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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)**

### MAJOR TRANSACTION IN RELATION TO DEEMED DISPOSAL REGARDING PROPOSED SPIN-OFF AND SEPARATE LISTING OF THE INFRASTRUCTURE FUND ON THE SSE AND NOTICE OF SPECIAL GENERAL MEETING

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



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A letter from the Board is set out from pages 6 to 20 of this circular. A letter from the Independent Board Committee containing its recommendation to the Shareholders is set out on page 21 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Shareholders is set out on pages 22 to 39 of this circular.

A notice convening a SGM to be held at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 12F, Building 7, Sanfeng North Lane, Chaoyang District, Beijing, PRC) on Friday, 21 October 2022 at 11:00 a.m. is set out on pages 51 to 53 of this circular. A form of proxy for the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

#### PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

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

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

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

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## DEFINITIONS

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

“ABS”	an infrastructure asset-backed special purpose plan managed by the ABS Manager to securitise the Underlying Assets
“ABS Manager”	AVIC Securities Co., Ltd. (中航證券有限公司), a company established in the PRC with limited liability and the project manager of the ABS
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BEH”	Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司), a company established in the PRC with limited liability and a controlling shareholder of the Company holding 7,176,943,498 Shares, representing approximately 32% of the issued share capital of the Company as at the Latest Practicable Date
“BEII”	Beijing Energy International Investment Limited, a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“BEIED BJ”	BEI Energy Development (Beijing) Co., Ltd.* (京能國際能源發展(北京)有限公司) (formerly known as Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司)), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company owned as to approximately 99.92% by BEII and approximately 0.08% by UP (Changzhou) as at the Latest Practicable Date
“Board”	the board of Directors of the Company
“Company”	Beijing Energy International Holding Co., Ltd., a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 686)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission

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## DEFINITIONS

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“Director(s)”	director(s) of the Company
“Fund Manager”	AVIC Fund Management Co., Ltd.* (中航基金管理有限公 司), a company established in the PRC with limited liability and the project manager of the Infrastructure Fund
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation permitted 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 appointed for the purpose of advising the Independent Board Committee and the Shareholders on the Proposed Spin-off
“Group”	the Company and its subsidiaries
“Guidelines”	Guidance on Public Offering of Infrastructure Securities Investment Fund (Trial)* (公開募集基礎設施證券投資基 金指引(試行)) published by the CSRC on 7 August 2020
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, established for the purpose of advising the Shareholders on the Proposed Spin-off
“independent third party(ies)”	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties independent of, and not connected with, the Company and its connected persons
“Infrastructure Fund”	a publicly-offered infrastructure securities investment fund to be established pursuant to the REIT Circular and the Guidelines

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## DEFINITIONS

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“Jingtai Co”	Hubei Jingtai Photovoltaic Power Co., Ltd.* (湖北晶泰光伏電力有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company and owns 100MW photovoltaic power generation project in Suizhou City, Hubei Province, the PRC as at the Latest Practicable Date
“Latest Practicable Date”	27 September 2022, being the latest practicable date prior to the publication of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“MW”	megawatt(s), which equals 1,000,000 watts
“NDRC”	the National Development and Reform Commission
“Operating Entity”	Inner Mongolia Jingneng New Energy Technology Co., Ltd.* (內蒙古京能新能源科技有限公司) (formerly known as Inner Mongolia Xingbang United Photovoltaics New Energy Co., Ltd.* (內蒙古興邦聯合光伏新能源有限公司)), a company established in the PRC with limited liability and an indirect subsidiary of the Company as at the Latest Practicable Date
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PN15”	Practice Note 15 of the Listing Rules
“PRC”	the People’s Republic of China, which for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Project Companies”	collectively, Yulin Co and Jingtai Co
“Proposed Spin-off”	the proposed spin-off of Project Companies and separate listing of the units of the Infrastructure Fund on a domestic stock exchange in the PRC, the SSE

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## DEFINITIONS

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“REIT Circular”	Circular on Work Related to Advancing the Pilot Program of Real Estate Investment Trusts for the Infrastructure Sector* (關於做好基礎設施領域不動產投資信託基金(REITs)試點項目申報工作的通知) jointly published by the CSRC and the NDRC on 30 April 2020
“REIT(s)”	real estate investment trust(s)
“Remaining Group”	the business of the Group excluding the Project Companies after completion of the Proposed Spin-off, principally in development, investment, operation and management of power plants and other clean energy projects (excluding the business engaged by Project Companies)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGM” or “Special General Meeting”	the special general meeting of the Company to be convened at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 12/F, Building 7, Sanfeng North Lane, Chaoyang District, Beijing, PRC) on Friday, 21 October 2022 at 11:00 a.m. or any adjournment thereof, and the notice of which is attached to this circular
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s) of the Company
“SSE”	Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“Underlying Assets”	collectively, (i) 300MW photovoltaic power generation project in Yulin City, Shaanxi Province, the PRC; and (ii) 100MW photovoltaic power generation project in Suizhou City, Hubei Province, the PRC
“UP (Changzhou)”	United Photovoltaics (Changzhou) Investment Co., Ltd.* (聯合光伏(常州)投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company owned as to approximately 70.57% by BEII and approximately 29.43% by Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司) through its wholly-owned subsidiary as at the Latest Practicable Date
“Yulin Co”	Yulin City Jiangshan Yongchen New Energy Limited* (榆林市江山永宸新能源有限公司), a company established in the PRC with limited liability, which is an indirect subsidiary of the Company and owns 300MW photovoltaic power generation project in Yulin City, Shaanxi Province, the PRC as at the Latest Practicable Date
“%”	per cent

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

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LETTER FROM THE BOARD

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# 北京能源國際控股有限公司

Beijing Energy International Holding Co., Ltd.

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 686)**

*Executive Directors:*

Mr. Zhang Ping (*Chairman*)

Mr. Lu Zhenwei

*Non-executive Directors:*

Mr. Zhao Bing

Mr. Su Yongjian

Mr. Li Hao

*Independent Non-executive Directors:*

Ms. Jin Xinbin

Ms. Li Hongwei

Mr. Zhu Jianbiao

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Principal Place of Business in Hong Kong:*

Unit 1012, 10/F.

West Tower, Shun Tak Centre

168-200 Connaught Road Central

Hong Kong

3 October 2022

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION IN RELATION TO  
DEEMED DISPOSAL REGARDING PROPOSED SPIN-OFF AND  
SEPARATE LISTING OF THE INFRASTRUCTURE FUND ON THE SSE  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

## **1. INTRODUCTION**

References are made to the announcements of the Company dated 8 April 2022 and 6 July 2022 in respect of the Proposed Spin-off.

The purpose of this circular is to provide you with, among other things, (i) details of the Proposed Spin-off; (ii) the letter of recommendation of the Independent Board Committee to the Shareholders in respect of the Proposed Spin-off; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of the Proposed Spin-off; (iv) financial information of the Group; and (v) the notice of SGM, to enable you to make an informed decision on whether to vote for or against the resolution to be proposed at the SGM.



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## LETTER FROM THE BOARD

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### 2. THE PROPOSED SPIN-OFF

#### 2.1. Background

The Company proposes to list the Infrastructure Fund as a publicly-offered infrastructure securities investment fund on a domestic stock exchange in the PRC, the SSE, by way of the Proposed Spin-off. The Infrastructure Fund will be holding the Group's interest in the Project Companies, namely Yulin Co, which owns 300MW photovoltaic power generation project in Yulin City, Shaanxi Province, the PRC and Jingtai Co, which owns 100MW photovoltaic power generation project in Suizhou City, Hubei Province, the PRC.

For the purpose of the Proposed Spin-off, the Company has submitted an application in relation to the Proposed Spin-off to the Stock Exchange pursuant to PN15 and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off under PN15. The Stock Exchange also granted a waiver from strict compliance with the applicable requirements in relation to the assured entitlement under the Proposed Spin-off as required by paragraph 3(f) of PN15.

Under the proposed offering structure, the Fund Manager, will set up the Infrastructure Fund as a publicly-offered infrastructure securities investment fund for a public offering at the expected size of approximately RMB3 billion on the SSE with reference to the pricing of the public-offered infrastructure funds already listed on the SSE and not less than approximately RMB2.838 billion with reference to the value of the Underlying Assets held by the Project Companies as at 31 December 2021. The offer price of the public offering for the Infrastructure Fund has not been fixed yet and is subject to price inquiry for the offering.

The Group will subscribe for 51% of the interests in the Infrastructure Fund as a strategic investor at an expected aggregate price of approximately RMB1.53 billion. The 49% interest in the Infrastructure Fund is expected to be subscribed by external investors, amounting to approximately RMB1.47 billion.

For the purpose of the Proposed Spin-off and as required by the applicable PRC laws and regulations, upon completion of the public offering, the Infrastructure Fund will apply the net proceeds to subscribe for the entire interests in the ABS, subsequent to which, the ABS will use the net proceeds to acquire the entire equity interests in the Project Companies from the Group after deducting the repayments of the outstanding liabilities of the Project Companies. As at 30 June 2022, there were existing borrowings from China Development Bank Financial Leasing Co., Ltd. to Yulin Co at the aggregate outstanding amount of approximately RMB1,975.70 million.

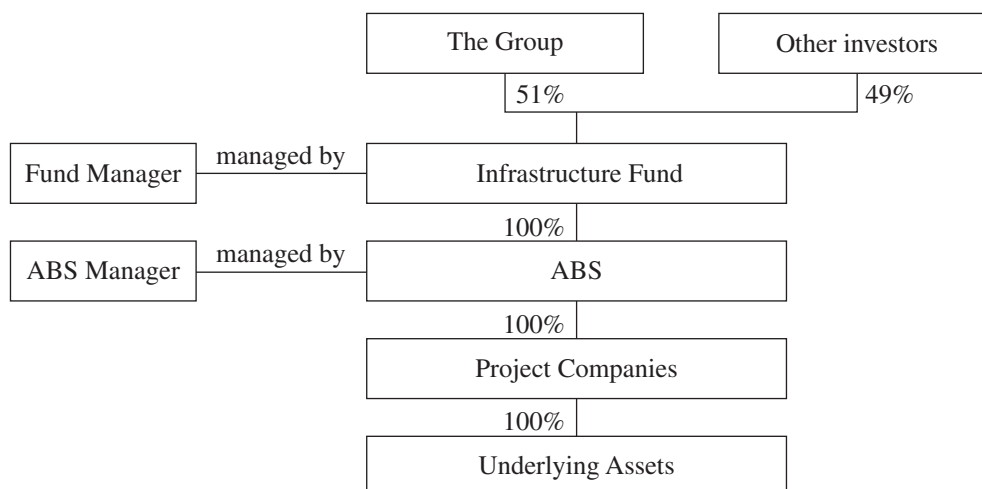
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## LETTER FROM THE BOARD

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Subject to the approval from the relevant authorities, including the CSRC and the NDRC, the Infrastructure Fund is expected to be listed on the SSE in 2022. A further announcement will be made by the Company upon the public offering of the Infrastructure Fund.

