THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

京能集团

北京能源國際控股有限公司

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

(1) ADOPTION OF NEW SHARE OPTION SCHEME; (2) CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO SECOND SUPPLEMENTAL AGREEMENT TO FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT; (3) RE-ELECTION OF RETIRING DIRECTORS; AND (4) NOTICE OF SPECIAL GENERAL MEETING

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

Gram Capital Limited
嘉林資本有限公司

A letter from the Board is set out on pages 5 to 17 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 18 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 28 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 12/F, Building 7, Sanfeng North Lane, Chaoyang District, Beijing, PRC) on Wednesday, 15 June 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 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.

25 May 2022

CONTENTS

Page

Definitions 1

Letter from the Board 5

Letter from the Independent Board Committee 18

Letter from the Independent Financial Adviser 19

Appendix I – Principal Terms of the Share Option Scheme 29

Appendix II – Financial Information of the Group 38

Appendix III – General Information 41

Appendix IV – Biographical Details of Directors Standing for Re-election 49

Notice of Special General Meeting 51

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

"associate(s)"	has the meanings ascribed to it under the Listing Rules
"Auditor"	the auditor of the Company
"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 of the Company, representing approximately 32% of the issued share capital of the Company
"Board"	the board of Directors of the Company
"Bye-Laws"	the bye-laws of the Company
"Company"	Beijing Energy International Holding Co., Ltd., a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 686)
"connected person(s)"	has the meanings ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"Eligible Participant(s)"	(i) directors of the Company; (ii) senior management of the Company; (iii) core management, technical and business personnel of the Company or any of its subsidiaries; and (iv) core technical personnel and key management personnel of the Company or any of its subsidiaries who, in the opinion of the Board, will have a direct impact on the overall operating results and sustainable development of the Company or any of its subsidiaries
"Existing Caps"	the existing annual caps under the Finance Lease Business Framework Agreement for each of the three years ending 31 December 2022, being RMB500 million
"Existing Share Option Scheme"	the share option scheme adopted by the Company on 19 June 2012

"Finance Department"	the financial management department of the Group
"Finance Lease Business Framework Agreement"	the finance lease business framework agreement entered into on 15 May 2020 (as supplemented by the first supplemental agreement dated 5 August 2020) between the Company and Shenzhen Jingneng Leasing
"Gram Capital" or "Independent Financial Adviser"	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the transactions contemplated thereunder
"Grantee"	any Eligible Participant who accepts the offer of the grant of an Option in accordance with the rules of the Share Option Scheme
"Group"	the Company and its subsidiaries
"HKAS"	Hong Kong Accounting Standard(s)
"HKFRS(s)"	Hong Kong Financial Reporting Standard(s)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board, comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Supplemental Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders other than BEH, Shenzhen Jingneng Leasing and their respective close associates who are required under the Listing Rules to abstain from voting at the SGM for the resolution approving the Supplemental Agreement and the transactions contemplated thereunder
"Latest Practicable Date"	20 May 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"MW"	megawatts
"Nomination Committee"	the nomination committee of the Company
"Option(s)"	option(s) to subscribe for Shares pursuant to the Share Option Scheme
"PRC"	the People's Republic of China, which for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Proposed Revised Cap"	the revised annual cap for the transactions contemplated under the Finance Lease Business Framework Agreement for the year ending 31 December 2022, being RMB3,000 million
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Cap. 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 Wednesday, 15 June 2022 at 11:00 a.m. or any adjournment thereof, and the notice of which is set out in this circular
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Share Option Scheme"	the share option scheme proposed to be adopted by the Company, the principal terms of which are set out in Appendix I to this circular
"Shareholder(s)"	holder(s) of issued Share(s) of the Company

"Shenzhen Jingneng Leasing"	Shenzhen Jingneng Financial Leasing Co., Ltd.* (深圳京能融資租賃有限公司), a company established in the PRC with limited liability, which is a wholly-owned subsidiary of BEH and hence a connected person of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary"	a subsidiary of the Company
"Supplemental Agreement"	the second supplemental agreement to the Finance Lease Business Framework Agreement entered into between Shenzhen Jingneng Leasing and the Company on 9 March 2022
"%"	per cent

