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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.

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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)

### CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO FINANCIAL SERVICES FRAMEWORK AGREEMENT, RE-ELECTION OF RETIRING DIRECTOR AND NOTICE OF SPECIAL GENERAL MEETING

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



Gram Capital Limited  
嘉林資本有限公司

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A letter from the Board is set out on pages 4 to 15 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 16 to 17 of this circular. A letter from Gram Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 28 of this circular.

A notice convening an SGM to be held at Room 1811, 18/F., Building 5, No. 9 Courtyard, Guang'an Road, Fengtai District, Beijing, PRC, on Tuesday, 26 January 2021 at 11:00 a.m. is set out on pages 41 to 43 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, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong as soon as practicable but in any event 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.

To facilitate Shareholders attending the SGM, electronic facilities will be set up at the principal place of business of the Company in Hong Kong at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (the "Hong Kong Venue") where Shareholders or his/her/its proxies may participate in the SGM via video conference and cast their votes in person.

#### PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

In view of the ongoing novel coronavirus disease ("COVID-19") pandemic, the Company will implement the following precautionary measures at the SGM venue and Hong Kong Venue for the sake of health and safety of our Shareholders, Directors, staff, stakeholders and other participants, including, without limitation:

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

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

8 January 2021

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“associate(s)”	has the meaning as 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 limited liability company incorporated in the PRC and a controlling shareholder of the Company
“BEH Finance”	BEH Finance Co., Ltd* (京能集團財務有限公司), a limited liability company incorporated in the PRC, which is a 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
“Company”	Beijing Energy International Holding Co., Ltd. (北京能源國際控股有限公司)(formerly known as Panda Green Energy Group Limited 熊貓綠色能源集團有限公司), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 686)
“connected person(s)”	has the meanings as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Financial Services Framework Agreement”	the financial services framework agreement entered into on 3 July 2020 between the Company and BEH Finance
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the deposit services contemplated under the Financial Services Framework Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the deposit services contemplated under the Financial Services Framework Agreement (including the proposed annual caps)
“Independent Shareholders”	Shareholders other than BEH and other Shareholders who are required under the Listing Rules to abstain from voting at the SGM for the resolution approving the deposit services contemplated under the Financial Services Framework Agreement
“Latest Practicable Date”	5 January 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nomination Committee”	the nomination committee of the Company
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM” or “Special General Meeting”	the special general meeting of the Company to be convened at Room 1811, 18/F., Building 5, No. 9 Courtyard, Guang’an Road, Fengtai District, Beijing, PRC and via video conference set up at the principal place of business of the Company in Hong Kong at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Tuesday, 26 January 2021 at 11:00 a.m. or any adjournment thereof, and the notice of which is attached to this circular

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholders”	holder(s) of issued Shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning as ascribed to it under the Listing Rules
“%”	per cent

\* *The English names of the Chinese entities are translation of their Chinese names and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names 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

Mr. Xu Jianjun

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Non-Executive Directors:*

Mr. Sui Xiaofeng

Mr. Chen Dayu

Mr. Li Hao

Ms. Xie Yi

*Head Office and Principal Place of  
Business in Hong Kong:*

Unit 1012, 10/F.

West Tower, Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

*Independent Non-Executive Directors:*

Mr. Kwan Kai Cheong

Mr. Yen Yuen Ho, Tony

Mr. Chen Hongsheng

Ms. Jin Xinbin

8 January 2021

*To the Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION  
AND MAJOR TRANSACTION  
IN RELATION TO FINANCIAL SERVICES FRAMEWORK AGREEMENT,  
RE-ELECTION OF RETIRING DIRECTOR  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 3 July 2020 in relation to the Financial Services Framework Agreement, pursuant to which BEH Finance has agreed to provide to the Group deposit services, loan services and other financial services for the three years ending 31 December 2022, subject to the terms and conditions provided therein.

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## LETTER FROM THE BOARD

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Reference is also made to the announcement of the Company dated 31 December 2020 in relation to the appointment of Ms. Jin Xinbin as an independent non-executive Director by the Board.

The purpose of this circular is to provide you with (i) information on the Financial Services Framework Agreement; (ii) information on re-election of the retiring Director; (iii) a letter of advice from the Independent Board Committee to the Independent Shareholders in connection with the deposit services contemplated under the Financial Services Framework Agreement; (iv) a letter of advice from Gram Capital setting out, among other things, its recommendation to the Independent Board Committee and the Independent Shareholders in connection with the deposit services contemplated under the Financial Services Framework Agreement; and (v) the notice of the SGM.

### FINANCIAL SERVICES FRAMEWORK AGREEMENT

Principal terms of the Financial Services Framework Agreement are summarised as follows:

Date: 3 July 2020 (after trading hours)

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

Term of the agreement: The Financial Services Framework Agreement is subject to the approval of the Independent Shareholders at the SGM and shall be effective until 31 December 2022. Subject to compliance with the requirements under relevant laws and the Listing Rules, the Financial Services Framework Agreement may be extended for no more than three years upon mutual agreement of the parties.

Scope of financial services and pricing policy: **(1) Deposit services**

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

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## LETTER FROM THE BOARD

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### (2) Loan services

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

### (3) Other financial services

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

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

## ANNUAL CAPS AND BASIS FOR ANNUAL CAPS

Since the Financial Services Framework Agreement is a new transaction between the Company and BEH Finance, no historical transaction information is available.

### (1) Deposit services

The proposed annual caps for the maximum daily deposit balance (including any interest accrued thereon) with BEH Finance are RMB2 billion, RMB2.5 billion and RMB3 billion for the three years ending 31 December 2022, which are determined taking into consideration of, among other things, the following factors:

- (a) following the completion of the subscription of Shares by BEH in February 2020, for the three months from February to April 2020, the maximum daily deposit balances of the Group (including interest incurred) was approximately RMB2,686 million;



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## LETTER FROM THE BOARD

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- (b) the existing business scale and operation, as well as the cash flow requirements of the business development plan of the Group for the next three years.

The power generation business is a capital-intensive business and further business development and expansion of the Group requires a lot of capital. As at 31 December 2019, the Group and its associates owned 61 solar power plants with a total installed capacity of approximately 1,979 megawatts (“MW”). Taking into account the current pace of development and plans for expansion through possible acquisitions, it is expected that the Company will be in a position to expand the capacity of power plants by approximately 500 MW each year. The financing requirements are expected to be at least approximately RMB2 billion, and the Company may need to conduct further fundraising to meet its capital requirements (including but not limited to entering into finance leases and issuance of bonds). Funds that are not utilized immediately may be deposited at institutions which provide deposit services. Accordingly, the demand for deposit services will increase; and

- (c) the expected interest income from BEH Finance.

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

As at the Latest Practicable Date, the proposed annual cap for the maximum deposit balance with BEH Finance for the year ended 31 December 2020 had become obsolete. If the deposit services contemplated under the Financial Services Framework Agreement is approved at the SGM, the Company will deposit cash at BEH Finance in accordance with Financial Services Framework Agreement and the proposed annual caps for the two years ending 31 December 2022. The Company confirms that during the period commencing on the date of the Financial Services Framework Agreement and ending on the Latest Practicable Date, the Company did not make any cash deposits at BEH Finance.