Structure of the Infrastructure Fund upon completion of the Proposed Spin-off is listed as below:



### 2.2. Conditions of the Proposed Spin-off

The Proposed Spin-off is conditional upon, among other things, the following conditions:

- 1) the total amount of units offered by the Infrastructure Fund reaches 100% of the approved registration scale;
- 2) the offering size should be at least RMB200 million and there are at least 1,000 investors participating in the offering;
- 3) the original holder of the equity interest of the Project Companies or its related party under common control has subscribed in the strategic tranche as required;
- 4) the units of the Infrastructure Fund offered to investors under the placing tranche, less the portion placed with strategic investors, shall not be less than 70% of the public offering; and
- 5) there is no other circumstance leading to the failure of the offering.

None of the conditions is waivable. If any of the above conditions is not fulfilled, the Proposed Spin-off will not proceed and an announcement will be published by the Company as soon as practicable.

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## LETTER FROM THE BOARD

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### 2.3 Financial effects of the Proposed Spin-off

Following the completion of the Proposed Spin-off, the Infrastructure Fund will become a controlled entity and the Project Companies will remain as subsidiaries of the Company. The financial results of the Infrastructure Fund will be and the financial results of the Project Companies will continue to be consolidated into the accounts of the Group.

As a result of the Proposed Spin-off, the total assets of the Group would increase by approximately RMB1.47 billion, the net asset value of the Group would increase by approximately RMB1.47 billion and the consolidated total liabilities of the Group would remain the same. Meanwhile, as the effect of Proposed Spin-off will not result in loss of the Company's control over the Project Companies, the Proposed Spin-off will be accounted for as an equity transaction and will not result in recognition of any significant gain or loss in the Company's financial results.

### 3. REASONS AND BENEFITS OF THE PROPOSED SPIN-OFF

The Directors consider that the Proposed Spin-off will be beneficial for both the Remaining Group and the Infrastructure Fund for the following reasons:

- (1) the net proceeds received by the Group from the Proposed Spin-off of at least approximately RMB1.47 billion will provide the Group with funds for its operations, thereby enabling the Group to reduce its net borrowings, and hence improve its liquidity and gearing position. It would also provide the Group with capital to fund new investment opportunities. It is expected that approximately 30% of the net proceeds be used for debt repayment and approximately 70% of the net proceeds will be used for new investment opportunities. The Company plans to apply the net proceeds raised from the Proposed Spin-off to invest in projects that satisfy the following criteria: (a) projects that are located in the coordinated development of Beijing-Tianjin-Hebei Region, the integrated development of the Yangtze River Delta, the ecological protection and high-quality development of the Yellow River Basin; (b) photovoltaic power generation projects; and (c) excellent lighting conditions, strong electricity consumption capacity, stable cash flow and good investment return. It is estimated that 50% of the net proceeds raised from the Proposed Spin-off will be utilised by the end of 2023 and the remaining 50% will be utilised by the end of 2024;
- (2) the Proposed Spin-off will allow the Infrastructure Fund to establish a higher profile as a separate listed entity with the ability to access the capital markets to fund future investments;
- (3) the Proposed Spin-off will allow the Group to realise part of the Underlying Assets and achieve the valuation potential in the form of upfront cash proceeds as well as enabling the Shareholders to benefit from the Group's continuing interest in the Infrastructure Fund to benefit from the stable revenue generated from and future development of the Underlying Assets; and

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## LETTER FROM THE BOARD

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- (4) the Proposed Spin-off will enable the Group to enter into the REITs management business which will generate a new and positive source of income.

The Infrastructure Fund will become a controlled entity and the Project Companies will remain as subsidiaries of the Company following completion of the Proposed Spin-off and the financial results of the Infrastructure Fund will be and the financial results of the Project Companies will continue to be consolidated into the accounts of the Group. As such, it is expected that the Proposed Spin-off will not have any material impact on the financial position of the Group.

The Board believes that there are clear commercial benefits to the Group under the Proposed Spin-off.

The Directors also noted that the Proposed Spin-off may lead to the following risks:

- (1) although, upon completion of the Proposed Spin-off, the Project Companies will remain subsidiaries of the Company and the financial results of the Infrastructure Fund will be and the financial results of the Project Companies will continue to be consolidated into the accounts of the Group, the Proposed Spin-off will lead to dilution of the Group's shareholding in the Project Companies;
- (2) the Company's share price may be more volatile in the short term as the investment community may have mixed perceptions on the Proposed Spin-off; and
- (3) the Company will incur expenses associated with the Proposed Spin-off, which will also lead to long-term costs for the administration of the Infrastructure Fund.

However, having considered the benefits of the Proposed Spin-off, the Directors (including the independent non-executive Directors) are of the view that the Proposed Spin-off are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **4. INFORMATION OF THE INFRASTRUCTURE FUND AND THE REMAINING GROUP**

##### **4.1. Information of the Project Companies**

Jingtai Co is a company established in the PRC with limited liability and wholly owned by UP (Changzhou), which is an indirect subsidiary of the Company as at the Latest Practicable Date. Upon completion of the Proposed Spin-off, Jingtai Co will be a 51% owned subsidiary of the Company. Jingtai Co is principally engaged in the development and operation of a solar power plant located in Suizhou City, Hubei Province, the PRC, with an aggregate installed capacity of approximately 100MW.

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## LETTER FROM THE BOARD

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Yulin Co is a company established in the PRC with limited liability and wholly owned by BEIED BJ, which is an indirect subsidiary of the Company as at the Latest Practicable Date. Upon completion of the Proposed Spin-off, Yulin Co will be a 51% owned subsidiary of the Company. Yulin Co owns a solar power plant of 300MW in Yulin City, Shaanxi Province, the PRC, the construction of which has been completed and the power plant has been connected to the power grid.

The table below sets out the audited financial information of the Project Companies for the three financial years ended 31 December 2021 prepared in accordance with generally accepted accounting principles in the PRC:

	<b>Jingtai Co</b>		
	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
	(Audited)	(Audited)	(Audited)
Profit before taxation	39.09	13.60	41.18
Profit after taxation	29.36	11.93	34.27

	<b>Yulin Co</b>		
	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
	(Audited)	(Audited)	(Audited)
Profit before taxation	104.51	92.13	39.12
Profit after taxation	96.65	85.26	39.12

The consecutive increase in the profits of Yulin Co for the three years ended 31 December 2021 was the result of the upgraded operation and management, improved internal control which increased production efficiency and lowered the production costs, and the decrease in finance costs as well. For Jingtai Co, the trough profit in the financial year of 2020 was due to (i) the termination of the provincial government subsidies for power generation projects owned by Jingtai Co which took effect in April 2020; and (ii) the payment of finance costs incurred for external borrowing. The profits of Jingtai Co in the financial year of 2021 bounced back to almost the same level as in the financial year of 2019 due to the significant decrease in finance costs after the repayment of certain external borrowing. The profits of the Project Companies were also affected by the fluctuation of the electricity outputs influenced by weather.

The audited net asset value of Jingtai Co as at 31 December 2021 was approximately RMB278.37 million. The audited net asset value of Yulin Co as at 31 December 2021 was approximately RMB1,382.51 million.

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## LETTER FROM THE BOARD

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### 4.2. Information of the Fund Manager and the ABS Manager

The Fund Manager is a company established in the PRC with limited liability and a CSRC licensed fund management company principally engaged in the business of asset management. The Fund Manager is 55% owned by the ABS Manager and 45% owned by Beijing Shougang Fund Co., Ltd.\* (北京首鋼基金有限公司). Beijing Shougang Fund Co., Ltd. is indirectly wholly-owned by the State-owned Assets Supervision and Administration Commission of Beijing Municipality in the PRC. The ABS Manager is the largest shareholder of the Fund Manager. The Fund Manager and its ultimate shareholders are independent third parties of the Company.

The Fund Manager shall, in accordance with all applicable laws and regulations and contractual obligations under the fund documentation, utilise and manage the assets of the Infrastructure Fund; invest in the asset-backed securities for the Underlying Assets; exercise its rights in respect of the Underlying Assets and appoint the legal representative(s), general manager(s), supervisor(s), financial representative(s) and other key personnel of the Project Companies to participate in the management of the Project Companies.

The ABS Manager is a company established in the PRC with limited liability. It provides a diverse range of financial and investment consulting services including equity financing, bond financing, securities brokerage, underwriting and sponsorship, securities investment consulting and asset management in the PRC. The ABS Manager is approximately 71.71% owned by AVIC Investment Holdings Co., Ltd.\* (中航投資控股有限公司) and is approximately 28.29% owned by AVIC Industry-Finance Holdings Co., Ltd.\* (中航工業產融控股股份有限公司) respectively. AVIC Investment Holdings Co., Ltd. is approximately 73.56% owned by AVIC Industry-Finance Holdings Co., Ltd., a company listed on the SSE (stock code: 600705) and ultimately held by the State-owned Assets Supervision and Administration Commission of the State Council. The ABS Manager and its ultimate shareholders are independent third parties of the Company.

The ABS Manager is responsible for, on behalf of the ABS, receiving the equity interest in the Project Companies from their original shareholders, establishing the ABS and the continuing management of the ABS.

The total amount of fees payable to the Fund Manager (being a subsidiary of the ABS Manager) and the ABS Manager as a whole will be approximately RMB7 million per annum which was determined through arm's length negotiation with reference to the prevailing market rate.

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## LETTER FROM THE BOARD

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### 4.3. Information of the Remaining Group

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other clean energy projects. The Company's new energy projects cover the PRC and some overseas regions, including Inner Mongolia, Qinghai, Ningxia, Shanxi, Hubei, Xinjiang, Gansu, Yunnan, Shandong, Jiangsu, Hebei, Guangdong and other places.