* *In this circular, the English names of the Chinese 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.*

北京能源國際控股有限公司
Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)
(Stock code: 686)

Executive Directors:
Mr. Zhang Ping *(Chairman)*
Mr. Lu Zhenwei
Mr. Wang Heng

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

25 May 2022

To the Shareholders

Dear Sir or Madam,

(1) ADOPTION OF NEW SHARE OPTION SCHEME; (2) CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO SECOND SUPPLEMENTAL AGREEMENT TO FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT; (3) RE-ELECTION OF RETIRING DIRECTORS; AND (4) NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide you with, among other things, (i) details of the Share Option Scheme; (ii) details of the Supplemental Agreement; (iii) a letter of advice from the Independent Board Committee to the Independent Shareholders in connection with the Supplemental Agreement; (iv) a letter of advice from the Independent Financial Adviser setting out its recommendation to the Independent Board Committee and the Independent Shareholders in connection with the Supplemental Agreement; (v) information on re-election of the retiring

Directors; and (vi) the notice of the SGM, to enable you to make an informed decision on whether to vote for or against those resolution(s) to be proposed at the SGM.

2. SHARE OPTION SCHEME

The Existing Share Option Scheme was approved by the Shareholders at the annual general meeting of the Company held on 19 June 2012. The Existing Share Option Scheme has been valid and effective for a period of 10 years from the date of adoption on 19 June 2012 and shall expire in June 2022 accordingly. As at the Latest Practicable Date, there were 191,000,000 outstanding share options under the Existing Share Option Scheme that were granted but yet to be exercised. Such 191,000,000 outstanding share options under the Existing Share Option Scheme shall continue to be valid and exercisable after adoption of the Share Option Scheme.

The Board proposes to recommend to the Shareholders to approve and adopt the Share Option Scheme so that Options may be granted to the Eligible Participants pursuant to the terms thereof. A summary of the principal terms of the Share Option Scheme is set out in Appendix I to this circular.

The Share Option Scheme shall take effect subject to and is conditional upon:

(i) the passing of an ordinary resolution by the Shareholders at a general meeting to approve and adopt the rules of the Share Option Scheme;

(ii) the approval from the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality; and

(iii) the Listing Committee of the Stock Exchange granting approval to the listing of and permission to deal in such number of Shares to be issued by the Company pursuant to the exercise of Options which may be granted under the Share Option Scheme.

No Director is a trustee of the Share Option Scheme or has a direct or indirect interest in the trustee of the Share Option Scheme, if any.

The purpose of the Share Option Scheme is to attract, retain and motivate the Company's outstanding talents, establish a long-term incentive mechanism closely linked to the Company's performance and long-term strategy, and closely link the Company's management and core employees with the interests of the Company and its shareholders, thereby further enhancing the Company's value.

Based on 22,427,948,432 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date to the date of the SGM, the maximum number of Shares that may be issued upon the exercise of the options that may be granted under the Share Option Scheme is 2,242,794,843 Shares (the "**Scheme Limit**"), being 10% of the issued share capital of the Company as at the date of the adoption of the Share Option Scheme. Subject to the conditions to the Share Option Scheme being satisfied, the Board will have the right to grant to the Eligible Participants options to subscribe for shares in the Company up to the Scheme Limit unless approval from the Shareholders in general meeting has been obtained to renew the Scheme Limit such that the total number of the Shares in respect of which options may be granted by the Board under the Share Option Scheme and any other share option schemes of the Company in issue shall not exceed 10% of the total number of the Shares in issue as at the date of approval of the refreshed limit.

Notwithstanding any other provisions of the Share Option Scheme, the maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time.

As at the Latest Practicable Date, no Options under the Share Option Scheme have been granted and thus the Company considers that it would not be appropriate to disclose in this circular the value of the Options that may be granted under the proposed Share Option Scheme as if they have been granted as at the Latest Practicable Date, as various determining factors for the calculation of such value cannot be reasonably ascertained at this stage. It would not be meaningful and may even be misleading to Shareholders if the value of the Options is calculated based on a set of speculative assumptions. However, the Company will disclose the value of any Options granted under the Share Option Scheme during a financial year or a particular period in its annual report and interim report.