### **(2) Loan services**

The loan services to be provided by BEH Finance to the Group are on normal commercial terms or better and no security over the assets of the Group will be provided in respect of such loan services. Accordingly, such loan services are fully exempted from the reporting, announcement and Independent Shareholders’ approval requirements pursuant to Rule 14A.90 of the Listing Rules. On that basis, no annual cap is required to be set for loan services under the Financial Services Framework Agreement.

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## LETTER FROM THE BOARD

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### (3) Other financial services

The proposed annual cap for other financial services fees under the Financial Services Framework Agreement for each of the three years ending 31 December 2022 is RMB10 million, which is determined taking into consideration, among other things, the need for flexible capital investment and management as a result of business development. The proposed annual caps for other financial services fees are determined taking into consideration, among other things, (a) the Group's demand for entrusted loans and credit verification services for the financial year ended 31 December 2019; (b) the Group's expected demand for other financial services covered by the Financial Services Framework Agreement for the three years ending 31 December 2022, taking into account the business development plan of the Group for the same period; and (c) the Group's plan to streamline its financial vendor management through engaging selected non-bank financial institution(s) to enhance management efficiency.

### INTERNAL CONTROL MEASURES

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

- Before entering into any new deposit arrangements with BEH Finance, the finance department of the Company shall be responsible for obtaining quotes from at least two other independent commercial banks in the PRC for similar deposit services and similar duration. Those quotes, together with the quote from BEH Finance, will be reviewed to ensure that the deposit rate and terms for the Company's deposit with BEH Finance are on normal commercial terms or better, and not lower than the interest rate and terms offered by major independent commercial banks in the PRC and the People's Bank of China. The quote from BEH Finance has to pass the internal approval process of the Company before it can be accepted;
- The finance department of the Company shall regularly check the relevant interest rates and other financial service fees by comparing the deposit interest rates, loan interest rates quoted by other major independent commercial banks in the PRC as well as service fees charged for other financial services to ensure that they are conducted in accordance with the pricing policies agreed under the Financial Services Framework Agreement;

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## LETTER FROM THE BOARD

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- The finance department of the Company shall be responsible for closely monitoring the balance of the deposits of the Group with BEH Finance on a daily basis, and monitoring the Group's daily maximum deposit balance and total interest receivable from these deposits to ensure that the relevant amount will not exceed the annual cap;
- BEH Finance shall set up and maintain secured and stable on-line systems through which the relevant member of the Group which deposits money with it can view the balance of such deposits at anytime on any day; and
- The independent non-executive Directors will conduct annual review of the transactions in relation to the deposit services and other financial services under the Financial Services Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in the Company's annual report(s) in accordance with the Listing Rules that the transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms are fair and reasonable and in the interests of the Shareholders as a whole.

### REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

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

BEH Finance is subject to Measures for the Administration of Finance Companies of Enterprise Groups\* 《企業集團財務公司管理辦法》(the “**Administrative Measures**”) promulgated by China Banking Regulatory Commission which regulates the operation of non-bank financial institutions which provide financial management services to the enterprise group member entities. The table below sets out the key financial ratio requirements of the Administrative Measures and the Provisional Measures for Risk Regulation Indicators Assessment of Finance Companies of Enterprise Groups\* 《企業集團財務公司風險監管指標考核暫行辦法》(the “**Provisional Measures**”) and the respective financial ratios of BEH Finance for the three years ended 31 December 2019.

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## LETTER FROM THE BOARD

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		<b>Financial ratios of BEH Finance</b>		
<b>Financial ratios</b>	<b>Requirements under the Provisional Measures</b>	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2018</b>	<b>For the year ended 31 December 2017</b>
		<i>(approximate %)</i>	<i>(approximate %)</i>	<i>(approximate %)</i>
		<i>Lowest during the respective period</i>		
Capital adequacy	Not less than 10%	19.72	19.55	18.73
		<i>Highest during the respective period</i>		
Inter-financial institution borrowing balances to total capital	Not more than 100%	Nil	Nil	7.41
Total outstanding guarantees to total capital	Not more than 100%	Nil	5.34	17.82
Long-term and short-term investment to total capital	Not more than 70%	31.66	20.76	19.74
Self-owned fixed assets to total capital	Not more than 20%	0.29	0.11	0.08
Non-performing loan	Not more than 5%	Nil	Nil	Nil

As advised by BEH Finance, BEH Finance complied with the financial ratio requirements stipulated in the Administrative Measures and Provisional Measures for the three years ended 31 December 2019 and there was no non-compliance with applicable laws and regulations of the PRC. The Directors are not aware of any record of non-compliance with the relevant laws and regulations of the PRC in respect of the operations of BEH Finance in the three years ended 31 December 2019.

For the Company's continuous monitoring of the financial conditions of BEH Finance during the term of the Financial Services Framework Agreement, the Company's finance department will from time to time review the financial statements of BEH Finance as disclosed on the website of the National Interbank Funding Centre of the PRC (<http://www.chinamoney.com.cn>). According to applicable regulations, BEH Finance is required to disclose (i) its balance sheet as at year end of the previous year and its income statement for the previous year by 15 January each year, (ii) its balance sheet as at 30 June of the year and its income statement for the six months from January to June of the year by 15 July each year, and (iii) its audited annual financial statements and audit report as audited by a certified public accountant (including but not limited to the full text of the audit opinion, audited balance sheet, audited income statement and notes to financial statements) by 30 April each year. Moreover, as stated above, according to applicable regulations, BEH Finance is required to satisfy certain

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## LETTER FROM THE BOARD

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financial ratio requirements as stipulated in the Administrative Measures and Provisional Measures. BEH Finance has agreed to promptly inform the Company in writing of any material non-compliance by BEH Finance with any applicable laws or regulations which may affect the Group.

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

In addition, according to the articles of association of BEH Finance and as required by the Administrative Measures, in the event BEH Finance has any urgent payment difficulties, BEH undertakes to provide funding to BEH Finance to satisfy the latter's capital needs. The Administrative Measures stipulates the protection available to depositors in the event of default by finance companies. In the event of default by BEH Finance, BEH has the obligation to assist and protect depositors who have deposited with BEH Finance. In the event of default by BEH Finance, its assets and liabilities shall be managed in accordance with applicable regulations and the loans granted by BEH Finance to the Group may be set-off by the deposits placed by the Group with BEH Finance.

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

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

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## LETTER FROM THE BOARD

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In addition to the above, the Directors (including the independent non-executive Directors) are of the view that the Company's exposure to credit and counterparty risks under the Financial Services Framework Agreement is limited as, as advised by BEH Finance, (1) BEH Finance is a regulated entity and it complied with the financial ratio requirements stipulated in the Administrative Measures and Provisional Measures for the three years ended 31 December 2019; (2) BEH Finance did not have any non-performing loans for the three years ended 31 December 2019; (3) the lowest capital adequacy ratio of BEH for the three years ended 31 December 2019 was approximately 18.73%, which was significantly higher than the requirement specified in the Provisional Measures and that applicable to commercial banks in the PRC (8%); and (4) BEH's undertaking to provide financial support to BEH Finance in case the latter has urgent capital needs.