The Remaining Group will continue the principal businesses of the Company, excluding the business engaged by the Project Companies, after completion of the Proposed Spin-off and is expected to retain a sufficient level of operation and sufficient assets to satisfy independently the requirements of Chapter 8 of the Listing Rules.

The table below sets out the pro forma financial information of the Remaining Group for the three years ended 31 December 2021 prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>Remaining Group</b>		
	<b>Year ended</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<i>Approximately</i>	<i>Approximately</i>	<i>Approximately</i>
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
	(Unaudited)	(Unaudited)	(Unaudited)
Profit/(Loss) before taxation	464.56	331.12	(3,836.11)
Profit/(Loss) after taxation	376.46	251.83	(3,549.52)

The unaudited net asset value of the Remaining Group as at 31 December 2021 was approximately RMB8,934.75 million.

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## LETTER FROM THE BOARD

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### **4.4. Clear business delineation of the business between the Remaining Group and the Infrastructure Fund**

There is a clear delineation of business between the Remaining Group and the Infrastructure Fund. The Underlying Assets and other solar power plants operated by the Remaining Group are geographically delineated. The Underlying Assets of the Project Companies comprise (i) 300MW photovoltaic power generation project in Yulin City, Shaanxi Province; and (ii) 100MW photovoltaic power generation project in Suizhou City, Hubei Province and the Remaining Group does not own or operate any other power generation project in Shaanxi Province and Hubei Province. Photovoltaic power generation projects of the Remaining Group mainly locate in regions including Inner Mongolia, Xinjiang, Ningxia, Qinghai, Shanxi, Guangdong provinces and other places of the PRC.

Moreover, there is a clear business delineation between the Project Companies and the Remaining Group because there is no directly or indirectly competition or risk of potential conflicts of interest between their businesses. The renewable electricity industry is dominated by state monopoly, i.e. the state-owned electricity grid enterprise, which is the only end customer of renewable electricity generated. Hence, the Remaining Group and the Project Companies will not be competing for new customers. Pursuant to Article 14 of the Renewable Energy Law of the PRC, it is statutorily guaranteed that the state-owned electricity grid enterprise, the only end customer, would purchase all of the renewable electricity as long as it is from an enterprise that has obtained an administrative licence for or report for archival purposes on electricity generation by using renewable energy at the nationwide unified fixed rate from time to time. There is no concern that size of production by any one market player in the industry will affect the selling price of the end product.

Furthermore, the Infrastructure Fund in essence, is a collective investment vehicle which pools the funds of investors and invest the raised funds in the Project Companies and the Underlying Assets. The purpose of the Infrastructure Fund is to enable the Group as the original stakeholder to revitalise infrastructure assets and increase its liquidity while allows a wider base of investors, including non-institutional investors, to participate in infrastructure investment, a field where the capital threshold is high and unfriendly to small and medium investors, although the risk is moderate with stable income. The Infrastructure Fund thus in nature is an equity instrument for secondary securitisation of the Underlying Assets.



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## LETTER FROM THE BOARD

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The Infrastructure Fund was established for the purpose of owning and listing the Underlying Assets as a publicly-offered infrastructure securities investment fund on the SSE, and thus the business focus of the Infrastructure Fund is the operation of the Underlying Assets. In contrast, the Remaining Group has a wide spectrum of business in all renewable energy projects. There is a clear delineation between the business of the Remaining Group and the business of the Underlying Assets. As a regulated investment product, there is practically no competition and low risk of potential conflicts of interest between the Infrastructure Fund and the Remaining Group due to special features of the Infrastructure Fund in respect of the income distribution, acquisition and acquisition financing are not applicable to the Remaining Group. As an investment vehicle, the business objective of the Infrastructure Fund is to deliver a source of recurrent income to investors through focused investment in the underlying income-generating infrastructure assets. With these restrictions, it is unlikely to have potential conflict of interests between the Infrastructure Fund and the Remaining Group.

### **4.5. Management Independence**

The Infrastructure Fund will be managed by the Fund Manager, which is not connected to the Remaining Group. The Fund Manager will operate the Infrastructure Fund entirely independently from the Remaining Group.

The Fund Manager has the general power of management over the assets of Infrastructure Fund and its main responsibility is to manage the assets of the Infrastructure Fund for the benefit of its fund unitholders. The Fund Manager will set the strategic direction and risk management policies of the Infrastructure Fund and manage the assets of the Infrastructure Fund in accordance with its investment strategy and in accordance with the rules and regulations set out in the REIT Circular, the Guidelines and the SSE measures. The Fund Manager is licensed to conduct public fund management activities by the CSRC. The official seal and the licences of the Project Companies are kept by the Fund Manager and can only be used upon satisfaction of the Fund Manager's internal procedures.

There is no overlap in management of the Fund Manager, the ABS Manager, the Project Companies and the Remaining Group. According to the verbal guidance of the CSRC, after the Project Companies having been transferred to the Infrastructure Fund, all existing staff shall terminate the labour relationship with the Project Companies. As a matter of principle, the Project Companies shall not retain any exiting employee. Subsequently, the Fund Manager will appoint new legal representative(s), general manager(s), supervisor(s), director(s), finance director(s) and other key management personnel to the Project Companies. All of the currently listed infrastructure funds have followed such CSRC's guidance. The Infrastructure Fund will strictly follow the CSRC's guidance as well. Current employees of the Fund Manager will be appointed by the Fund Manager as directors and management of the Project Companies. None of the directors or senior management of the Company will take up any of such roles in the Project Companies.

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## LETTER FROM THE BOARD

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### **4.6. Administrative Independence**

The administrations of the Remaining Group and the Infrastructure Fund are clearly delineated. The Infrastructure Fund will be administered by the Fund Manager independently and separately, which will carry its all essential administrative and business support functions.

The management reporting, financial budgeting and reporting, sales and human resources department of the Infrastructure Fund will be performed by the Fund Manager, functioning independently of the Remaining Group. The Fund Manager may entrust the execution of certain functions to the Operating Entity. The responsibility for administering the Infrastructure Fund lies primarily with the Fund Manager, which is not dependent on any specific entity to carry out its duties.

### **4.7. Operational independence**

The key management personnel of the Project Companies, such as the legal representative(s), general manager(s), supervisor(s) and financial director(s), will be employees of the Fund Manager designated by the Fund Manager. There will be at least three individuals acting as fund managers for the Infrastructure Fund, at least two of which shall have relevant asset operation experience in relation to the Underlying Assets.

The Fund Manager will enter into an operation service agreement with the Operating Entity, a subsidiary of the Company, pursuant to which the Fund Manager entrusts the Operating Entity to operate the Underlying Assets, at the service fee of RMB3 million to RMB5 million per annum. With reference to the market transaction status, the amount of service fees is subject to the final agreement of the parties.

The Fund Manager is required to, in accordance with all applicable laws and regulations and contractual obligations under the infrastructure fund documentation, exercise independent judgment in operating and managing the assets of the Infrastructure Fund, which comprises the Underlying Assets. The Project Companies and the Underlying Assets will be operated and managed primarily by the Operating Entity pursuant to the terms of the operation service agreement.

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## LETTER FROM THE BOARD

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Despite the Operating Entity being a subsidiary of the Company, the Fund Manager is required to independently supervise the service provided by the Operating Entity under PRC laws and regulations. The operational independence of the Project Companies will be upheld by the Fund Manager which shall be primarily responsible for managerial functions and shall independently supervise the performance of the Operating Entity in providing services to the Project Companies and Underlying Assets. The Fund Manager is fully empowered to replace the operation management entity. There will be plenty of qualified options available to the Fund Manager when it comes to the time when the Fund Manager intends to select a suitable alternative to replace the existing operation management entity in a timely manner and ensure that the Underlying Assets will be operated under continuous proper management.

### **4.8. Financial independence**

The Infrastructure Fund and the Project Companies will be operated with the funds raised at the issuance of the Infrastructure Fund. The Project Companies will be operated independent from any financial support of the Remaining Group.

As of 30 June 2022, there was a subsisting amount of approximately RMB10.51 million payable by Jingtai Co to its sole shareholder, UP (Changzhou). As of 30 June 2022, there was a subsisting amount of approximately RMB80.30 million receivable by Yulin Co from its sole shareholder, BEIED BJ. As of 30 June 2022, there were existing borrowings by Yulin Co from China Development Bank Financial Leasing Co., Ltd. guaranteed by the Company for the period from 30 April 2021 to 26 December 2030. The total guarantee amount was RMB2,150 million at the outstanding amount of approximately RMB1,975.70 million. According to the arrangements for the establishment and issuance of the Infrastructure Fund, all existing liabilities will be repaid with the proceeds raised by the Infrastructure Fund and the guarantee provided by the Company will be released accordingly immediately after the issuance of the Infrastructure Fund.

### **4.9. Future connected transactions between the Remaining Group and the Infrastructure Fund**

As neither of the Project Companies will become a connected subsidiary as defined under the Listing Rules, the Company does not foresee any transaction that would constitute ongoing or future connected transaction between the Remaining Group and the Infrastructure Fund. If there is any change of circumstances in the future that will change the status of the Project Companies to become a connected subsidiary, the Remaining Group will re-comply with the requirements of Chapter 14A of the Listing Rules for the continuing connected transactions.

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## LETTER FROM THE BOARD

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### 5. WAIVER IN RESPECT OF ASSURED ENTITLEMENT

As advised by the PRC legal counsel of the Company, Beijing Han Kun Law Offices, according to relevant laws and regulations of the PRC, infrastructure securities investment funds are only available for sale (i) by way of placing to strategic investors, which refer to institutional professional investors, exclusive of the existing shareholders of the Company or their respective related parties under common control; or (ii) by public offering to the offline investors or public investors. “Offline investors” herein refer to securities companies, fund management companies, trust companies, financial companies, insurance companies, qualified foreign institutional investors (QFII), commercial banks and their wealth management subsidiaries, qualified private equity fund managers, other professional institutional investors recognised by the CSRC, and security funds, such as the National Social Security Fund, basic pension insurance fund and annuity fund. As such, the Shareholders (exclusive of individual Shareholders) are not eligible to subscribe the units to be issued by the Infrastructure Fund in connection with the Proposed Spin-off unless and until they obtain the relevant approval from the CSRC to become QFII, so as to be qualified under scenario (ii) above. As a result, pursuant to the existing PRC laws, it is impracticable to preferentially allocate units in the Infrastructure Fund to the Shareholders.