The Shares are listed on the main board of the Stock Exchange. The Company will apply to the Stock Exchange for the listing of, and permission to trade in, the Shares that may be allotted and issued upon the exercise of the Options under the Share Option Scheme.

3. SECOND SUPPLEMENTAL AGREEMENT TO FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT

References are made to the announcements of the Company dated 15 May 2020, 5 August 2020 and 15 September 2020 and the circular dated 28 August 2020 (the "**Previous Circular**") in relation to, among others, the Finance Lease Business Framework Agreement.

Finance Lease Business Framework Agreement

Principal terms of the Finance Lease Business Framework Agreement are summarised as follows:

Date:	15 May 2020 (after trading hours) (as supplemented by the first supplemental agreement dated 5 August 2020)
Parties:	(i) the Company (ii) Shenzhen Jingneng Leasing
Scope of direct lease services:	Pursuant to the Finance Lease Business Framework Agreement, Shenzhen Jingneng Leasing and/or its associates will provide direct leasing services to the Group. It is anticipated that assets which would be subject to finance leases contemplated under the Finance Lease Business Framework Agreement include power generation equipment for renewable energy. Upon the requests or instructions of the Group, Shenzhen Jingneng Leasing and/or its associates will provide finance lease solutions to the Group for the purchase of equipment, and will make the payment to the designated suppliers in accordance with the conditions set by the Group and charge the Group lease rental for the equipment according to the schedule. Since the initial purchase of equipment with supplier, the Group is responsible for the overall acceptability and bears the related risk and rewards on the conditions of the underlying assets. During the lease period, the Group has full control of the equipment and is responsible for the overall condition of the underlying assets, including bearing all costs and responsibility for repair and maintenance. Shenzhen Jingneng Leasing will not interfere with the Group's use of the equipment. Furthermore, the Group can make improvements or additions to the equipment at its own expense at any time without reducing the value, function and remaining useful life of the leased asset or any additional parts of it. All lease rental will be settled by the Group in cash. Upon maturity of such direct leasing pursuant to the prescribed repayment schedule or early repayment, the Group will be entitled to purchase the assets at a nominal consideration.

Annual caps: The annual cap is calculated with reference to the lease consideration, which includes charges being the principal amount, lease interests and handling fees. The lease consideration will be determined by the Group and Shenzhen Jingneng Leasing and/or its associates after arm's length negotiations and with reference to the market price of the same type of finance lease assets.

The proposed annual caps for the Finance Lease Business Framework Agreement with Shenzhen Jingneng Leasing are RMB500 million for each of the three years ending 31 December 2022.

The Supplemental Agreement

In light of the business needs of the Company, the Company entered into the Supplemental Agreement with Shenzhen Jingneng Leasing on 9 March 2022 (after trading hours) to adjust the annual cap of the transactions contemplated under the Finance Lease Business Framework Agreement for the year ending 31 December 2022.

Pursuant to the Supplemental Agreement, the annual cap for the transactions contemplated under the Finance Lease Business Framework Agreement for the year ending 31 December 2022 will be increased to RMB3,000 million.

Save for the above amendments, all other terms and conditions of the Finance Lease Business Framework Agreement remain unchanged. For the principal terms and details of the Finance Lease Business Framework Agreement, please refer to the Previous Circular.

The Supplemental Agreement shall become effective upon being approved at the general meeting of the Company, and will expire on 31 December 2022.

Financial effects of the Finance Lease Business Framework Agreement and the Supplemental Agreement

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

Direct leasing under the Finance Lease Business Framework Agreement is in substance a financing arrangement rather than a lease transaction under "HKFRS 16 Leases". Payment would be made directly by Shenzhen Jingneng Leasing to the supplier designated by the Group for the purchase of equipment. The Group is responsible for the overall acceptability of the underlying assets and bears the related risk and rewards on the conditions of the underlying assets since the initial purchase of equipment with supplier. Charges in connection with direct leasing by Shenzhen Jingneng Leasing is in substance the principal and interests for such financing activity. Upon maturity of such direct leasing pursuant to the prescribed repayment schedule or early repayment, the Group will be entitled to purchase the assets at a nominal consideration. The Group is able to

control the equipment throughout their entire economic life. Accordingly, the Group will recognize, at the time of the transfer of such equipment from the supplier initially, the asset as an addition to property, plant and equipment (construction-in-progress), applying "HKAS 16 Property, plant and equipment" while the liability as a loan from leasing company applying "HKFRS 9 Financial instruments".