As Mr. Zhang Ping (the Chairman of the Board and executive Director) and Mr. Huang Hui (the then executive Director) are also the senior management of BEH, they have abstained from voting on the resolution approving the Financial Services Framework Agreement at the relevant Board meeting.

### LISTING RULES IMPLICATIONS

BEH is the controlling shareholder of the Company, indirectly holding approximately 32% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules. As BEH Finance is a subsidiary of BEH, BEH Finance is also a connected person of the Company. Accordingly, the Financial Services Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

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

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

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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, 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 solar power plants and other renewable energy projects.

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

BEH is a limited liability company incorporated in the PRC which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. BEH is wholly-owned by Beijing State-owned Capital Operation and Management Center. BEH is a controlling Shareholder, holding approximately 32% Shares of the Company as of the Latest Practicable Date.

### RE-ELECTION OF RETIRING DIRECTOR

Reference is made to the announcement of the Company dated 31 December 2020 in relation to the appointment of Ms. Jin Xinbin as an independent non-executive Director by the Board.

In accordance with Bye-Law 83(2) of the Bye-Laws, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his/her appointment and be subject to re-election at such meeting. Accordingly, Ms. Jin Xinbin shall retire and, being eligible, offer herself for re-election and the Board has recommended Ms. Jin Xinbin for re-election at the SGM. The biographical details of Ms. Jin Xinbin are set out in Appendix II to this circular.

The Nomination Committee had reviewed the confirmation of independence provided by Ms. Jin Xinbin and was satisfied that Ms. Jin Xinbin meets the independence criteria as set out in Rule 3.13 of the Listing Rules.

The Nomination Committee, having considered the nomination policy of the Company and reviewed the background, skills, knowledge and experience of the proposed Director, is of the view that Ms. Jin Xinbin's education background and vast experience in energy industry allow her to provide valuable insights and contribute to the diversity of the Board. In view of the above, the Nomination Committee has nominated Ms. Jin Xinbin to the Board for consideration.

Having considered and reviewed the biographical details of Ms. Jin Xinbin and her independence, the Board accepted the Nomination Committee's nomination and recommended Ms. Jin Xinbin for re-election by the Shareholders at the SGM. In view of the above, the Board

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## LETTER FROM THE BOARD

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considers that Ms. Jin Xinbin, the retiring independent non-executive Director continues to be independent and the re-election of Ms. Jin Xinbin is in the interests of the Company and the Shareholders as a whole.

### **SPECIAL GENERAL MEETING**

A notice convening the SGM is set out on pages 41 to 43 of this circular, at which ordinary resolutions will be proposed for the Shareholders to consider, and if thought fit, to approve the deposit services contemplated under the Financial Services Framework Agreement (including the proposed annual caps) and the re-election of the retiring Director.

All Shareholders who have a material interest (which is different from all other Shareholders) in any of the transactions contemplated by the Financial Services Framework Agreement, together with their close associates, will be required to abstain from voting at the SGM. As at the Latest Practicable Date, as BEH Finance is an associate of BEH, each of BEH and BEH Finance and their respective associates are required to abstain from voting on the relevant resolution(s) to be proposed at the SGM.

For the purpose of determining the entitlement for attending and voting at the SGM, the register of members of the Company will be closed from Thursday, 21 January 2021 to Tuesday, 26 January 2021 (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, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 20 January 2021.

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 Stock Exchange (<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, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

### **VOTING AT THE SPECIAL GENERAL MEETING**

According to Rule 13.39(4) of the Listing Rules, all votes 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



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## LETTER FROM THE BOARD

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of hands. Therefore, all 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.

### RECOMMENDATION

Reference is made to the announcement of the Company dated 3 July 2020 in relation to, among other things, the formation of an Independent Board Committee to advise the Independent Shareholders on the deposit services contemplated under the Financial Services Framework Agreement. Following the change of independent non-executive Director on 31 December 2020, the Independent Board Committee now comprises Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Chen Hongsheng and Ms. Jin Xinbin, being all the independent non-executive Directors.

The Independent Board Committee after considering the advice from Gram Capital, are of the view that the terms of the Financial Services Framework Agreement have been negotiated on arm's length basis and the Financial Services Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better. The terms of the Financial Services Framework Agreement and the transactions contemplated thereunder as well as the proposed annual caps 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.

The Board recommends the Independent Shareholders to vote in favour of the ordinary resolution in respect of the deposit services contemplated under the Financial Services Framework Agreement and the Shareholders to vote in favour of the ordinary resolution for the re-election of the retiring Director at the SGM.

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

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)

8 January 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION  
AND MAJOR TRANSACTION  
IN RELATION TO FINANCIAL SERVICES FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated 8 January 2021 (the “**Circular**”) 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 the members of the Independent Board Committee to consider and advise the Independent Shareholders in respect of the deposit services contemplated under the Financial Services Framework Agreement (including the proposed annual caps), details of which are set out in the Circular.

We wish to draw your attention to the “Letter from the Board” as set out on pages 4 to 15 of the Circular and the “Letter from Gram Capital”, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the deposit services contemplated under the Financial Services Framework Agreement (including the proposed annual caps), as set out on pages 18 to 28 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 Gram Capital as stated in its letter of advice, we consider that (i) the terms of the deposit services contemplated under the Financial Services Framework Agreement (including the proposed annual caps) are on normal commercial terms and are fair and reasonable, and (ii) the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in respect of the deposit services contemplated under the Financial Services Framework Agreement.

Yours faithfully,

**Independent Board Committee**

**Mr. Kwan Kai Cheong    Mr. Yen Yuen Ho, Tony**

**Mr. Chen Hongsheng        Ms. Jin Xinbin**

*Independent non-executive Directors*

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## LETTER FROM GRAM CAPITAL

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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 Deposit Services 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

8 January 2021

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

Dear Sirs,

### **CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the deposit services under the Financial Services Framework Agreement (the “**Deposit Services**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 8 January 2021 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.

On 3 July 2020 (after trading hours), the Company and BEH Finance entered into the Financial Services Framework Agreement, pursuant to which BEH Finance has agreed to provide to the Group deposit services, loan services and other financial services for the three years ending 31 December 2022, subject to the terms and conditions provided therein.

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

The Independent Board Committee comprising Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Chen Hongsheng and Ms. Jin Xinbin (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Deposit Services are on normal commercial terms and are fair and reasonable; (ii) whether the Deposit Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Deposit

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## LETTER FROM GRAM CAPITAL

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Services 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 the Company's continuing connected transactions (details of which were set out in the Company's circular dated 28 August 2020). As the aforesaid engagement was independent financial adviser engagement, it does not affect our independence to act as the Independent Financial Adviser.