Given the PRC legal impediments, it is not feasible for the Company to comply with Paragraph 3(f) of PN15 in connection with the Proposed Spin-off. The Directors, after considering the advice from the PRC legal counsel of the Company, were of the view the application for waiver from strict compliance with the requirement of Paragraph 3(f) of PN15 is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Company has applied for and the Stock Exchange has granted, a waiver from strict compliance with the requirement of Paragraph 3(f) of PN15.

### 6. LISTING RULES IMPLICATIONS

Upon completion of the Proposed Spin-off, the Company’s indirect interest in the Project Companies will decrease to 51%. As such, the Proposed Spin-off, if materialised, will constitute a deemed disposal under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio in respect of the Proposed Spin-off calculated pursuant to Rule 14.07 of the Listing Rules exceeds 25% but in any event less than 75%, the Proposed Spin-off, if proceed, constitutes a major transaction of the Company and is therefore subject to notification, announcement, circular and shareholders’ approval requirements under PN15 and Chapter 14 of the Listing Rules.

The Independent Board Committee comprising Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao, being all the independent non-executive Directors, has been established to advise the Shareholders in respect of the Proposed Spin-off. Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Shareholders in this regard.

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## LETTER FROM THE BOARD

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Shareholders and potential investors of the Company should note that the final structure of the Proposed Spin-off and the listing of the Infrastructure Fund are subject to, among other things, the prevailing market conditions and approvals from relevant authorities, including the CSRC and the SSE. Accordingly, Shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and listing of the Infrastructure Fund will take place and, if so, when they may take place. Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.

### 7. SPECIAL GENERAL MEETING

A notice convening the SGM is set out on pages 51 to 53 of this circular, at which ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, to approve the Proposed Spin-off and the transactions contemplated thereunder.

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 Tuesday, 18 October 2022 to Friday, 21 October 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 17 October 2022.

A form of proxy for use at the SGM is enclosed to this circular and such form of proxy is also published on websites of the HKEXnews (<http://www.hkexnews.hk>) and the Company (<http://www.bjei.com>). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time 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 the best of the Director's knowledge, information and belief, having made reasonable enquiries, the Directors confirm that no Shareholder is required to abstain from voting in respect of the resolution to be proposed at the SGM to approve the Proposed Spin-off.

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## LETTER FROM THE BOARD

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### 8. VOTING BY WAY OF POLL

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolution 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.

### 9. RECOMMENDATION

The Independent Board Committee after considering the advice from the Independent Financial Adviser, is of the view that the Proposed Spin-off is fair and reasonable and in the interests of the Company and Shareholders as a whole. The Board shared the same view of the Independent Board Committee. Therefore, the Board recommends the Shareholders to vote in favour of the ordinary resolution in respect of the Proposed Spin-off at the SGM.

### 10. FURTHER INFORMATION

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

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

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)**

3 October 2022

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION IN RELATION TO  
DEEMED DISPOSAL REGARDING PROPOSED SPIN-OFF AND  
SEPARATE LISTING OF THE INFRASTRUCTURE FUND ON THE SSE**

We refer to the circular of the Company dated 3 October 2022 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to consider and advise the Shareholders in respect of the Proposed Spin-off and separate listing of the Infrastructure Fund on the SSE, details of which are set out in the Circular.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in this regard. We wish to draw your attention to the “Letter from the Board” as set out on pages 6 to 20 of the Circular and the “Letter from the Independent Financial Adviser” as set out on pages 22 to 39 of the Circular.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider the terms of the Proposed Spin-off are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in respect of the Proposed Spin-off.

Yours faithfully,

**Independent Board Committee**

**Jin Xinbin    Li Hongwei    Zhu Jianbiao**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of the Proposed Spin-off 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

3 October 2022

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

Dear Sirs,

### MAJOR TRANSACTION IN RELATION TO DEEMED DISPOSAL REGARDING THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF THE INFRASTRUCTURE FUND ON THE SSE

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in respect of the Proposed Spin-off, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 3 October 2022 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.

Reference is made to the announcements issued by the Company dated 8 April 2022 and 6 July 2022 (the “**Announcement Date**”) in respect of the Proposed Spin-off. The Company proposes to list the Infrastructure Fund as a publicly-offered infrastructure securities investment fund (公開募集基礎設施證券投資基金) on a domestic stock exchange in the PRC, the SSE, by way of the Proposed Spin-off. The Proposed Spin-off on the SSE constitutes a spin-off of the Project Companies by the Company under PN15. The Company has submitted an application in relation to the Proposed Spin-off to the Stock Exchange pursuant to PN15 and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off under PN15. Furthermore, given the PRC legal impediments, it is not feasible for the Company to comply with paragraph 3(f) of PN15 in connection with the Proposed Spin-off. Accordingly, the Company has also applied for and the Stock Exchange has granted, a waiver from strict compliance with the requirement of Paragraph 3(f) of PN15 of the Listing Rules.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Proposed Spin-off, if materialised, will constitute a deemed disposal under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules exceeds 25% but in any event less than 75%, the Proposed Spin-off, if proceed, constitutes a major transaction under Chapter 14 of the Listing Rules and is therefore subject to notification, announcement, circular and Shareholders' approval requirement under PN15 and Chapter 14 of the Listing Rules.

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

### INDEPENDENCE

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

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

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the 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 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, its advisers 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 Proposed Spin-off. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources 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 Proposed Spin-off, we have taken into consideration the following principal factors and reasons:

#### A. Background of the Proposed Spin-off

##### 1. Information of the Group

With reference to the Board Letter, the Company is a company incorporated in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other clean energy projects. The Company's new energy projects cover the PRC and some overseas regions, including Inner Mongolia, Qinghai, Ningxia, Shanxi, Hubei, Xinjiang, Gansu, Yunnan, Shandong, Jiangsu, Hebei, Guangdong and other places.

Set out below are the consolidated financial results of the Group for the two years ended 31 December 2021 as extracted from the Company's annual report for the year ended 31 December 2021 (the "2021 Annual Report") and for the six months ended 30 June 2022 as extracted from the Company's interim report for the six months ended 30 June 2022 (the "2022 Interim Report"):

	For the six months ended 30 June 2022 <i>RMB million</i> (unaudited)	For the year ended 31 December 2021 <i>RMB million</i> (audited)	For the year ended 31 December 2020 <i>RMB million</i> (audited)	Change from 2020 to 2021 %
Revenue	1,985	2,825	2,149	31.46
EBITDA ( <i>Note</i> )	1,679	2,397	1,967	21.86
Profit for the year/period	286	650	262	148.09

*Note:* EBITDA represents earnings before depreciation, finance income, finance costs, income tax expense, fair value adjustments, non-cash items, non-recurring items, bargain purchase gain arising from business combinations, impairment charge of financial assets, write-back on other receivables, share-based payment expenses, share of profits of investments accounted for using equity method, loss on termination of leases, loss on disposal of property, plant and equipment and loss on disposal of subsidiaries.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As depicted in the above table, the Group's revenue and EBITDA were approximately RMB2,825 million and RMB2,397 million for the year ended 31 December 2021 ("FY2021") respectively, representing increases of approximately 31.46% and 21.86% as compared to those for the year ended 31 December 2020 ("FY2020"). With reference to the 2021 Annual Report, the increases in revenue and EBITDA of the Group were due to (i) expansion in the Group's aggregate installed capacity by way of acquisition and self-development of projects; and (ii) effective operation and management of power plants.

The Group's profit increased from approximately RMB262 million for FY2020 to approximately RMB650 million for FY2021, representing an increase of approximately 148.09%. With reference to the 2021 Annual Report, the increase in the Group's profit was mainly due to (i) the increase in revenue and EBITDA as aforementioned; and (ii) the increase in bargain purchase gain arising from business combination, partially offset by (i) the increase in depreciation of property, plant and equipment; (ii) the recognition of fair value losses on financial liabilities at fair value in FY2021; (iii) the increase in impairment charge on financial assets; and (iv) the increase in income tax expense.

The Group's revenue and EBITDA were approximately RMB1,985 million and RMB1,679 million for the six months ended 30 June 2022 ("1H2022") respectively, representing increases of approximately 51.53% and 48.45% as compared to those for the corresponding period in 2021. With reference to the 2022 Interim Report, the increases in revenue and EBITDA were due to (i) the expansion in grid-connected installed capacity of approximately 62.2% by way of acquisition and self-development projects; and (ii) effective operation and management of power plants.

Notwithstanding the aforesaid, the Group recorded profit of approximately RMB286 million for 1H2022, representing a decrease of approximately 20.78% as compared to that for the corresponding period in 2021. With reference to the 2022 Interim Report, such decrease was mainly due to (i) the absence of bargain purchase gains arising from business combinations; and (ii) the increase in finance costs.

As noted from the 2022 Interim Report, as at 30 June 2022, the Group's net debt (calculated based on the total borrowings and convertible bonds, less cash deposits) was approximately RMB30,906 million and the Group's gearing ratio was approximately 77.1%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the 2021 Annual Report, having entered the period of replacing the old growth drivers with new ones for energy consumption, China is firmly determined to accelerate the implementation of the goals of “carbon peak and carbon neutrality” and to pursue the energy security strategy. In the middle and long-term development plan for pumped storage, China states that the total capacity put into production will be over 62GW by 2025 and approximately 120GW by 2030, and that the construction scale and speed will be enhanced significantly. China proposed the implementation plan for promoting the development of new energy storage in the “14th Five-Year Plan” period in January 2022, to recognize new types of energy storage including electrochemistry as independent markets and to set the clear goal that the markets will achieve the transition from initial stage of commercialization to scale expansion development by 2025, with the installed capacity reaching over 30GW. The Company firmly supports China’s strategic direction of “accelerating the construction of new power system based on new energy”, and is making unremitting efforts to build “a first-class international clean energy ecological investment operator”, forging ahead courageously and resolutely with swift but steady steps in the path of green and low-carbon development and braving winds and waves with every hope and chance cherished in the wave of energy transition.

