gullen Wind is assumed to receive repayment of the intercompany loan due from Gullen Solar at a rate of AUD105,000 per quarter plus interest, until the loan is fully repaid in 2037.
9. Franking credit: The franking credit balance on Valuation Date is assumed based on the Target Company's franking credit balance at 31 December 2023 proportionately allocated to Gullen Wind based on installed capacity.

***Key assumptions for valuation of Biala***

1. Project life: Wind turbines typically have a design life of 25 to 30 years. Extension of the wind farm beyond their design life may require significant capital expenditure. The cash flow model assumes a remaining useful life of 23 years. At the end of the useful life, site decommissioning costs is assumed to equal the residual value of the wind farm assets, which are comprised predominantly of the wind turbines.
2. Electricity generation volume: Management assumed annual energy production for Biala Wind Farm is 371 GWh per annum provided by management, calculated based on historical pre-curtailment generation. Seasonality factors and availability are applied, and degradation rate is assumed to be 0.1% per annum. Economic curtailment is based on independent forecast provided by an independent energy market research consultant for 2024 onwards.

3. Loss factors: MLF is a multiplier which is used to scale energy generation volumes to account for electricity losses along the transmission network. The MLF is based on management estimate considering an independent energy market research consultant's forecast long-term average MLF and is assumed to be flat over the entire forecast period.
4. Electricity prices and PPA: Wholesale electricity prices in the NEM sourced from independent electricity pricing forecasts provided by an independent energy market research consultant been adopted which take into account changes in industry wide capacity, market demand, regulatory schemes and long-run marginal cost of new generation. Biala does not operate under a PPA agreement.
5. LGC prices: Biala's LGC price forecast has been assumed based on LGC prices provided by an independent energy market research consultant. A form of guarantee of origin certificate is assumed to come online when the Renewable Energy Target ends in 2030. The LGC price (real basis) is assumed to be AUD10 in 2031, declining linearly to reach AUD1 in 2040 after which it remains constant at AUD1 until 2060.
6. Operating costs: Operating costs comprise mainly of O&M, connection, land lease and other expenses. Most of the expenses are contracted with annual escalation factors. Biala's land lease has a fixed component as well as a variable component based on revenue generation, with the fixed component being approximately AUD120,000 for sundry expenses and variable component being 2.5% of revenue.
7. Capital expenditure: No additional capital expenditure has been forecast as the WOM contract is inclusive of all costs.
8. Financing: Management considers the interest rate payable by Biala on its loans to be below commercial rate due to the guarantee provided by China Export & Credit Insurance Corporation, an independent state-funded insurance company incorporated in the PRC. The cash flow model assumes a commercial interest rate of 1.7% plus the base rate (before hedging), provided by management. It represents a 0.1% reduction from the contracted 1.8% interest rate to reflect management's expectation of interest savings from future portfolio financing and reduced risk perception for operation phase. 100% of the interest rate risk is assumed to be hedged until 31 March 2024, and nil hedging thereafter until September 2025 when the existing loans are expected to be refinanced. 100% hedging resumes from October 2025 until the loan is fully repaid in 2039.

9. Franking credit: The franking credit balance on Valuation Date is assumed based on the Target Company's franking credit balance at 31 December 2023 proportionately allocated to Biala based on installed capacity.

***Key assumptions for valuation of Gullen Solar***

1. Project life: The cash flow model assumes a remaining useful life of 19 years. At the end of the useful life, site decommissioning costs is assumed to equal the residual value of the solar farm assets, which are comprised predominantly of the modules and solar photovoltaic racking.
2. Electricity generation volume: Annual energy production for Gullen Solar Farm is assumed to be 18.3 GWh per annum based on historical production. Seasonality factors are applied based on historical trend. Degradation rate is assumed to be 0.4% per annum based on management assumption. Economic curtailment is based on independent forecast provided by an independent energy market research consultant for 2024 onwards.
3. Loss factors: MLF is a multiplier which is used to scale energy generation volumes to account for electricity losses along the transmission network. The MLF is based on management estimate considering an independent energy market research consultant's forecast long-term average MLF and is assumed to be flat over the entire forecast period.
4. Electricity prices and PPA: Gullen Solar's electricity price is assumed to be the wholesale electricity prices in the NEM in respect of solar farms in New South Wales sourced from independent electricity pricing forecasts provided by an independent energy market research consultant which take into account changes in industry wide capacity, market demand, regulatory schemes and long-run marginal cost of new generation.
5. LGC prices: Gullen Solar's LGC price forecast has been assumed based on LGC prices provided by an independent energy market research consultant. A form of guarantee of origin certificate is assumed to come online when the Renewable Energy Target ends in 2030. The LGC price (real basis) is assumed to be AUD10 in 2031, declining linearly to reach AUD1 in 2040 after which it remains constant at AUD1 until 2060.