Notwithstanding the aforesaid engagement which was an independent financial adviser engagement, we are 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 under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Having considered the above and that none of the circumstances as set out under Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date, we are of the view that we are independent to act as the Independent Financial Adviser.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the 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 Financial Services Framework Agreement. 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.

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## LETTER FROM GRAM CAPITAL

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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 herein 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, BEH Finance, 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 entering into of the Deposit Services. 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.

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 while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

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

#### **Information on the Group**

With reference to the Board Letter, the Company is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of solar power plants and other renewable energy projects.

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## LETTER FROM GRAM CAPITAL

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With reference to the Company's announcement dated 25 August 2020 in respect of the Company's annual results for the year ended 31 December 2019, the Company will further focus on its main business (i.e. clean energy business). Based on production safety and stability, it will take high-quality development as the core with an aim to improve its efficiency. Driven by the market-oriented mechanism, it will improve its governance system, pay close attention to its production, construction and operation, and actively resolve its financial capital risks to further promote its sustainable and stable development, so as to make the Company a world-class green energy investment operation management company.

### Information on BEH Finance

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

As advised by the Company, BEH Finance is required to operate in compliance with the Administrative Measures promulgated by China Banking and Regulatory Commission to regulate the operation of group finance companies and reduce the possible financial risk. We noted that the Administrative Measures set out certain compliance and risk control requirements/measures in relation to the operation of group finance companies, including but not limited to maintaining certain financial ratios at all times. The table below sets out the key financial ratio requirements of the Administrative Measures and the Provisional Measures and the respective financial ratios of BEH Finance for the three years ended 31 December 2019 as provided by the Company.

Financial ratio	Requirements	Financial ratios of BEH Finance		
		For the year ended 31 December 2019 (approximate %)	For the year ended 31 December 2018 (approximate %)	For the year ended 31 December 2017 (approximate %)
		<i>Lowest during the respective period</i>		
Capital adequacy ratio	Not less than 10%	19.72	19.55	18.73

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## LETTER FROM GRAM CAPITAL

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		Financial ratios of BEH Finance		
Financial ratio	Requirements	For the year ended 31 December 2019 (approximate %)	For the year ended 31 December 2018 (approximate %)	For the year ended 31 December 2017 (approximate %)
		<i>Highest during the respective period</i>		
Inter-financial institution borrowing balances to total capital ratio	Not more than 100%	Nil	Nil	7.41
Total outstanding guarantees to total capital ratio	Not more than 100%	Nil	5.34	17.82
Long-term and short-term investment to total capital ratio	Not more than 70%	31.66	20.76	19.74
Self-owned fixed assets to total capital ratio	Not more than 20%	0.29	0.11	0.08
Non-performing loan ratio	Not more than 5%	Nil	Nil	Nil

As shown in the table above, BEH Finance complied with the relevant financial ratio requirements as set out in the Administrative Measures and the Provisional Measures during 2017, 2018 and 2019. As also confirmed by the Directors, they are not aware of any record of non-compliance with relevant laws and regulations of the PRC in respect of the operations of BEH Finance in 2017 to 2019.

The non-performing loan ratio is one of the key indicators of credit risk. According to the above table, the highest non-performing loan ratios were nil during each of the three years ended 31 December 2019, which indicated that BEH Finance did not have non-performing loans during the three years ended 31 December 2019.

Pursuant to the Administrative Measures, in the event that a group finance company faces any difficulty in making payment, its controlling shareholder(s) will increase such group finance company's capital accordingly based on the actual need. We noted from BEH Finance's articles of association that BEH, being the controlling shareholder of the Company, undertook that BEH will provide funding to BEH Finance to satisfy its capital needs in the event that BEH Finance experiences any urgent payment difficulties.

Despite that BEH Finance has different credit risk exposure as compared to that of the independent commercial banks in the PRC, having considered the following factors:

- (i) BEH Finance did not have non-performing loans for the three years ended 31 December 2019;



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## LETTER FROM GRAM CAPITAL

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- (ii) the Administrative Measures set out certain compliance and risk control requirements/measures in relation to the operation of group finance companies; and
- (iii) BEH, being the controlling shareholder of the Company, undertook that BEH will provide funding to BEH Finance to satisfy its capital needs in the event that BEH Finance experiences any urgent payment difficulties,

we are of the view that BEH Finance's credit risk exposure would be mitigated.

Being a group finance company, BEH Finance provides financial services as mentioned above to members of BEH. As such, BEH Finance may face a relatively higher customer concentration risk than the PRC commercial banks (whose customers are the general public). However, as a subsidiary of the BEH Group, BEH Finance is able to gain access to the details of financial positions of its customers, and can obtain sufficient information in advance to determine whether to grant the loan to the applicant. The situation is different from most of the PRC commercial banks as limited information is available to the commercial banks to evaluate their customers. As such, the high customer concentration risk may be mitigated with sufficient information available to BEH Finance.

### **Reasons for benefit of the Deposit Services**

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

As further confirmed by the Directors, the Deposit Services are conducted on a non-exclusive basis.

In light of the above reasons, in particular, (i) the pricing policy of the Deposit Services; and (ii) the Deposit Services are conducted on a non-exclusive basis, we consider that the Deposit Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

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## LETTER FROM GRAM CAPITAL

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### **1. Principal terms of the Deposit Services**

Set out below are the summarized terms of Deposit Services, details of which are set out under the section headed “FINANCIAL SERVICES FRAMEWORK AGREEMENT” of the Board Letter:

Date:	3 July 2020 (after trading hours)
Parties:	BEH Finance and the Company
Scope of Deposit Services and pricing policy:	The Group may from time to time deposit cash at BEH Finance. The terms (including the interest rate and commission charged) to be offered by BEH Finance in respect of the deposit services shall be no less favourable than those offered by independent commercial banks in the PRC for provision of similar services to the Group, and the deposit interest to be paid by BEH Finance to the Group shall not be lower than the deposit interest rate of the same level for the same period as promulgated by the People’s Bank of China.
Term of Agreement:	The Financial Services Framework Agreement is subject to the approval of the Independent Shareholders at the SGM and shall be effective until 31 December 2022. Subject to compliance with the requirements under relevant laws and the Listing Rules, the Financial Services Framework Agreement may be extended for no more than three years upon mutual agreement of the parties.

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 (the “**IC Procedures**”) relating to the transactions under the Financial Services Framework Agreement. Details of the IC Procedures are set out under the section headed “INTERNAL CONTROL MEASURES” of the Board Letter.

In light of that (i) there will be quotes obtaining from at least two other independent commercial banks in the PRC for similar deposit services and duration before entering into any new deposit arrangements with BEH Finance; and (ii) there will be quotes reviewing and approving procedure before BEH Finance’s quote accepted by the Company, we consider that the effective implementation of the IC Procedures would help to ensure fair pricing of the Deposit Services according to the pricing policies.

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## LETTER FROM GRAM CAPITAL

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We also discussed with a staff of Company's finance department and understood that the finance department's staffs are aware of the IC Procedures and will comply with the IC Procedures when conducting the Deposit Services. Accordingly, we do not doubt the effectiveness of the implementation of the internal procedures for the Deposit Services.