Historical Transaction Amounts and Proposed Revised Cap

Since the Finance Lease Business Framework Agreement was a new transaction between the Company and Shenzhen Jingneng Leasing, there is no historical transaction information before the year of 2020. The table below sets out the historical transaction amounts of the transactions under the Finance Lease Business Framework Agreement for the two years ended 31 December 2021 and for the two months ended 28 February 2022, the Existing Caps for each of the three years ending 31 December 2022 and the Proposed Revised Cap for the year ending 31 December 2022:

	For the year ended 31 December 2020	**For the year ended 31 December 2021**	**For the year ending 31 December 2022**
	RMB'million	*RMB'million*	*RMB'million*
Historical Transaction Amounts	Nil[(1)]	62	20[(2)]
Existing Caps	500	500	500
Proposed Revised Cap	–	–	3,000

Notes:

1. The resolution in respect of the transactions under the Finance Lease Business Framework Agreement was passed at the special general meeting of the Company held on 15 September 2020, there was no transaction under the Finance Lease Business Framework Agreement for the year ended 31 December 2020.

2. The figure represents the historical transaction amount for the two months ended 28 February 2022 and is not audited.

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

The Proposed Revised Cap, which includes principal amount, lease interests and handling fees, will be determined by the Group and Shenzhen Jingneng Leasing and/or its associates after arm's length negotiations and with reference to the market price of the same type of finance lease assets.

The Proposed Revised Cap is determined after taking into account, among other things,

(i) the scale of the upcoming power generation projects in construction

As at the date of this circular, the Company expects that in 2022 there will be around 28 power generation projects in construction, most of which are photovoltaic power generation projects, involving direct lease arrangements with a total installed capacity of approximately 2,018MW, of which 11 projects have already started construction.

(ii) historical financial requirements of power generation projects

The power generation business is a capital-intensive business and further business development and expansion of the Group requires a lot of capital. Historically, the financing requirements of the Group for power generation projects in relation to direct leasing arrangements entered in 2021 amounted to approximately RMB2.8 million per MW.

(iii) the maximum transaction amounts proposed by Shenzhen Jingneng Leasing

Shenzhen Jingneng Leasing has proposed to the Company the maximum transaction amounts under the Finance Lease Business Framework Agreement of RMB3,000 million for the year ending 31 December 2022, which taking into account, to the best knowledge of the Directors, Shenzhen Jingneng Leasing's yearly business plan.

As for the remaining requirements for direct leasing in 2022, the Company will enter into direct leasing arrangement with independent third parties in order to maintain a diversified channel of service providers in respect of direct leasing.

As at 31 December 2021, there are 104 power plants beneficially owned by the Group with an aggregate installed capacity of approximately 4,168.02MW comparing with 55 power plants and an aggregate installed capacity of approximately 2,070.40MW as at 31 December 2020. The proposed revision of the annual cap and the entering into the Supplemental Agreement will facilitate the Group's growing capital needs in associate with the rapid development of the Group. The entering into the Supplemental Agreement will continue to enable the Company to control financing risk and financing cost in its course of investing in new projects and satisfy the Company's demand of funds for purchasing power generation equipment in the early phase construction of the project in a timely manner.

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

In view of the reasons and benefits discussed above, the Board is not aware of any disadvantages to the Company on the transactions contemplated under the Supplemental Agreement.

As Mr. Zhang Ping (the Chairman of Board and executive Director), Mr. Sui Xiaofeng (the former non-executive Director) and Mr. Zhao Bing (the non-executive Director) were the senior management of BEH, they had abstained from voting on the Board resolutions approving the Supplemental Agreement and the transactions contemplated thereunder. Save and except for the aforesaid, none of the then Directors has any material interest in the Supplemental Agreement and was required to abstain from voting on the Board resolutions in relation to the Supplemental Agreement.