6. Operating costs: Operating costs comprise mainly of O&M and other expenses. Most of the expenses are contracted with annual escalation factors.
7. Capital expenditure: No additional capital expenditure has been forecast as the WOM contract is inclusive of all costs, except for some maintenance capital expenditure in 2028.
8. Financing: Interest rate is assumed to be payable at 1.7% plus the base rate (before hedging). 100% of the interest rate risk is assumed to be hedged until full repayment of the loan due to Gullen Wind in 2037. Loan repayment is at a rate of AUD105,000 per quarter.
9. Franking credit: The franking credit balance on Valuation Date is assumed based on the Target Company's franking credit balance at 31 December 2023 proportionately allocated to Gullen Solar based on installed capacity.

## **Confirmations**

Grant Thornton Hong Kong Limited, being the Company's auditor, has reviewed and reported to the Directors in respect of the compilation of the discounted cash flows in connection with the valuation of 40% equity interest in the Target Company prepared by the Valuer used in the Valuation Report, which do not involve the adoption of accounting policies.

The Directors confirm that the fair valuation of 40% equity interest in the Target Company as at the Valuation Date in the Valuation Report, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry.

A report from Grant Thornton Hong Kong Limited in compliance with Rule 14.60A(2) of the Listing Rules is included in Appendix I to this announcement; and a letter from the Board in compliance with Rule 14.60A(3) of the Listing Rules is included in Appendix II to this announcement.

## **EXPERTS AND CONSENTS**

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

<b>Name</b>	<b>Qualification</b>
ShineWing Australia Securities Pty Ltd	Independent valuer
Grant Thornton Hong Kong Limited	Certified Public Accountants Registered Public Interest Entity Auditor

As at the date of this announcement, each of ShineWing Australia Securities Pty Ltd and Grant Thornton Hong Kong Limited does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group. To the best of the Directors' knowledge, information and belief, each of ShineWing Australia Securities Pty Ltd and Grant Thornton Hong Kong Limited is an Independent Third Party.

ShineWing Australia Securities Pty Ltd has consented to the inclusion of its name in the form and context in which they are included in this announcement.

Grant Thornton Hong Kong Limited has consented to the inclusion of its letter, and references to their name in the form and context in which they are included.

## **INFORMATION ABOUT THE BUYER AND THE COMPANY**

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

The Buyer is a company incorporated in Australia with limited liability and is a wholly-owned subsidiary of the Company. The Buyer is principally engaged in building and operating a portfolio of clean energy projects across Australia.

## **INFORMATION ABOUT THE SELLER AND JNCEC**

The Seller is an investment holding company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of JNCEC. JNCEC is a joint stock company incorporated in the PRC, the H shares of which are listed on the main board of the Stock Exchange (stock code: 579). JNCEC is a leading wind power and photovoltaic power operator in the PRC and the largest gas-fired power provider in Beijing, with a diversified clean energy portfolio including wind power, photovoltaic power, gas-fired power and heat energy, small and medium hydropower and other clean energy projects. As at the date of this announcement, BEH holds approximately 68.68% of the issued share capital of JNCEC.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

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

The Board is of the view that the Acquisition will be complementary to the Group's existing clean power plant portfolio and enables the Group to further expand its scale of business in the clean energy sector in Australia to enhance returns to the Shareholders. The Acquisition is therefore considered by the Board to be a good opportunity to expand the Group's existing clean energy business. Having considered (i) each of Gullen Wind Farm, Gullen Solar Farm and Biala Wind Farm has commenced power generation since December 2014, August 2017 and April 2022 respectively; and (ii) the Target Company recorded profit after income tax of approximately AUD30.9 million for the year ended 31 December 2022 and approximately AUD39.8 million for the year ended 31 December 2023, the Board believes that the Target Group has a reasonable potential to create new overseas profit for the Company in the future. Accordingly, the Board holds an optimistic view towards the prospects of the wind farms and solar farms industry in Australia in the long run.