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

### **2. The proposed annual caps**

Set out below are the proposed annual caps for the Deposit Services for the three years ending 31 December 2022 (the "Deposit Caps"):

	<b>For the year ended 31 December 2020 (RMB' billion)</b>	<b>For the year ending 31 December 2021 (RMB' billion)</b>	<b>For the year ending 31 December 2022 (RMB' billion)</b>
Maximum daily deposit balance (including any interest accrued thereon) with BEH Finance	2 <i>(Note)</i>	2.5	3

*Note:* With reference to the Board Letter, as at the Latest Practicable Date, the proposed annual cap for the maximum deposit balance with BEH Finance for the year ended 31 December 2020 had become obsolete. If the deposit services contemplated under the Financial Services Framework Agreement is approved at the SGM, the Company will deposit cash at BEH Finance in accordance with Financial Services Framework Agreement and the proposed annual caps for the two years ending 31 December 2022.

With reference to the Board Letter, the Deposit Caps were determined after taking into account of various factors, details of which are set out under the sub-section headed "(1) Deposit services" under the section headed "ANNUAL CAPS AND BASIS FOR ANNUAL CAPS" of the Board Letter.

According to the Company's 2020 interim report, as at 30 June 2020, the Group recorded cash and cash equivalents of approximately RMB2,026 million. In addition, as further advised by the Directors, for the three months ended 30 April 2020, the maximum daily deposit balances of the Group (including interest incurred) was approximately RMB2,686 million. The historical maximum daily deposit balance (which is more than the Deposit Caps) indicates the Group's possible demand of deposit services to be provided by commercial banks and BEH Finance. Accordingly, we consider the Deposit Cap for the year ended 31 December 2020 to be fair and reasonable.

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## LETTER FROM GRAM CAPITAL

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We noted that the Deposit Cap for the year ending 31 December 2021 represented an increase of RMB500 million as compared to that for the year ended 31 December 2020 and the Deposit Cap for the year ending 31 December 2022 represented an increase of RMB500 million as compared to that for the year ending 31 December 2021. As confirmed by the Directors, the aforesaid increases were determined based on the estimated cashflow of the expected operational and business development capital needs. Taking into account of following our analyses, we consider the increases in the Deposit Caps for 2021 and 2022 to be acceptable:

- With reference to the Board Letter, it is expected that the Company will be in a position to expand the capacity of power plants by approximately 500MW each year. The financing requirements are expected to be at least approximately RMB2 billion, and the Company may need to conduct further fundraising to meet its capital requirements (including but not limited to entering into finance leases and issuance of bonds).

With reference to the Company's previous annual reports, during 2015 to 2018, the Group recorded annual increase in total installed capacity of solar power plants with the average annual increase of approximately 465MW (note: change of installed capacity of solar power plants during 2019 were not considered as the Group recorded a decrease in installed capacity of solar power plants during 2019). Accordingly, we consider the estimated annual increase in total installed capacity of power plants of approximately 500MW to be acceptable.

- Upon our further enquiry, the Directors provided us a project filing certificate (項目備案證) of a solar power project of the Group (the "**Project**"), showing (i) the installed capacity of the Project; (ii) proposed total investment of the Project; (iii) proposed capital amount of the Project. According to the certificate, the "implied ratio of funding needs per installed capacity of solar power plants" (i.e. RMB4 million per MW, calculated by RMB2 billion over 500MW) was less than the "implied ratio of funding needs per installed capacity of the Project per installed capacity" (calculated by (total investment of the Project – capital amount of the Project) over total investment of the Project).
- As confirmed by the Directors, the Group may place the funding for the purpose of power plants projects development from loan services from BEH Finance and/or independent commercial banks/institutions (which was not immediately utilized or transferred) at BEH Finance, which may lead the Group's demand of deposit services.

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## LETTER FROM GRAM CAPITAL

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In light of the above factors and that as advised by the Directors, the maximum daily deposit balances of the Group (including interest incurred) was approximately RMB3,008 million during the period from the beginning of 2020 to 30 November 2020, we consider that the Deposit Caps for the two years ending 31 December 2022 to be fair and reasonable.

As advised by the Directors, it is difficult to forecast the total cash level for whole period of two years ending 31 December 2022. Nevertheless, should there be any substantial increase in total cash of the Group, the Group may opt to deposit larger portion of cash in commercial banks or re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction to revise the Deposit Caps.

### **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 maximum values of the Deposit Services must be restricted by the proposed annual caps for the period concerned under the Financial Services Framework Agreement; (ii) the terms of the Deposit Services must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the Deposit Services must be included in the Company's subsequent published annual reports and financial accounts.

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 Deposit Services, (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 maximum amounts of the Deposit Services are anticipated to exceed the proposed annual caps, or that there is any proposed material amendment to the terms of the Deposit Services, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

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

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## LETTER FROM GRAM CAPITAL

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### RECOMMENDATION

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

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

## FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Company for the years ended 31 December 2017, 2018 and 2019 together with the relevant notes can be found on pages 96-182 of the annual report of the Company for the year ended 31 December 2017, pages 82-174 of the annual report of the Company for the year ended 31 December 2018 and pages 84-190 of the annual report of the Company for the year ended 31 December 2019. The unaudited consolidated financial statements of the Company for the six months ended 30 June 2020 together with the relevant notes can be found on pages 20-51 of the interim report of the Company for the six months ended 30 June 2020. Please also see below the hyperlinks to the said documents:

Annual report for the year ended 31 December 2017:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0413/ltm20180413365.pdf>

Annual report for the year ended 31 December 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltm201904291010.pdf>

Annual report for the year ended 31 December 2019:

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

Interim report for the six months ended 30 June 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0929/2020092900849.pdf>

## STATEMENT OF INDEBTEDNESS

**Bank and other borrowings**

As at the close of business on 30 November 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had aggregate outstanding borrowings of approximately RMB17,643 million, and the details are as follows:

	<i>RMB'million</i>
Bank borrowings	
Secured and with guarantee	5,849
Secured and without guarantee	883
Unsecured and with guarantee	3,254
Finance lease liabilities	
Secured and with guarantee	5,894
Secured and without guarantee	290
Unsecured and with guarantee	377

*RMB'million*

Senior notes	
Unsecured and with guarantee	796
Medium-term notes	
Unsecured and with guarantee	300

**Charge on assets**

As at 30 November 2020, 73% of bank and other borrowings of the Group were secured by the pledge over certain power generating modules and equipment, guarantee deposits, the fee collection right in relation to the sales of electricity in certain subsidiaries and/or pledge over the shares/equity interest of certain subsidiaries of the Group.

**Contingent liabilities**

Save as disclosed above, the Group did not have any other actual or material contingent liabilities outstanding at the close of business on 30 November 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular.

Save as aforesaid or otherwise disclosed herein and apart from intra-group liabilities, as at 30 November 2020, none of the members of the Group had (a) any debt securities issued and outstanding, and authorized or otherwise created but unissued; (b) any term loans; (c) any borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptances credits or hire purchase commitments; (d) any debentures, mortgages or charges; or (e) any guarantee or other material contingent liabilities.