According to the 2022 Interim Report, the Group will, among other things, accelerate the introduction of equity capital to improve the Company’s existing debt structure. The Group will strive to promote the additional issuance and the introduction of strategic partners, and accelerate the issuance of REITs of new energy and the subsequent expansion of fundraising arrangements as well as the introduction of minority interests at the project level. At the same time, the Group should consider the scale and pace of the introduction of strategic partners and expansion of fundraising during the “14th Five-Year Plan” period as a whole in light of the increase in the scale of the Company in the future, so as to align with the high-quality development of the Company.

### **2. Information of the Project Companies**

The Project Companies are Jingtai Co and Yulin Co.

With reference to the Board Letter, Jingtai Co is a company established in the PRC with limited liability and wholly owned by UP (Changzhou), which is an indirect non wholly-owned subsidiary of the Company as at the Latest Practicable Date. Upon completion of the Proposed Spin-off, Jingtai Co will be a 51% owned subsidiary of the Company. Jingtai Co is principally engaged in the development and operation of a solar power plant located in Suizhou City, Hubei Province, the PRC, with an aggregate installed capacity of approximately 100 MW.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Set out below are certain key audited financial information of Jingtai Co for the three years ended 31 December 2021 prepared in accordance with generally accepted accounting principles in the PRC:

	For the year ended 31 December 2021 <i>RMB million</i>	For the year ended 31 December 2020 <i>RMB million</i>	For the year ended 31 December 2019 ("FY2019") <i>RMB million</i>	Change from 2020 to 2021 %	Change from 2019 to 2020 %
Operating income	99.15	100.25	112.09	(1.10)	(10.56)
Profit after taxation	29.36	11.93	34.27	146.10	(65.19)

According to the above table, Jingtai Co recorded a substantial decrease of approximately 10.56% in operating income for FY2020 as compared to that for FY2019; and a slight decrease of approximately 1.10% in operating income for FY2021 as compared to that for FY2020.

Jingtai Co also experienced a substantial decrease of approximately 65.19% in profit after taxation in FY2020 as compared to that for FY2019; and a significant increase of approximately 146.10% in FY2021 as compared to that for FY2020. As advised by the Directors, the aforesaid changes were mainly due to (i) the termination of provincial government subsidies for power generation projects owned by Jingtai Co which took effect in April 2020; and (ii) the entering into a sale-and-leaseback agreement by Jingtai Co in October 2019, the payment of interests and handling fees were to commence from 2020, causing the increase in finance cost in FY2020. In 2021, Jingtai Co gradually repaid certain outstanding borrowings, leading to a decrease of finance cost in FY2021 as compared to FY2020.

As at 31 December 2021, Jingtai Co recorded net asset value of approximately RMB278.37 million.

Yulin Co is a company established in the PRC with limited liability and wholly owned by BEIED BJ, which is an indirect subsidiary of the Company as at the Latest Practicable Date. Upon completion of the Proposed Spin-off, Yulin Co will be a 51% owned subsidiary of the Company. Yulin Co owns a solar power plant of 300 MW in Yulin City, Shaanxi Province, the PRC, the construction of which has been completed and the power plant has been connected to the power grid.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Set out below are certain key audited financial information of Yulin Co for the three years ended 31 December 2021 prepared in accordance with generally accepted accounting principles in the PRC:

	For the year ended 31 December 2021 <i>RMB million</i>	For the year ended 31 December 2020 <i>RMB million</i>	For the year ended 31 December 2019 <i>RMB million</i>	Change from 2020 to 2021 %	Change from 2019 to 2020 %
Operating income	311.73	334.83	277.20	(6.90)	20.79
Profit after taxation	96.65	85.26	39.12	13.36	117.94

According to the above table, Yulin Co recorded a substantial increase of approximately 20.79% in operating income for FY2020 as compared to that for FY2019; but a decrease of approximately 6.90% in operating income for FY2021 as compared to that for FY2020.

Despite the aforesaid movements in operating income, Yulin Co experienced increases in profit after tax for both FY2021 (as compared to that for FY2020) and FY2020 (as compared to that for FY2019). As advised by the Directors, the aforesaid changes were mainly due to (i) the increase in electricity sales volume for both FY2021 and FY2020 as compared to FY2019 (electricity sales volume was slightly decreased from FY2020 to FY2021); (ii) the result of the upgraded operation and management, improved internal control which increased production efficiency and lowered the production costs; and (iii) the decrease in finance cost for FY2020 and FY2021 as compared to their respective previous years.

As at 31 December 2021, Yulin Co recorded net asset value of approximately RMB1,382.51 million.

### **3. Information of the Fund Manager and the ABS Manager**

With reference to the Board Letter, the Fund Manager is a company established in the PRC with limited liability and a CSRC licensed fund management company principally engaged in the business of asset management. The Fund Manager is 55% owned by the ABS Manager and 45% owned by Beijing Shougang Fund Co., Ltd.\* (北京首鋼基金有限公司). Beijing Shougang Fund Co., Ltd. is indirectly wholly-owned by the State-owned Assets Supervision and Administration Commission of Beijing Municipality in the PRC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the Board Letter, the ABS Manager is a company established in the PRC with limited liability. It provides a diverse range of financial and investment consulting services including equity financing, bond financing, securities brokerage, underwriting and sponsorship, securities investment consulting and asset management in the PRC. The ABS Manager is approximately 71.71% and approximately 28.29% owned by AVIC Investment Holdings Co., Ltd.\* (中航投資控股有限公司) and AVIC Industry-Finance Holdings Co., Ltd.\* (中航工業產融控股股份有限公司) respectively. AVIC Investment Holdings Co., Ltd. is approximately 73.56% owned by AVIC Industry-Finance Holdings Co., Ltd., a company listed on SSE (stock code: 600705).

As at the Latest Practicable Date, the Fund Manager, the ABS Manager and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Please also refer to section headed “B. The Proposed Spin-off” below for details of the Fund Manager and ABS Manager.

#### **4. Information of the Remaining Group**

With reference to the Board Letter, the Remaining Group will continue the principal businesses of the Company, excluding the business engaged by the Project Companies, after completion of the Proposed Spin-off and is expected to retain a sufficient level of operation and sufficient assets to satisfy independently the requirements of Chapter 8 of the Listing Rules. Please refer to section headed “Information of the Remaining Group” of the Board Letter for more information of the Remaining Group.

#### **B. The Proposed Spin-off**

The Company proposes to list the Infrastructure Fund as a publicly-offered infrastructure securities investment fund (公開募集基礎設施證券投資基金) on a domestic stock exchange in the PRC, the SSE, by way of the Proposed Spin-off. The Infrastructure Fund will be holding the Group’s interest in the Project Companies, which owns the Underlying Assets (i.e. 300MW photovoltaic power generation project in Yulin City, Shaanxi Province, the PRC, owned by Yulin Co and 100MW photovoltaic power generation project in Suizhou City, Hubei Province, the PRC, owned by Jingtai Co). Following completion of the Proposed Spin-off, Yulin Co and Jingtai Co will remain as subsidiaries of the Company.

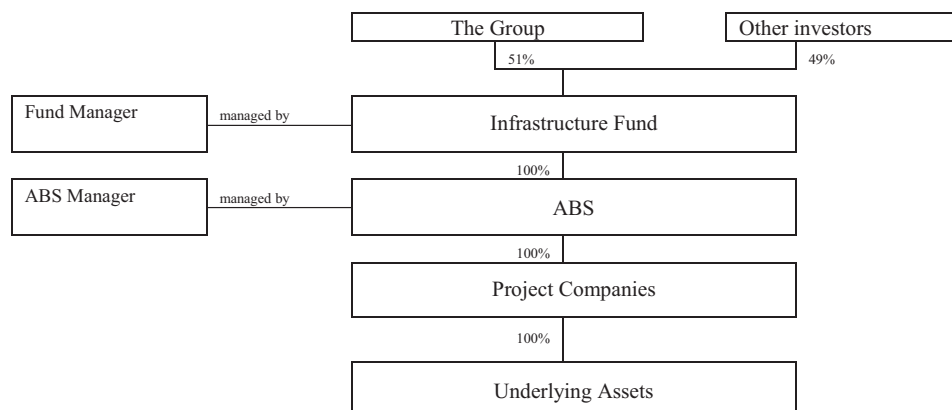


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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Structure of the Infrastructure Fund upon completion of the Proposed Spin-off is set out below for Shareholders' reference:



Under the proposed offering structure, the Fund Manager, will set up the Infrastructure Fund as a publicly-offered infrastructure securities investment fund for a public offering at the expected size of approximately RMB3 billion and not less than approximately RMB2.838 billion on the SSE with reference to the value of the Underlying Assets held by the Project Companies as at 31 December 2021. The offer price of the public offering for the Infrastructure Fund has not been fixed yet and is subject to price inquiry for the offering. The Group will subscribe for 51% of the interests in the Infrastructure Fund as a strategic investor at an expected aggregate price of approximately RMB1.53 billion. The 49% interest in the Infrastructure Fund is expected to be subscribed by external investors, amounting to approximately RMB1.47 billion. Given that the minimum offer size and the percentage of the Group's interests in the Infrastructure Fund was determined, we are of the view that the absence of the offer price would not affect our analysis on the Proposed Spin-off.

For the purpose of the Proposed Spin-off and as required by the applicable PRC laws and regulations, upon completion of the public offering, the Infrastructure Fund will apply the net proceeds to subscribe for the entire interests in the ABS, subsequent to which, ABS will use the net proceeds to acquire the entire equity interests in the Project Companies from the Group after deducting the repayments of the outstanding liabilities of the Projects Companies.

Following the completion of the Proposed Spin-off, the Infrastructure Fund will become a controlled entity and the Project Companies will remain as subsidiaries of the Group. The financial results of the Infrastructure Fund will be and the financial results of the Project Companies will continue to be consolidated into the Group's accounts.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Conditions of the Proposed Spin-off*

The Proposed Spin-off is conditional upon, among other things, the following conditions:

- (a) the total amount of units offered by the Infrastructure Fund reaches 100% of the approved registration scale;
- (b) the offering size should be at least RMB200 million and there are at least 1,000 investors participating in the offering;
- (c) the original holder of the equity interest of the Project Companies or its related party under common control has subscribed in the strategic tranche as required;
- (d) the units of the Infrastructure Fund offered to investors under the placing tranche, less the portion placed with strategic investors, shall not be less than 70% of the public offering; and
- (e) there is no other circumstance leading to the failure of the offering.