The Directors (including the independent non-executive Directors) consider that the Acquisition was negotiated on normal commercial terms, and the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. Su Yongjian, a non-executive Director, is the senior management of BEH. Therefore, he had abstained from voting on the Board resolution approving the Acquisition. Save as the aforesaid, none of the Directors has any material interest in the Acquisition and was required to abstain from voting on the Board resolution in relation to the Acquisition.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the Acquisition to be contemplated under the SPA exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as at the date of this announcement, the Seller is a wholly-owned subsidiary of JNCEC, which is held as to approximately 68.68% by BEH. BEH is a controlling shareholder of the Company holding 7,176,943,498 Shares, representing approximately 32.64% of the voting rights underlying the issued Shares (excluding Shares held by the Company as Treasury Shares). Accordingly, the Seller is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Based on the above, the Acquisition is subject to (i) the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The SGM will be convened by the Company to seek the Independent Shareholders' approval of the Acquisition. All Shareholders who have a material interest in the Acquisition, together with their associates, will be required to abstain from voting at the SGM.

As the Seller is a direct subsidiary of JNCEC and an indirect subsidiary of BEH, BEH and its associates are required to abstain from voting on the relevant resolution(s) to be proposed at the SGM.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely, Ms. Jin Xinbin, Ms. Li Hongwei, Mr. Zhu Jianbiao and Mr. Zeng Ming, to advise the Independent Shareholders on the Acquisition. None of the members of the Independent Board Committee has any interest in the Acquisition.



The Independent Board Committee has resolved to appoint Pulsar Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Acquisition. The Independent Board Committee will form its view after obtaining and considering the advice from the Independent Financial Adviser.

A circular containing, among other things, (i) further details about the Acquisition; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) notice of the SGM; and (v) other information as required under the Listing Rules, will be despatched by the Company to the Shareholders on or before 30 September 2024 as additional time is likely to be required for the Company to prepare and finalise certain information for inclusion in the circular.

**Shareholders and potential investors of the Company should note that Completion is subject to a number of Conditions Precedent which may or may not be fulfilled, as the Acquisition may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## **DEFINITION**

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

“AC”	alternating current
“Acquisition”	the acquisition of the Sale Shares by the Buyer from the Seller
“Adjustment Amount”	the amount equal to 40% of the net profit after tax of the Target Company for the period from the valuation date set forth in the SPA to the Completion Date less any fully franked dividend declared or paid by the Target Company prior to the Completion Date (except for those declared before the valuation date set forth in the SPA), details of which are set forth in “Consideration of the Acquisition” section of this announcement
“AUD”	Australian dollars, the lawful currency of Australia

“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 32.64% of the voting rights underlying the issued Shares (excluding Shares held by the Company as Treasury Shares)
“Biala”	Newtricity Developments Biala Pty Ltd, a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Target Company
“Biala Wind Farm”	the wind farm located in New South Wales, Australia with an installed capacity of 110.7MW and operated by Biala
“Board”	the board of Directors
“Business Day”	a day on which banks are open for general banking business in Sydney, New South Wales and in the PRC
“Buyer”	Beijing Energy International (Australia) Holding Pty Ltd, a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Company
“Company”	Beijing Energy International Holding Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 686)
“Completion”	the completion of the Acquisition
“Completion Amount”	the amount to be paid by the Buyer upon Completion, details of which are set forth in “Consideration of the Acquisition” section of this announcement
“Completion Date”	the date which is the last day of the month in which the last Condition Precedent is satisfied
“Conditions Precedent”	the conditions precedent to Completion, as set forth under “Conditions Precedent” section in this announcement

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Value”	the equity value of the Sale Shares agreed by the Parties in the SPA
“FIRB”	the Australian Foreign Investment Review Board
“FIRB Act”	the Foreign Acquisitions and Takeovers Act 1975
“Group”	the Company and its subsidiaries
“Gullen Solar”	Gullen Solar Pty Ltd, a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Target Company
“Gullen Solar Farm”	the solar photovoltaic power plant located in New South Wales, Australia with an installed capacity of 10MW AC and operated by Gullen Solar
“Gullen Wind”	New Gullen Range Wind Farm Pty Ltd, a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Target Company
“Gullen Wind Farm”	the wind farm located in New South Wales, Australia with an installed capacity of 165.5MW and operated by Gullen Wind
“GWh”	gigawatt hour(s)
“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 Acquisition
“Independent Shareholders”	the Shareholders other than BEH and its associates