**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), 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 the next 12 months from the date of this circular.

**TRADING AND FINANCIAL PROSPECTS**

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



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

As at 30 September 2020, the Group and the associates of the Company had 62 grid-connected power plants with an aggregate installed capacity of approximately 2,029 MW in the PRC. According to the Group's preliminary operational statistics, the 62 power plants generated electricity in an aggregate volume of approximately 754,468 megawatt hours ("MWh") in the third quarter of 2020, and the aggregate electricity generation volume for the nine months ended 30 September 2020 has amounted to approximately 2,205,500 MWh.

Going forward, together with strong support from BEH, it is expected that the Group could obtain financing on more favourable terms from BEH Finance and/or other financial institutions, which would be in the best interests of the Company and its Shareholders as a whole.

#### **IMPACT OF DEPOSIT SERVICES CONTEMPLATED UNDER THE FINANCIAL SERVICES FRAMEWORK AGREEMENT ON THE EARNINGS, ASSETS AND LIABILITIES OF THE GROUP**

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

*The following information is given to all Shareholders relating to the biographical details of the retiring Director eligible for re-election to be proposed at the SGM.*

#### INDEPENDENT NON-EXECUTIVE DIRECTOR

**Ms. Jin Xinbin** (“**Ms. Jin**”), aged 66, was appointed as an Independent non-executive Director of the Company on 31 December 2020. Ms. Jin served as the general manager of Huaneng Energy & Communications Holding Co., Ltd.\* (華能能源交通產業控股有限公司); the chairman of the board, general manager and deputy general manager of China Huaneng International Economic Trading Company\* (中國華能國際經濟貿易公司); the general manager of the Hebei branch of China Huaneng Group Co., Ltd.\* (中國華能集團有限公司); the deputy general manager of Huaneng Raw Materials Company\* (華能原材料公司); the vice president of Hebei Product Enterprise (Group) Company\* (河北物產企業(集團)公司). Ms. Jin also served as an external director of Beijing Energy Holding Co., Ltd.\* (北京能源集團有限責任公司), being a controlling Shareholder of the Company, from March 2015 to March 2019. Ms. Jin has extensive experience in management and the energy industry. Ms. Jin is a professor-level senior engineer. She obtained a bachelor’s degree in metallurgical machinery and equipment from Northeastern University and a master’s degree in economics from Hebei University.

While acting as an external director of BEH from March 2015 to March 2019, Ms. Jin neither had any executive or day-to-day management role or functions in BEH nor participated in the daily operations of BEH. She had no other interest in BEH apart from receiving director’s fee as external director of BEH. The Board is of the view that such relationship of Ms. Jin with the BEH will not affect her independence as an Independent Non-executive Director of the Company.

The Company and Ms. Jin will enter into a service contract for a term of one year, which may be renewed upon expiration if agreed by the parties, or may be terminated by one month’s notice in writing or payment in lieu of notice. Ms. Jin is entitled to a director’s fee of HK\$200,000 per annum for her service as an independent non-executive Director, which was determined with reference to her duties and responsibilities with the Company, the Company’s remuneration policy and the prevailing market level of remuneration of similar position, and subject to review at the discretion of the Board at the end of each financial year.

As at the Latest Practicable Date, Ms. Jin is not interested or deemed to be interested in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO. Ms. Jin has confirmed that she has met the independence guidelines set out in Rule 3.13 of the Listing Rules.

Save as disclosed above, (i) Ms. Jin does not hold other position with the Company or its subsidiaries nor have any relationship with any Director, senior management, substantial Shareholder or controlling Shareholder of the Company; (ii) Ms. Jin did not hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; and (iii) Ms. Jin does not have other discloseable major appointments or professional qualifications.

Save as disclosed above, there are no matters concerning the re-election of Ms. Jin that needs to be brought to the attention of the Shareholders or the Stock Exchange, nor is there any information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

## 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 Company. 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. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests 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 (a) were required 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) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### Long positions in share options

Granters	Date of grant	Exercise price (HK\$/share)	Number of outstanding share options	Capacity	Exercise period <sup>(Note)</sup>
Mr. Lu Zhenwei	28 January 2016	0.564	3,000,000	Beneficial owner	28 January 2017 to 27 January 2021
	16 June 2017	1.076	5,000,000	Beneficial owner	16 June 2018 to 15 June 2022
Mr. Kwan Kai Cheong	28 January 2016	0.564	1,000,000	Beneficial owner	28 January 2017 to 27 January 2021
	16 June 2017	1.076	3,000,000	Beneficial owner	16 June 2018 to 15 June 2022
Mr. Yen Yuen Ho, Tony	28 January 2016	0.564	1,000,000	Beneficial owner	28 January 2017 to 27 January 2021
	16 June 2017	1.076	3,000,000	Beneficial owner	16 June 2018 to 15 June 2022

*Note:* All share options granted by the Company shall vest in three tranches within a period of three years in proportions of 30%, 30% and 40%, i.e. 30% of the share options granted shall vest on the 1st anniversary of the grant, another 30% shall vest on the 2nd anniversary of the grant, and the remaining 40% shall vest on the 3rd anniversary of the grant. In this table, “exercise period” begins with the 1st anniversary of the grant date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or 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. Zhang Ping, an executive Director, is the assistant to the general manager of BEH, the Company’s controlling shareholder. 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. Xu Jianjun, an executive Director, is a deputy party secretary, general manager and a director of Qingdao Industrial Investment (Group) Co., Ltd.\* (青島城投實業投資(集團)有限公司), which is a wholly-owned subsidiary of the Company’s substantial shareholder, Qingdao City Construction Investment (Group) Co., Ltd. Mr. Sui Xiaofeng, a non-executive Director, is the head of strategic development department of BEH, the Company’s controlling shareholder, and a director and general manager of Beijing Energy Investment Holding (Hong Kong) Co., Limited, the Company’s controlling shareholder. Mr. Chen Dayu, a non-executive Director, is the head of corporate management department of BEH, the Company’s controlling shareholder.

### **3. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, save as disclosed in the announcements of the Company dated 15 January 2020, 17 January 2020, 24 January 2020, 10 February 2020, 19 March 2020, 30 March 2020, 9 April 2020, 12 May 2020, 13 May 2020, 19 July 2020, 31 July 2020, 25 August 2020 and 28 September 2020, there was no material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

#### 4. 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.

#### 5. 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).

#### 6. DIRECTOR'S INTERESTS IN ASSETS AND CONTRACTS OR ARRANGEMENTS

Reference is made to the announcement of the Company dated 31 December 2020 in relation to the cooperation framework agreement between United Photovoltaics (Shenzhen) Limited\* (聯合光伏(深圳)有限公司), an indirect wholly-owned subsidiary of the Company, and Tibet Huaxing New Energy Technology Co., Ltd.\* (西藏華星新能源科技有限公司) (“**Tibet Huaxing**”) in relation to the proposed acquisition of the entire equity interest in a project company which owns a photovoltaic power generation project with total installed capacity of 20MW in Tibet, the PRC. Pursuant to the framework agreement, United Photovoltaics (Shenzhen) Limited\* (聯合光伏(深圳)有限公司) has agreed to pay a refundable amount of RMB50 million to Tibet Huaxing as earnest money, which shall be refundable (with interest) if the parties do not enter into a definitive agreement within the exclusivity period or the parties entered into a definitive agreement within the exclusivity period but later terminated such agreement. As at the Latest Practicable Date, Tibet Huaxing is ultimately owned and controlled by the family members of Ms. Xie Yi, a non-executive Director.