### **C. Reasons for and benefits of the Proposed Spin-off**

With reference to the Board Letter, the Directors consider that the Proposed Spin-off will be beneficial for both the Remaining Group and the Infrastructure Fund for the following reasons:

- (1) the net proceeds received by the Group from the Proposed Spin-off will provide the Group with funds for its operations, thereby enabling the Group to reduce its net borrowings, and hence improve its liquidity and gearing position. It would also provide the Group with capital to fund new investment opportunities in photovoltaic power generation projects. It is expected that approximately 30% of the net proceeds received by the Group from the Proposed Spin-off will be used for debt repayment and approximately 70% of the net proceeds will be used for new investment opportunities.

With reference to the 2021 Annual Report, the report on the work of the government states that in 2022, the Chinese government will advance the planning and construction of large-scale wind and photovoltaic power bases with supporting power sources that are adjustable and boost the capacity of power grids to absorb electricity generated from renewable energy sources. In addition, the Company firmly supports China's strategic direction of "accelerating the construction of new power system based on new energy", and is making unremitting efforts to build "a first-class international clean energy ecological investment operator". As also stated in the 2022 Interim Report, the Company sets an ambitious and boundless goal to build a first-class international clean energy ecological investment operator.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered that (i) the Proposed Spin-off provide the Group with funds for its operations, thereby enabling the Group to reduce its net borrowings, and hence improve its liquidity and gearing position; and (ii) the Proposed Spin-off would also provide the Group with capital to fund new investment opportunities in photovoltaic projects, which is in line with the Group's development strategy, we are of the view that the proposed use of proceeds is fair and reasonable;

- (2) the Proposed Spin-off will allow the Infrastructure Fund to establish a higher profile as a separate listed entity with the ability to access the capital markets to fund future investments;
- (3) the Proposed Spin-off will allow the Group to realise part of the Underlying Assets and achieve the valuation potential in the form of upfront cash proceeds as well as enabling the Shareholders to benefit from the Group's continuing interest in the Infrastructure Fund to benefit from the stable revenue generated from and future development of the Underlying Assets; and
- (4) the Proposed Spin-off will enable the Group to enter into the REITs management business which will generate a new and positive source of income.

The Infrastructure Fund will become a controlled entity and the Project Companies will remain as subsidiaries of the Group following completion of the Proposed Spin-off and the financial results of the Infrastructure Fund will be and the financial results of the Project Companies will continue to be consolidated into the accounts of the Group.

### ***Industry overview***

#### *Electricity consumption in the PRC*

Set out below are the electricity consumption in the PRC during the five years ended 31 December 2021, being the latest five full-year statistics published by the China Electricity Council:

	2017	2018	2019	2020	2021
Electricity consumption (billion kilowatt-hours)	6,363	6,900	7,249	7,511	8,313

As shown in the table above, the electricity consumption in the PRC recorded year-on-year increase during each of the year 2018, 2019, 2020 and 2021. The electricity consumption in the PRC increased from approximately 6,363 billion kilowatt-hours (“kWh”) in 2017 to approximately 8,313 billion kWh in 2021, representing a compounded annual growth rate (“CAGR”) of approximately 6.9%.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Set out below are the clean energy (such as gas-fired power, hydropower, nuclear power and wind power) consumption (as a percentage of total energy consumption) during the five years ended 31 December 2021, being the latest five full-year statistics published by the National Bureau of Statistics of the PRC:

	2017	2018	2019	2020	2021
Clean energy consumption to total energy consumption	20.8%	22.1%	23.4%	24.3%	25.5%

As shown in the table above, clean energy consumption (as a percentage of total energy consumption) recorded year-on-year increase during each of the year 2018, 2019, 2020 and 2021. Such percentage increased from approximately 20.8% in 2017 to approximately 25.5% in 2021.

### *Installed power generation capacity in the PRC*

Set out below are the installed power generation (including photovoltaic power) capacity in the PRC during the five years ended 31 December 2021, being the latest five full-year statistics published by the China Electricity Council:

	2017	2018	2019	2020	2021
Installed power generation capacity in the PRC (MW)	1,784,510	1,900,120	2,010,060	2,200,580	2,376,920
Installed photovoltaic power generation capacity in the PRC (Note) (MW)	130,420	174,330	204,180	253,430	306,560

*Note:* Included in the installed power generation capacity in the PRC.

As shown in the table above, the installed power generation capacity in the PRC (including photovoltaic power) recorded year-on-year increase during each of the year 2018, 2019, 2020 and 2021. The installed power generation capacity in the PRC increased from approximately 1,784,510 MW in 2017 to approximately 2,376,920 MW in 2021, representing a CAGR of approximately 7.4%, while the installed photovoltaic power generation capacity in the PRC increased from approximately 130,420 MW in 2017 to approximately 306,560 MW in 2021, representing a CAGR of approximately 23.8%.

Furthermore, the percentage of the installed photovoltaic power generation capacity in the PRC to the installed power generation capacity in the PRC increased from approximately 7.31% for 2017 to approximately 12.90% for 2021, representing an increase of approximately 5.59 percentage points.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to a press released published by the National Energy Administration of the PRC (“NEA”) on 29 January 2022, the PRC’s installed renewable energy power generation capacity exceeded 1 million MW, with installed wind power generation capacity and installed photovoltaic power generation capacity each exceeded 300,000 MW. In 2021, the PRC’s newly added renewable energy power generation installed capacity was 134,000 MW, accounted for 76.1% of the PRC’s total newly added energy generation installed capacity, among which, the newly added wind power installed capacity was 47,570 MW, the newly added photovoltaic power installed capacity was 54,880 MW and the newly added biomass power installed capacity was 8,080 MW.

On 22 February 2021, the State Council of the PRC issued the Guiding Opinions on Accelerating the Establishment and Improvement of a Green and Low-carbon Circular Development Economic System\* (《關於加快建立健全綠色低碳循環發展經濟體系的指導意見》) which put forward certain policies, including the promoting the green upgrading of industries, raising the level of green development in the service sectors, building green supply chains, establishing green logistics and trade systems, promoting the green and low-carbon transformation of the energy system, increasing fiscal and tax support, vigorously developing green finance, and improving green standards and green certification, statistical monitoring and evaluation systems.

On 13 March 2021, the 14th Five-Year Plan for National Economic and Social Development of the PRC (2021- 2025) and the Outline of Long-term Objectives for 2035\* (《中華人民共和國國民經濟和社會發展第十四個五年(2021-2025)規劃和2035年遠景目標綱要》) was issued which outlined the acceleration of development of non-fossil fuel, increase in scale of wind power and photovoltaic power generation, increase in proportion of non-fossil energy in the total energy consumption to approximately 20% and the promotion of digitized and green coordinated development that assist in realizing carbon peaking and carbon neutrality objectives.

On 22 April 2021, the NEA issued the Guiding Opinions on Energy Work in 2021\* (《2021年能源工作指導意見》), which outlined the main expected objectives of 2021 includes the reduction of coal-fired energy consumption level to below 56%, newly added alternative output from power generation to reach around 20 million kWh, the utilisation rate of wind power, photovoltaic power generation and renewable energy maintained at relatively high level and increase the average utilisation hours of cross regional transmission channel to about 4,100 hours.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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On 11 May 2021, the NEA issued the Notice on Matters Related to the Development and Construction of Wind Power and Photovoltaic Power Generation in 2021 (《關於2021年風電、光伏發電開發建設有關事項的通知》), which pointed out the proportion of wind power and photovoltaic power generation to the total electricity consumption to reach approximately 11% in 2021, and the guaranteed grid connection scale should not be less than 90 million kW.

Having considered the above, we are of the view that the prospect of the PRC's clean energy industry is generally positive.

Having considered:

- (i) the reasons for and benefits of the Proposed Spin-off;
- (ii) the Infrastructure Fund will become and its controlled entities will remain as subsidiaries of the Company and the financial results of the Infrastructure Fund will continue to be consolidated into the accounts of the Company, which the Company would continue to enjoy the benefits arising from the future business development and growth of the Infrastructure Fund;
- (iii) the Proposed Spin-off provide the Group with funds for its operations, thereby enabling the Group to reduce its net borrowings, and hence improve its liquidity and gearing position. It would also provide the Group with capital to fund new investment opportunities in photovoltaic projects; and
- (iv) the prospect of the PRC's clean energy industry,

we are of the view that the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole.

### **D. Trading multiples analysis**

As mentioned above, under the proposed offering structure, the Fund Manager, will set up the Infrastructure Fund as a publicly-listed infrastructure securities investment fund for a public offering at the expected size of approximately RMB3 billion and not less than approximately RMB2.838 billion on the SSE. The Infrastructure Fund will apply the net proceeds to subscribe for the entire interests in the ABS. As advised by the Directors, based on the issue size of approximately RMB2.838 billion and deducting adjusted total liabilities of Projects Companies of approximately RMB2.466 billion; and adding monetary fund and adjusted receivables of Projects Companies of approximately RMB1.470 billion, the consideration of approximately RMB1.842 billion (the “**Consideration**”, being the minimum consideration if all relevant liabilities are settled by using part of proceeds in the ABS and fund owned or to be received by the Project Companies) will be utilised for the acquisition of entire interest in the Project Companies from the Group by the ABS.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We performed our independent analysis on the Consideration. We noted that the trading multiples analysis, such as price to earnings ratio (“**PER**”) and price to book ratio (“**PBR**”), are commonly adopted valuation methods in the market. We searched for other companies listed on the Stock Exchange, SSE and the Shenzhen Stock Exchange which have similar lines of business as the Project Companies (i.e. engaged in the operation of photovoltaic farm with more than 50% of revenue derived from the sale of photovoltaic energy) and the trading of shares of such listed companies were not halted or suspended for more than three months as at the Announcement Date (the “**Comparable Company(ies)**”). As majority of the Comparable Companies were loss-making for their then latest financial years, we consider the PER is not appropriate for our analyses in this case and therefore we adopted price to sales ratio (“**PSR**”) as an alternative trading multiple for analysis purpose as PSR reflects the value of companies that have yet to generate a profit or have suffered losses. Given that the Project Companies and the Comparable Companies were engaged in the operation of photovoltaic farms and majority of the Comparable Companies were loss-making for their then latest financial years, we consider the value of such companies can be reflected by its sales amounts (i.e. the amount of photovoltaic power generated and sold) and thus the use of PSR to be appropriate. To the best of our knowledge and as far as we are aware of, we found 8 companies which met the said criteria and they are exhaustive.