“Independent Third Party(ies)”	party or parties that, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, is or are not the Group’s connected person(s), within the meaning of the Listing Rules
“JNCEC”	Beijing Jingneng Clean Energy Co., Limited, a joint stock company incorporated in the PRC, the H shares of which are listed on the main board of the Stock Exchange (stock code:579)
“LGC”	large scale generation certificates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“MLF”	marginal loss factor
“MW”	megawatts, which equals 1,000,000 watts
“NEM”	National Electricity Market, a wholesale energy only spot market in Australia
“O&M”	operating and maintenance
“Parties”	the parties to the SPA, collectively, the Buyer, the Seller and the Target Company
“PPA”	power purchase agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Projects”	collectively, the Gullen Wind Farm, the Gullen Solar Farm and the Biala Wind Farm
“Pulsar Capital” or “Independent Financial Adviser”	Pulsar Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Purchase Price”	the consideration of the Acquisition, details are set forth under “Consideration of the Acquisition” section of this announcement
“Renewable Energy Target”	an Australian government scheme designed to reduce emissions of greenhouse gases in the electricity sector and encourage the additional generation of electricity from sustainable and renewable sources
“Sale Shares”	40% of the issued ordinary share capital in the Target Company to be acquired by the Buyer from the Seller, being 48,600,040 shares of the Target Company
“Seller”	Beijing Jingneng Clean Energy (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of JNCEC
“SGM”	the special general meeting of the Company to be convened for considering and, if thought fit, approving the Acquisition
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SPA”	the share sale and purchase agreement dated 20 August 2024 entered into by the Parties in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd, a company incorporated in Australia with limited liability
“Target Group”	the Target Company and its subsidiaries (i.e., Gullen Wind, Gullen Solar and Biala)

“Treasurer”	the Treasurer of the Commonwealth of Australia
“Treasury Shares”	has the meaning ascribed to it under the Listing Rules
“Valuation Date”	31 December 2023
“Valuation Report”	the report dated 20 August 2024 prepared by the Valuer on the indicative fair market valuation of 40% equity interest in the Target Company
“Valuer”	ShineWing Australia Securities Pty Ltd
“WOM”	warranty, operating and maintenance
“%”	per cent

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

Hong Kong, 20 August 2024

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman) and Mr. Lu Zhenwei; the non-executive directors of the Company are Mr. Liu Guoxi, Mr. Su Yongjian, Mr. Li Hao, Mr. Lu Xiaoyu and Mr. Wang Cheng; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei, Mr. Zhu Jianbiao and Mr. Zeng Ming.*

## APPENDIX I – REPORT FROM GRANT THORNTON HONG KONG LIMITED

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

20 August 2024

Dear Sirs

### **REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF 40% EQUITY INTEREST IN BEIJING JINGNENG CLEAN ENERGY (AUSTRALIA) HOLDING PTY LTD**

**To the board of directors of Beijing Energy International Holding Co., Ltd. (the “Company”)**

We have examined the calculations of the discounted future estimated cash flows on which the valuation dated 20 August 2024 prepared by ShineWing Australia Securities Pty Ltd in respect of the 40% equity interest in Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd (the “**Target Company**”) as at 31 December 2023 is based (the “**Valuation**”). The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and reference to the Valuation will be included in an announcement dated 20 August 2024 issued by the Company in connection with acquisition of the Target Company (the “**Announcement**”).

#### **Directors’ Responsibilities**

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

#### **Professional Ethics and Quality Management**

We have complied with the ethical requirements in “Code of Ethics for Professional Accountants” issued by HKICPA. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants’ Responsibilities**

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

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

Our work does not constitute any valuation of the 40% equity interest in the Target Company. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

### **Opinion**

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

**Grant Thornton Hong Kong Limited**  
*Certified Public Accountants*

Hong Kong



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

20 August 2024

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

Dear Sirs or Madams,

### **MAJOR TRANSACTION AND CONNECTED TRANSACTION – ACQUISITION OF 40% EQUITY INTEREST IN THE TARGET COMPANY**

We refer to the announcement of the Company dated 20 August 2024 in relation to the captioned transaction (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings in this letter when used herein.

We refer to the valuation report dated 20 August 2024 prepared by the Valuer, ShineWing Australia Securities Pty Ltd, in relation to the valuation (the “**Valuation**”) related to the acquisition of 40% equity interest in Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd (the “**Target Company**”). Such Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

The Board has reviewed information and documents and the method of calculation adopted in relation to the basis and assumptions based upon which the discounted cash flows in the Valuation has been prepared, and has reviewed the Valuation prepared by the Valuer for which the Valuer is responsible for. The Board has also considered the report from Grant Thornton Hong Kong Limited, the auditor of the Company, as set out in Appendix I to the Announcement regarding the calculations of the discounted cash flows in the Valuation.

On the basis of the foregoing, in accordance with the requirements under Rule 14.60A(3) of the Listing Rules, the Board confirms that the Valuation prepared by the Valuer has been made after due and careful enquiry.

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