As at the Latest Practicable Date, save as disclosed herein, 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 2019 (being the date of which the latest published audited financial statements of the Group were made up).

#### 7. COMPETING INTERESTS

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

## 8. EXPERT AND CONSENT

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

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

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears.

As at the Latest Practicable Date, Gram Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, 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 2019, being the date to which the latest published audited financial statements of the Company were made up.

## 9. 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 framework agreement dated 31 December 2020 entered into by United Photovoltaics (Shenzhen) Limited\* (聯合光伏(深圳)有限公司), an indirect wholly-owned subsidiary of the Company, as purchaser and Tibet Huaxing New Energy Technology Co., Ltd.\* (西藏華星新能源科技有限公司), as vendor in relation to the proposed acquisition of the entire equity interest in a project company which owns a photovoltaic power generation project with total installed capacity of 20MW in Tibet, the PRC, pursuant to which the purchaser is required to pay a refundable amount of RMB50 million as earnest money;

- (b) the agreement dated 4 December 2020 entered into by Beijing United Rongbang New Energy Technology Co., Ltd.\* (北京聯合榮邦新能源科技有限公司), an indirect wholly-owned subsidiary of the Company, as purchaser, Jiangshan Fengrong Investment Company Limited\* (江山豐融投資有限公司) as vendor and Yulin City Jiangshan Yongchen New Energy Limited\* (榆林市江山永宸新能源有限公司) as target company in relation to the proposed acquisition of the entire equity interest in the target company at the consideration of approximately RMB1,177,829,000;
- (c) the agreement dated 18 September 2020 entered into by United Photovoltaics (Changzhou) Investment Group Co., Ltd.\* (聯合光伏(常州)投資集團有限公司), an indirect wholly-owned subsidiary of the Company, as purchaser and State-owned Enterprise Structural Adjustment China Merchants Buyout Fund (LP)\* (深圳國調招商併購股權投資基金合夥企業(有限合夥)) as vendor in relation to the buy-back of 17% equity interest in Fengxian Huize Photovoltaic Energy Limited\* (豐縣暉澤光伏能源有限公司) at the consideration of RMB50,326,107.31;
- (d) the agreement dated 15 September 2020 entered into by United Photovoltaics (Changzhou) Investment Group Co., Ltd.\* (聯合光伏(常州)投資集團有限公司), an indirect wholly-owned subsidiary of the Company, as purchaser and Zhangjiagang City China Merchants Port Equity Investment Partnership Enterprise (LP)\* (張家港市招港股權投資合夥企業(有限合夥)) as vendor in relation to the buy-back of 17% equity interest in Fengxian Huize Photovoltaic Energy Limited\* (豐縣暉澤光伏能源有限公司) at the consideration of RMB48,163,851;
- (e) the agreements dated 17 August 2020 entered into by Yongsheng Huiguang Photovoltaic Power Generation Co. Ltd.\* (永勝惠光光伏發電有限公司), a subsidiary of the Company, as lessee and Shenzhen Jingneng Financial Leasing Co., Ltd.\* (深圳京能融資租賃有限公司) as lessor in relation to the sale and leaseback of Yongren Huiguang 35MW Photovoltaic Power Station and Yongsheng Huiguang 19.8MW Photovoltaic Power Station system equipment involving total lease amount payable of approximately RMB370 million and related security documents;
- (f) the agreements dated 14 August 2020 entered into by CITIC Financial Leasing Co., Ltd.\* (中信金融租賃有限公司) as lessor and each of Datong Panda Photovoltaic Power Co., Ltd.\* (大同熊貓光伏發電有限公司), Hainan Zhouyahui New Energy Co., Ltd.\* (海南州亞暉新能源電力有限公司) and Zhongli Talesun Gonghe Photovoltaic Power Co., Ltd.\* (中利騰暉共和光伏發電有限公司), each a subsidiary of the Company, as lessee in relation to sale and leaseback of power station equipment for certain grid-connected photovoltaic power generation projects owned by such subsidiaries involving total lease amount payable of approximately RMB512 million and related security documents;
- (g) the Financial Services Framework Agreement;



- (h) the agreement dated 15 May 2020 (as amended by the supplemental agreement dated 5 August 2020) entered into by the Company and Shenzhen Jingneng Financial Leasing Co., Ltd.\* (深圳京能融資租賃有限公司) in relation to the provision of financial leasing services to the Company for the three years ending 31 December 2022;
- (i) the agreement dated 17 January 2020 entered into by the Company, China Merchants Union (BVI) Limited and Wealthy Marvel Enterprises Limited as subscribers and CMB International Capital Limited as placing agent in relation to the subscription and placing of the Company's US\$260,000,000 8% guaranteed senior notes due 2022;
- (j) the agreement dated 16 December 2019 entered into by the Company and CMB International Capital Limited as dealer manager and certain subsidiaries of the Company as subsidiary guarantors in relation to provision of dealer manager services in connection with the exchange offer for the Company's then outstanding US\$350,000,000 8.25% senior notes due 2020;
- (k) the agreement dated 19 November 2019 entered into by the Company and Beijing Energy Investment Holding (Hong Kong) Co., Limited as subscriber in relation to the subscription of 7,176,943,498 Shares at the subscription price of HK\$0.25 per Share;
- (l) the agreement dated 5 September 2019 entered into by United Photovoltaics (Changzhou) Investment Group Co., Ltd.\* (聯合光伏(常州)投資集團有限公司), an indirect wholly-owned subsidiary of the Company, as vendor and Changzhou Zhaolian Lvchang New Energy Limited\* (常州市招聯綠昌新能源有限公司) as purchaser in relation to the disposal of the entire equity interest in Changzhou Zhaolian Lvzhao New Energy Limited\* (常州市招聯綠昭新能源有限公司) at the consideration of RMB1 million;
- (m) the agreement dated on 5 September 2019 entered into by United Photovoltaics (Changzhou) Investment Group Co., Ltd.\* (聯合光伏(常州)投資集團有限公司), an indirect wholly-owned subsidiary of the Company, as vendor and Shanxi Silu Electricity Engineering Co. Ltd.\* (山西絲路電力工程有限公司) as purchaser in relation to the disposal of the entire equity interest in Changzhou Zhaolian Lvyi New Energy Limited\* (常州市招聯綠奕新能源有限公司) at the consideration of RMB197,500,000;
- (n) the agreement dated 5 July 2019 entered into by United Photovoltaics (Changzhou) Investment Group Co., Ltd.\* (聯合光伏(常州)投資集團有限公司), an indirect wholly-owned subsidiary of the Company, as vendor and Zhangjiagang City China Merchants Port Equity Investment Partnership Enterprise (LP)\* (張家港招港股權投資合夥企業(有限合夥)) as purchaser in relation to the disposal of 17% equity interest in Fengxian Huize Photovoltaic Energy Limited\* (豐縣輝澤光伏能源有限公司) at the consideration of RMB43,350,000;