Company name (Stock code)	Principal business	PBR <i>(Note 1)</i>	PSR <i>(Note 2)</i>
Kong Sun Holdings Ltd. (295.HK)	Investment in and operation of solar power plants, provision of solar power plants operations and maintenance services, provision of financial services, trading of liquefied natural gas and assets management	0.14	0.53
GCL New Energy Holdings Limited (451.HK)	Sale of electricity, development, construction, operation and management of solar power plants	0.89	1.36
Shunfeng International Clean Energy Limited (1165.HK)	Providing clean energy and low-carbon energy-saving integrated solutions	N/A <i>(Note 3)</i>	0.33
Beijing Enterprises Clean Energy Group Limited (1250.HK)	Investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply businesses	0.75	1.40
Xinyi Energy Holdings Limited (3868.HK)	Management and operations of solar farms in the PRC	2.37	12.93 <i>(Note 4)</i>
Tungshu Azure Renewable Energy Co., Ltd. (SZ000040)	Principally engaged in the new energy business and ecological and environmental protection business	0.43	1.28
CECEP Solar Energy Co., Ltd. (SZ000591)	Investment and operation of solar power plants	1.65	3.49

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Company name (Stock code)	Principal business	PBR <i>(Note 1)</i>	PSR <i>(Note 2)</i>
NYOCOR Company Limited (SH600821)	Investment, development, construction and operation of solar power and wind power business	2.07	5.31
	<b>Maximum (excluding outliers)</b>	<b>2.37</b>	<b>5.31</b>
	<b>Minimum (excluding outliers)</b>	<b>0.14</b>	<b>0.33</b>
	<b>Average (excluding outliers)</b>	<b>1.19</b>	<b>1.96</b>
	<b>Median (excluding outliers)</b>	<b>0.89</b>	<b>1.36</b>
<b>Project Companies (Note 5)</b>		<b>1.11</b>	<b>4.48</b>

*Source: the Stock Exchange's website, the cninfo website and Wind Financial Terminal*

*Notes:*

1. The PBRs of the Comparable Companies were calculated based on their respective then latest published net assets value attributable to the shareholders, their respective closing prices as quoted on the Stock Exchange, the SSE or the Shenzhen Stock Exchange (as the case may be) and the total issued shares as at the Announcement Date.
2. The PSRs of the Comparable Companies were calculated based on their respective then latest published revenue for the year, their respective closing prices as quoted on the Stock Exchange, the SSE or the Shenzhen Stock Exchange (as the case may be) and the total issued shares as at the Announcement Date.
3. The company recorded net liability as at 31 December 2021.
4. The PSR of the Comparable Company was exceptionally high as compared with those of the other Comparable Companies, and thus is considered as outlier.
5. The implied PBR of the Project Companies is based on the minimum Consideration and the latest net asset value attributable to shareholders of the Project Companies; and the implied PSR of the Project Companies is based on the minimum Consideration and the latest revenue for the year of the Project Companies.

From the table above, the PBRs of the Comparable Companies ranged from 0.14 times to 2.37 times, with an average of approximately 1.19 times and a median of approximately 0.89 times, while the PSRs of the Comparable Companies (excluding outliers) ranged from approximately 0.33 times to 5.31 times, with an average of approximately 1.96 times and a median of approximately 1.36 times.

The implied PBR of the Project Companies is within the range of the PBRs of the Comparable Companies and is lower than but close to the average PBR of the Comparable Companies, while the implied PSR of the Project Companies is within the range of the PSRs of the Comparable Companies (excluding outliers) and is higher than the average PSR of the Comparable Companies. It indicates that the minimum Consideration was not undervalued.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Taking into account the principal factors as discussed above, we consider that the terms of the Proposed Spin-off are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **E. Possible financial effects**

With reference to the Board Letter, it is expected that immediately upon completion of the Proposed Spin-off, the Company will hold 51% interest in the Infrastructure Fund and the Infrastructure Fund will become, and the Project Companies will remain as, subsidiaries of the Company and the accounts of the Infrastructure Fund will remain consolidated into the Company's accounts.

As advised by the Directors, the net proceeds of the Proposed Spin-off will increase the cash recorded in the consolidated balance sheet of the Group and increase the total assets of the Group correspondingly.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Proposed Spin-off.

### **RECOMMENDATION**

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Proposed Spin-off are fair and reasonable; and (ii) the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Proposed Spin-off and the transactions contemplated thereunder and we recommend the Shareholders to vote in favour of the resolution(s) in this regard.

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

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

\* *for identifications purposes only*

**1. FINANCIAL INFORMATION OF THE GROUP**

The published audited consolidated financial statements of the Group for each of the three years ended 31 December 2019, 2020 and 2021 are disclosed in the following documents, which can be accessed on both the websites of the HKEXnews (<http://www.hkexnews.hk>) and the Company (<http://www.bjei.com>).

- (i) Annual report of the Company for the year ended 31 December 2019 (pages 84-190), which can be accessed via the link at:

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

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

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

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

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

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

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

	<i>RMB' million</i>
Bank borrowings	
Secured and with guarantee	7,289
Secured and without guarantee	2,716
Unsecured and with guarantee	4,448
Unsecured and without guarantee	13,624

RMB' million

Finance lease liabilities	
Secured and with guarantee	5,147
Secured and without guarantee	3,520
Unsecured and without guarantee	20
Other loan	
Secured and without guarantee	57
Unsecured and with guarantee	68
Convertible bonds	
Unsecured and without guarantee	<u>346</u>
	<u><u>37,235</u></u>

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

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

### 3. SUFFICIENCY OF WORKING CAPITAL

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

#### **4. MATERIAL CHANGES**

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

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

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

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

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

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

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

#### (a) Long positions in the Shares and Underlying Shares

Name of Directors and the chief executives of the Company	Capacity/Nature of interest	Number of Shares/ underlying Shares held	Approximate Percentage of the issued Shares <sup>(1)</sup>
Mr. Zhang Ping	Beneficial Owner	28,544,000 <sup>(2)</sup>	0.13%
Mr. Zhu Jun	Beneficial Owner	29,250,000 <sup>(3)</sup>	0.13%

#### Notes:

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

**(b) Long position in share options**

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

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

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

Mr. Lu Zhenwei, an executive Director, is a director and the chairman of the board of directors of China Merchants New Energy Group Limited, which is a non-wholly-owned subsidiary of China Merchants Group Limited, the Company’s substantial shareholder, and the director of New Energy Exchange Limited, which is a party acting in concert with China Merchants New Energy Group Limited. Mr. Zhao Bing, a non-executive Director, is a director and general manager of Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), which is a direct controlling Shareholder of the Company, the head of finance department of BEH, the Company’s indirect controlling shareholder, and the chairman and the general manager of Beijing Jingneng International Power Co., Ltd.\* (北京京能國際能源股份有限公司). Mr. Su Yongjian, a non-executive Director, is the head of energy investment department of BEH, the Company’s indirect controlling shareholder.

**3. MATERIAL LITIGATION**

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

**4. DIRECTORS' SERVICE CONTRACTS**

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

**5. DIRECTOR'S INTERESTS IN ASSETS AND CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group and no Director was interested in any assets which have been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2021 (being the date of which the latest published audited financial statements of the Group were made up).

**6. DIRECTORS' COMPETING INTERESTS**

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

**7. MATERIAL ADVERSE CHANGES**

The Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 8. MATERIAL CONTRACTS

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

- (a) the limited partnership agreement dated 30 August 2022 entered into between Beijing Guodian Shengtang Technology Development Co., Ltd.\* (北京國電盛唐科技發展有限公司), BEI Energy Development (Beijing) Co., Ltd.\* (京能國際能源發展(北京)有限公司)(formerly known as Beijing United Rongbang New Energy Technology Co., Ltd.\* (北京聯合榮邦新能源科技有限公司)) and Everbright Financial Holding Asset Management Co., Ltd.\* (光大金控資產管理有限公司) in respect of the formation of the limited partnership in the PRC;
- (b) the financial advisory agreement dated 6 July 2022 entered into between BEI Energy Development (Beijing) Co., Ltd., AVIC Fund Management Co., Ltd.\* (中航基金管理有限公司), as the Fund Manager, AVIC Securities Co., Ltd.\* (中航證券有限公司), as the ABS Manager and China Merchants Securities Co., Ltd., in relation to the appointment of China Merchants Securities Co., Ltd. as financial adviser to provide financial advisory services with respect to the Proposed Spin-off;
- (c) the second supplemental agreement dated 9 March 2022 to the finance lease business framework agreement entered into between 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 adjustment of the annual cap of the transactions contemplated under the finance lease business framework agreement for the year ending 31 December 2022;
- (d) the conditional equity transfer agreement(s) and the supplemental agreement(s) (as applicable) dated 1 March 2022 entered into between BEI Energy Development (Beijing) Co., Ltd., as purchaser and Shanghai Sineng Investment Co., Ltd.\* (上海斯能投資有限公司), as vendor respectively, in relation to the proposed acquisitions of the equity interest in each of Shuozhou City Pinglu District Honggou Wind Energy Co., Ltd.\* (朔州市平魯區紅溝風電有限公司), Xiyang County Sineng New Energy Co., Ltd.\* (昔陽縣斯能新能源有限公司), Xiyang County Sineng Wind Energy Co., Ltd.\* (昔陽縣斯能風電有限公司) and Youyu County Sineng Wind Energy Co., Ltd.\* (右玉縣斯能風電有限公司);
- (e) the conditional equity transfer agreements dated 30 December 2021 entered into between BEI Energy Development (Beijing) Co., Ltd. as purchaser, Hebei Hangtian Yuanfeng New Energy Technology Co., Ltd.\* (河北航天遠豐新能源科技有限公司) and Guangzong County Guoshun Energy Co., Ltd.\* (廣宗縣國順能源有限公司) as vendors and Guangzong County Guorui Energy Co., Ltd.\* (廣宗縣國瑞能源有限公司), Longyao County Guochang New Energy Technology Co., Ltd.\* (隆堯縣國昌新能源科技有限公司) and Nangong City Guoshun New Energy Technology Co., Ltd.\* (南宮市國順新能源科技有限公司) as target companies, respectively, in relation to the acquisition of the entire equity interest in each of the target companies;