Internal control measures

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

Comparison of with independent quotations

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

Pricing terms and mechanism

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

Ongoing monitoring of terms and annual caps

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

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

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

Information on the parties

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other renewable energy projects.

Shenzhen Jingneng Leasing is a company established in the PRC with limited liability and a wholly-owned subsidiary of BEH. Shenzhen Jingneng Leasing primarily provides financial leasing services and commercial factoring business services in relation to financial leasing to the public and members of the BEH group.

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

Listing Rules Implications

As Shenzhen Jingneng Leasing is a wholly-owned subsidiary of BEH, the controlling shareholder of the Company, Shenzhen Jingneng Leasing is a connected person of the Company. Accordingly, the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the Supplemental Agreement and the transactions contemplated thereunder calculated in accordance with the Listing Rules exceeds 5%, the direct lease services constitute a continuing connected transaction of the Company which is subject to the reporting, announcement, Independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

In addition, as the highest applicable percentage ratio in respect of the transactions contemplated under the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) calculated in accordance with the Listing Rules exceeds 25% but is less than 100%, such transactions, if carried out, constitute a major transaction of the Company which is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

4. RE-ELECTION OF RETIRING DIRECTORS

References are made to the announcements of the Company dated 27 January 2022 and 25 February 2022 in relation to the appointments of Mr. Wang Heng ("**Mr. Wang**") and Mr. Su Yongjian ("**Mr. Su**") as executive Director and non-executive Director by the Board respectively.

In accordance with Bye-Law 83(2) of the Bye-Laws, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after his/her appointment and be subject to re-election at such meeting. Accordingly, Mr. Wang and Mr. Su shall retire and, being eligible, offer themselves for re-election at the SGM.

The Nomination Committee, having considered the nomination policy of the Company and taken into account objective criteria, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge, in accordance with the board diversity policy of the Company, as well as the respective contributions of Mr. Wang and Mr. Su to the Board and their commitment to their roles and positions, is of the view that Mr. Wang and Mr. Su's respective education background and vast experience in renewable energy industry and technical expertise in the electric power industry allow them to provide valuable insights and contribute to the diversity of the Board. In view of the above, the Nomination Committee has nominated Mr. Wang and Mr. Su to the Board for consideration.

Having considered and reviewed the biographical details of Mr. Wang and Mr. Su, the Board accepted the Nomination Committee's nomination and recommended Mr. Wang and Mr. Su for re-election by the Shareholders at the SGM. Mr. Wang and Mr. Su had abstained from the discussion and voting at the Board meeting regarding their nominations. In view of the above, the Board considers that the re-election of Mr. Wang and Mr. Su is in the interests of the Company and the Shareholders as a whole.

The biographical details of the Directors who are proposed to be re-elected at the SGM are set out in Appendix IV to this circular.

5. SPECIAL GENERAL MEETING

A notice convening the SGM is set out on pages 51 to 53 of this circular, at which ordinary resolutions will be proposed for the Shareholders to consider and, if thought fit, to approve the adoption of the Share Option Scheme, the terms under the Supplemental Agreement (including the Proposed Revised Cap) and the re-election of retiring Directors.

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 Friday, 10 June 2022 to Wednesday, 15 June 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 Thursday, 9 June 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.

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

6. VOTING BY WAY OF POLL

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

7. RECOMMENDATION

The Independent Board Committee after considering the advice from the Independent Financial Adviser, is of the view that the Supplemental Agreement and Proposed Revised Cap have been negotiated on arm's length basis and (i) is entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole. The Board shared the same view of the Independent Board Committee. Therefore, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution in respect of the Supplemental Agreement and Proposed Revised Cap at the SGM.

In addition, the Directors consider that all other ordinary resolutions proposed for consideration and approval by the Shareholders, including the adoption of the Share Option Scheme and the re-election of the retiring Directors are in the best interests of the Company and its Shareholders as a whole and so recommend the Shareholders to vote in favour of all other ordinary resolutions at the SGM.