- (o) the agreement and the supplemental agreement both dated 22 March 2019 entered into by United Photovoltaics (Changzhou) Investment Group Co., Ltd.\* (聯合光伏(常州)投資集團有限公司), an indirect wholly-owned subsidiary of the Company, as vendor and State-owned Enterprise Structural Adjustment China Merchants Buyout Fund (LP)\* (深圳國調招商併購股權投資基金合夥企業(有限合夥)) as purchaser in relation to the disposal of 17% equity interest in Fengxian Huize Photovoltaic Energy Limited\* (豐縣輝澤光伏能源有限公司) at the consideration of RMB43,350,000;
- (p) the sale and purchase agreement dated 19 March 2019 entered into by Pearl International Investments S.a.r.l., an indirect wholly-owned subsidiary of the Company, as seller and Greencoat Solar Assets II Limited as buyer in relation to the disposal of the entire equity interest in Notus Investments 2 S.à r.l. at the consideration of GBP 34,048,997.75;
- (q) the subscription agreement dated 20 January 2019 and the supplemental subscription agreement dated 21 February 2019 entered into by the Company and Huaqing Solar Power Limited in respect of 3,048,750,000 Shares at the subscription price of HK\$0.3 per Share;
- (r) the subscription agreement dated 20 January 2019 and entered into between the Company and State-Owned Enterprise Structural Adjustment China Merchants Buyout Fund (LP)\* (深圳國調招商併購股權投資基金合夥企業(有限合夥)) in respect of no less than 909,201,407 new Shares and no more than 1,216,793,309 Shares at the subscription price of HK\$0.3 per Share;
- (s) the subscription agreement dated 20 January 2019 and entered into between the Company and Shenzhen City Guoxie First Equity Investment Fund (LP)\* (深圳市國協一期股權投資基金合夥企業(有限合夥)) in respect of 135,199,257 Shares at the subscription price of HK\$0.3 per Share;
- (t) the subscription agreement dated 20 January 2019 and entered into between the Company and China Huarong Overseas Investment Holdings Co., Limited in respect of 938,054,087 Shares at the subscription price of HK\$0.3 per Share; and
- (u) the subscription agreement dated 20 January 2019 and the supplemental subscription agreement dated 21 February 2019 entered into between the Company and Asia Pacific Energy and Infrastructure Investment Group Limited (亞太能源及基礎設施投資集團有限公司) in respect of 382,396,814 Shares at the subscription price of HK\$0.3 per Share.

**10. GENERAL**

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The Company's Hong Kong branch share registrar and transfer office is Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.
- (c) The company secretary of the Company is Ms. Zhang Xiao, an associate member of both The Hong Kong Institute of Chartered Secretaries 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 AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong during normal business hours (9:00 a.m. to 6:00 p.m.) from Monday to Friday (both days inclusive) up to and including the date of the SGM:

- (a) the Financial Services Framework Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on pages 16 to 17 of this circular;
- (c) the letter from Gram Capital, the text of which is set out on pages 18 to 28 of this circular;
- (d) the consent letter from Gram Capital referred to in the section headed "8. Expert and Consent" in this appendix;
- (e) the material contracts of the Company set out in the section headed "9. Material Contracts" in this appendix;
- (f) the annual reports of the Company for each of the three years ended 31 December 2019 and the interim report of the Company for the six months ended 30 June 2020;
- (g) the memorandum of association and bye-laws of the Company; and
- (h) this circular.

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## NOTICE OF SPECIAL GENERAL MEETING

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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)

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the special general meeting (the “**Meeting**”) of Beijing Energy International Holding Co., Ltd. (the “**Company**”) will be held at Room 1811, 18/F., Building 5, No. 9 Courtyard, Guang’an Road, Fengtai District, Beijing, PRC and via video conference set up at the principal place of business of the Company in Hong Kong at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Tuesday, 26 January 2021 at 11:00 a.m. for the following purpose:

### ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the deposit services contemplated under the Financial Services Framework Agreement (as defined in the circular of the Company dated 8 January 2021 (the “**Circular**”)), a copy of which is marked “A” and initialled by the Chairman of the Meeting for the purpose of identification, the terms together with the proposed annual caps as set out in the Circular be and are hereby approved, confirmed and ratified; and
- (b) any one of the directors 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 deposit services contemplated under the Financial Services Framework Agreement.”

2. “**THAT** Ms. Jin Xinbin be re-elected as an independent non-executive director of the Company and the board of directors of the Company be authorised to fix her remuneration.”

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

Hong Kong, 8 January 2021

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## NOTICE OF SPECIAL GENERAL MEETING

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*Notes:*

1. To facilitate shareholders of the Company (the “**Shareholders**”) attending the Meeting, electronic facilities will be set up at the principal place of business of the Company in Hong Kong at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (the “**Hong Kong Venue**”) where Shareholders or his/her/its proxies may participate in the Meeting, and communicate with other attendees of the Meeting through such electronic facilities in a real and timely manner. Shareholders or his/her/its proxies can also cast their votes at the Hong Kong Venue in person.

2. Precautionary measures for the Meeting

In view of the ongoing novel coronavirus disease (“**COVID-19**”) pandemic, the Company will implement the following precautionary measures at the Meeting venue and the Hong Kong Venue for the sake of health and safety of our Shareholders, Directors, staff, stakeholders and other participants, including, without limitation:

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

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

3. For the purpose of determining the entitlement for attending and voting at the Meeting, the register of members of the Company will be closed from Thursday, 21 January 2021 to Tuesday, 26 January 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be qualified for attending and voting at the Meeting, 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, Union Registrars Limited, Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 20 January 2021.
4. A member entitled to attend and vote at the Meeting is entitled to appoint one or, if he holds two or more shares, more 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 Meeting 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.
5. Whether or not you intend to attend the Meeting 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 Meeting 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.

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## NOTICE OF SPECIAL GENERAL MEETING

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6. 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, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof.
7. In the case of joint holders of shares, any one of such holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the Meeting, 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.
8. Votes on the ordinary resolutions set out herein and are to be passed at the Meeting will be taken by way of poll.
9. 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 Meeting, the Meeting 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 Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk> to notify Shareholders of the date, time and place of the rescheduled meeting.
10. As at the date hereof, the Board comprises:

*Executive Directors:*

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

*Independent non-executive Directors:*

Mr. Kwan Kai Cheong  
Mr. Yen Yuen Ho, Tony  
Mr. Chen Hongsheng  
Ms. Jin Xinbin

*Non-executive Directors:*

Mr. Sui Xiaofeng  
Mr. Chen Dayu  
Mr. Li Hao  
Ms. Xie Yi