- (f) the conditional equity transfer agreement dated 28 December 2021 entered into between BEI Energy Development (Beijing) Co., Ltd. as purchaser, Zanhuang County Shunli Energy Co., Ltd.\* (贊皇縣順利能源有限公司) as vendor and Nangong City Guorui New Energy Technology Co., Ltd.\* (南宮市國瑞新能源科技有限公司) as target company, in relation to the acquisition of the entire equity interest in the target company;
- (g) the conditional equity transfer agreement dated 22 December 2021 entered into between BEI Energy Development (Beijing) Co., Ltd. as purchaser, Nangong City Yuchuan New Energy Technology Co., Ltd.\* (南宮市禹川新能源科技有限公司) as vendor and Nangong City Guolong New Energy Technology Co., Ltd.\* (南宮市國隆新能源科技有限公司) as target company, in relation to the acquisition of the entire equity interest in the target company;
- (h) the equity transfer agreement(s) and the supplemental agreement(s) dated 10 December 2021 entered into between BEI Energy Development (Beijing) Co., Ltd. as purchaser and Shanghai Sineng Investment Co., Ltd.\* (上海斯能投資有限公司), as vendor, respectively, in relation to the acquisitions of the entire equity interest in each of Yangqu County Weilan New Energy Co., Ltd.\* (陽曲縣蔚藍新能源有限公司), Hunyuan Sineng New Energy Co., Ltd.\* (渾源斯能新能源有限公司), Pianguan County Sineng Wind Energy Co., Ltd.\* (偏關縣斯能風電有限公司) and Heshun County Sineng Wind Energy Co., Ltd.\* (和順縣斯能風電有限公司);
- (i) the subscription agreement dated 22 June 2021 entered into between the Company, as the issuer and KGI Asia Limited, as the sole lead manager, in relation to the issue of US\$50,000,000 3.8% convertible bonds due 2024 by the Company;
- (j) the equity transfer agreement dated 9 June 2021 entered into between BEI Energy Development (Beijing) Co., Ltd. (“**BEIED BJ**”) as the purchaser, Shanxi Xinyou Investment Group Co., Ltd.\* (山西信友投資集團有限公司) (“**Shanxi Xinyou**”) as the vendor and Xinjiang Xinyou New Energy Power Co., Ltd.\* (新疆信友新能源發電有限公司) (“**Xinjiang Xinyou**”) as the target company, in relation to the acquisition of the entire equity interests in Xinjiang Xinyou at nil consideration and assumption of debts in the amount of RMB430,000,000. On the same date, BEIED BJ, Shanxi Xinyou, Xinjiang Xinyou and Powerchina Jiangxi Electric Power Construction Co., Ltd.\* (中國電建集團江西省電力建設有限公司) entered into the cooperation agreement in relation to the development of 50MW wind power project in Xinjiang;

- (k) (i) the termination agreement dated 7 May 2021 entered into between United Photovoltaics (Changzhou) Investment Group Co., Ltd.\* (聯合光伏(常州)投資集團有限公司)(“**UP Changzhou**”), Qinqdao ICBC Shengjing Equity Investment Fund Co., Ltd.\* (青島工融盛景股權投資基金有限責任公司)(“**Investor 1**”), ICBC Financial Investment No. 3 (Tianjin) Equity Investment Partnership (Limited Partnership)\* (工融金投三號(天津)股權投資合夥企業(有限合夥))(“**Investor 2**”), United Photovoltaics (Shenzhen) Limited\* (聯合光伏(深圳)有限公司)(“**UP Shenzhen**”), and Beijing Energy International Investment Limited (formerly known as New Light Technology Limited) (“**BEII**”) to terminate the Previous Capital Injection Agreement (as defined hereunder); (ii) the updated capital increase agreement dated 7 May 2021 entered into between ICBC Financial Asset Investment Co., Ltd.\* (工銀金融資產投資有限公司)(“**ICBC Investment**”), UP Shenzhen, BEII and UP Changzhou to change the contract party to the Previous Capital Injection Agreement from Investor 1 and Investor 2 to ICBC Investment, whereas the other terms and conditions (apart from the aforesaid parties clause) remain the same as Previous Capital Injection Agreement; (iii) the equity interest transfer agreement dated 7 May 2021 entered into between ICBC Investment, BEH, UP Shenzhen, BEII and UP Changzhou in relation to the potential equity interest transfer upon the occurrence of any of the specific circumstances specified in the agreement;
- (l) the capital increase agreement dated 25 February 2021 entered into between UP Changzhou, Investor 1, Investor 2, UP Shenzhen and BEII, pursuant to which (i) Investor 1 conditionally agreed to inject RMB1 billion into UP Changzhou by way of cash contribution and in return for RMB793,853,739 in the registered capital of UP Changzhou; and (ii) Investor 1 and Investor 2 were entitled to, but not obliged to, subsequently inject in aggregate of not more than RMB2 billion within six (6) months after the effective date of the agreement in return for RMB1,587,707,478 in the registered capital of the UP Changzhou (the “**Previous Capital Injection Agreement**”);
- (m) the sale and purchase agreement dated 8 February 2021 entered into by BEI Energy Development (Beijing) Co., Ltd. and Inner Mongolia Xingbang United New Energy Co., Ltd.\* (內蒙古興邦聯合光伏新能源有限公司) as purchasers and Zhongming Capital Holdings Group Co., Ltd.\* (中明資本控股集團有限公司) and Inner Mongolia Weiheng Industry and Trade Co., Ltd.\* (內蒙古偉恒工貿有限公司) as vendors in relation to the acquisition of entire equity interest in Inner Mongolia Minghua New Energy Co., Ltd.\* (內蒙古明華新能源股份有限公司) which holds in total 6 solar power plants with total installed capacity of 115MW in Inner Mongolia, the PRC at the consideration of RMB300,580,000;

- (n) the equity interest transfer agreement dated 29 January 2021 entered into by BEI Energy Development (Beijing) Co., Ltd. as purchaser and Inner Mongolia Yuanhai New Energy Co., Ltd.\* (內蒙古源海新能源有限責任公司) as vendor in relation to the acquisition of entire equity interest in Wulate Houqi Banner Yuanhai New Energy Co., Ltd.\* (烏拉特後旗源海新能源有限責任公司) which owns an operational solar power plant with the grid-connected capacity of 50MW located in Inner Mongolia, the PRC at the consideration of RMB52,550,000;
- (o) the framework agreement dated 31 December 2020 entered into by United Photovoltaics (Shenzhen) Limited\* (聯合光伏(深圳)有限公司) as purchaser and Tibet Huaxing New Energy Technology Co., Ltd.\* (西藏華星新能源科技有限公司) as vendor in relation to the proposed acquisition of the entire equity interest in a project company which owns a photovoltaic power generation project with total installed capacity of 20MW in Tibet, the PRC, pursuant to which the purchaser is required to pay a refundable amount of RMB50 million as earnest money; and
- (p) the sale and purchase agreement dated 4 December 2020 entered into by BEI Energy Development (Beijing) Co., Ltd. as purchaser, Jiangshan Fengrong Investment Company Limited\* (江山豐融投資有限公司) as vendor and Yulin City Jiangshan Yongchen New Energy Limited\* (榆林市江山永宸新能源有限公司) as target company in relation to the proposed acquisition of the entire equity interest in Yulin City Jiangshan Yongchen New Energy Limited\* (榆林市江山永宸新能源有限公司) at the consideration of approximately RMB1,177,829,000.

## 9. EXPERT AND CONSENT

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

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

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

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

As at the Latest Practicable Date, Gram Capital did not have any direct or indirect shareholding in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any asset which had been acquired, disposed of by or leased to any member of the Group, or was proposed to be acquired, disposed of by or leased to any member of the Group, since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up.

#### **10. GENERAL**

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda; and the principal place of business in Hong Kong is situated at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.
- (b) The Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Ms. Zhang Xiao, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (d) This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

#### **11. DOCUMENTS ON DISPLAY**

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

- (a) the letter from Gram Capital, the Independent Financial Adviser, as set out on pages 22 to 39 of this circular; and
- (b) the written consent of Gram Capital referred to in the paragraph headed "9. Expert and Consent" in this appendix.

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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 “SGM”) of Beijing Energy International Holding Co., Ltd. (the “Company”) will be held at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 12/F, Building 7, Sanfeng North Lane, Chaoyang District, Beijing, PRC) on Friday, 21 October 2022 at 11:00 a.m. for the following purpose:

### ORDINARY RESOLUTION

1. **“THAT:**

- (a) the spin-off of Yulin City Jiangshan Yongchen New Energy Limited\* (榆林市江山永宸新能源有限公司) and Hubei Jingtai Photovoltaic Power Co., Ltd.\* (湖北晶泰光伏電力有限公司) (collectively, the “Project Companies”) and separate listing of the units of the publicly-offered infrastructure securities investment funds which will indirectly hold the income-generating infrastructure projects through the Project Companies on the Shanghai Stock Exchange (the “Proposed Spin-off”) be and is hereby approved; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company and/or its subsidiaries to take any action and execute such further documents as he/she/it considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Proposed Spin-off and the transactions contemplated thereunder.”

For and on behalf of

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

**Zhang Ping**

*Chairman of the Board*

Hong Kong, 3 October 2022

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## NOTICE OF SPECIAL GENERAL MEETING

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*Notes:*

1. For the purpose of determining the entitlement for attending and voting at the SGM, the register of members of the Company will be closed from Tuesday, 18 October 2022 to Friday, 21 October 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 17 October 2022.
2. A member entitled to attend and vote at the SGM is entitled to appoint one or, if he holds two or more shares, more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
3. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he/she/it so wish. In such event, the instrument appointing such a proxy shall be deemed to be revoked.
4. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding of the SGM or any adjournment thereof.
5. In the case of joint holders of Shares, any one of such holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holder are present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. Votes on the ordinary resolution set out herein and are to be passed at the SGM will be taken by way of poll.
7. Precautionary Measures for the SGM

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

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

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## NOTICE OF SPECIAL GENERAL MEETING

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

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

9. As at the date hereof, the Board comprises:

*Executive Directors:*

Mr. Zhang Ping (*Chairman*)

Mr. Lu Zhenwei

*Non-Executive Directors:*

Mr. Zhao Bing

Mr. Su Yongjian

Mr. Li Hao

*Independent Non-Executive Directors:*

Ms. Jin Xinbin

Ms. Li Hongwei

Mr. Zhu Jianbiao

\* *For the purposes of identification only*