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

北京能源國際控股有限公司
Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)
(Stock code: 686)

25 May 2022

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO SECOND SUPPLEMENTAL AGREEMENT TO FINANCE LEASE BUSINESS FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 25 May 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 Independent Shareholders in respect of the Supplemental Agreement (including the Proposed Revised Cap) and the transactions contemplated thereunder, 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 Independent Shareholders in this regard. We wish to draw your attention to the "Letter from the Board" as set out on pages 5 to 17 of the Circular and the "Letter from the Independent Financial Adviser" as set out on pages 19 to 28 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 (i) the terms of the Supplemental Agreement (including the Proposed Revised Cap) are on normal commercial terms and are fair and reasonable, and (ii) the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in respect of the Supplemental Agreement and the Proposed Revised Cap.

Yours faithfully,
Independent Board Committee
Ms. Jin Xinbin Ms. Li Hongwei Mr. Zhu Jianbiao
Independent non-executive Directors

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

Gram Capital Limited
嘉林資本有限公司

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

25 May 2022

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Supplemental Agreement (the "**Transaction**"), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 25 May 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.

The Company and Shenzhen Jingneng Leasing entered into the Finance Lease Business Framework Agreement in 2020, pursuant to which Shenzhen Jingneng Leasing and/or its associates has agreed to provide direct leasing services to the Group for the three years ending 31 December 2022, subject to the terms and conditions provided therein.

In light of the business needs of the Company, the Company entered into the Supplemental Agreement with Shenzhen Jingneng Leasing on 9 March 2022 to adjust the annual cap of the transactions contemplated under the Finance Lease Business Framework Agreement for the year ending 31 December 2022.

With reference to the Board Letter, the Transaction constitutes a major and continuing connected transaction of the Company and is subject to the reporting, announcement, the Independent Shareholders' approval and annual review requirement under the Listing Rules.

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

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser in relation to (i)(a) discloseable and continuing connected transactions (i.e. the Finance Lease Business Framework Agreement); and (b) discloseable and connected transactions (details of which were set out in the Company's circular dated 28 August 2020); (ii) major and continuing connected transactions (details of which were set out in the Company's circular dated 8 January 2021; (iii) discloseable and continuing connected transactions (details of which were set out in the Company's circular dated 2 October 2021); and (iv) 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). 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.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate in all material respects at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth,

accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Finance Lease Business Framework Agreement and the Supplemental Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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

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 Transaction, we have taken into consideration the following principal factors and reasons:

Information on the Company

With reference to the Board Letter, the Company is a company incorporated in Bermuda with limited liability 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 renewable energy projects.

Information on Shenzhen Jingneng Leasing

Shenzhen Jingneng Leasing is a company established in the PRC with limited liability and a wholly-owned subsidiary of BEH. Shenzhen Jingneng Leasing primarily provides financial leasing services and commercial factoring business services in relation to financial leasing to the public and members of the BEH group.

Reasons for and benefits of the Transaction

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

The Directors further advised us that the power generation business is capital intensive in nature. The Group has been exploring various financing channels to enhance its financing capability and reduce its finance cost. The Transaction would enable the Group to avoid the significant initial cash outflow for new power construction projects and thereby reduce the external financing stress of the Group.

Pursuant to the Finance Lease Business Framework Agreement, Shenzhen Jingneng Leasing and/or its associates shall provide finance leasing services to the Group on normal commercial terms and with interest rate not higher than market price of the same type of finance leasing assets.

With reference to the Board Letter, the proposed revision of the annual cap and the entering into the Supplemental Agreement will facilitate the Group's growing capital needs in associate with the development of the Group. The entering into the Supplemental Agreement will continue to enable the Company to control financing risk and financing cost in its course of investing in new projects and satisfy the Company's demand of funds for purchasing power generation equipment in the early phase construction of the project in a timely manner.

Having considered the above reasons, we concur with the Directors that the Transaction is in the interests of the Company and the Shareholders as a whole and the transactions contemplated under the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) are conducted in the ordinary and usual course of business of the Group.

Principal terms of the Transaction

Set out below are the key terms of the Transaction, details of which are set out under the section headed "THE SUPPLEMENTAL AGREEMENT" of the Board Letter.

Date of Supplemental Agreement:	9 March 2022
Parties:	The Company; and Shenzhen Jingneng Leasing
Revised annual cap:	Pursuant to the Supplemental Agreement, the annual cap for the transactions contemplated under the Finance Lease Business Framework Agreement for the year ending 31 December 2022 will be increased to RMB3,000 million.

The Supplemental Agreement shall become effective upon being approved at the general meeting of the Company, and will expire on 31 December 2022.

Save for the above amendments, all other terms and conditions of the Finance Lease Business Framework Agreement remain unchanged.

Pursuant to the Finance Lease Business Framework Agreement, Shenzhen Jingneng Leasing and/or its associates has agreed to provide finance leasing services to the Group on normal commercial terms and with interest rate not higher than market price of the same type of finance leasing assets.

We understood that the Company adopted internal approval and monitoring procedures (the "**Internal Procedures**") relating to the transactions under the Finance Lease Business Framework Agreement to safeguard the interests of the Shareholders as a whole, including the minority Shareholders. Details of the procedures are set out under the section headed "INTERNAL CONTROL MEASURES" in the Board Letter. Having considered that, among other things, before entering into any new finance lease arrangement with Shenzhen Jingneng Leasing, there will be price quotation procedures and price comparison procedures, we consider that the effective implementation of the Internal Procedures would help to ensure fair pricing of the direct lease transactions contemplated under the Finance Lease Business Framework Agreement according to the pricing policies.

To assess the effectiveness of the Internal Procedures, we obtained two individual finance lease (direct lease) contracts entered into between the Group and members of BEH (the "**Individual Contracts**") in 2021 with quotations from two independent third parties corresponding to each contract. As confirmed by the Directors, the aforesaid individual finance lease (direct lease) contracts are the only two contracts entered into between the Group and members of BEH pursuant to

the Finance Lease Business Framework Agreement immediately prior to the date of the Supplemental Agreement. According to the aforesaid documents, the cost of finance lease offered by members of BEH were lower than those offered by independent third parties. Having considered our findings on the costs of the Individual Contracts, we do not doubt the effectiveness of the Internal Procedures.

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

Revised annual cap

The table below set out are (i) the historical amounts of the transactions contemplated under the Finance Lease Business Framework Agreement for the two years ended 31 December 2021 and the two months ended 28 February 2022 with the existing annual caps (the "**Existing Cap(s)**"); and (ii) revised annual cap for the year ending 31 December 2022 (the "**Revised Cap**"):

	For the year ended 31 December 2020 *RMB'million*	**For the year ended 31 December 2021** *RMB'million*	**For the year ending 31 December 2022 ("FY2022")** *RMB'million*
Historical transaction amount	Nil	62	20 *(Note)*
Existing Caps	500	500	500

	For the year ending 31 December 2022 *RMB'million*
The Revised Cap	3,000

Note: the figure is for the two months ended 28 February 2022 and is not audited.

With reference to the Board Letter, the Revised Cap was determined after taking into account of various factors, details of which were set out under the section headed "BASIS FOR THE PROPOSED REVISED CAP AND REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT" in the Board Letter.

As the Revised Cap represented a significant increase as compared to the Existing Cap for the year ending 31 December 2022, we conducted the following analyses to assess the fairness and reasonableness of the Revised Cap:

- As mentioned above, power generation business is capital intensive in nature. It is anticipated that assets, which would be subject to finance leases contemplated under the Finance Lease Business Framework Agreement, include power generation equipment for renewable energy.

  Upon our request, we obtained a list from the Company, showing all direct lease arrangement entered into between the Group and direct lease services providers (including connected persons and independent third parties) in 2021 (the "**2021 Direct Lease List**"). According to the 2021 Direct Lease List, there were nine power generation projects with total principal amount in respect of direct lease arrangement of approximately RMB4,420 million.

- The Company expects that in 2022 there will be around 28 power generation projects in construction (most of which are photovoltaic power generation projects) involving direct lease arrangements with a total installed capacity of approximately 2,018MW. Upon our further request, the Directors provided us a projects list (the "**2022 Project List**") showing all renewable energy projects in 2022, of which 19 projects with total installed capacity of approximately 1,400MW were approved or filed. We also noted that 11 out of 19 projects with total installed capacity of approximately 765MW have already started construction.

- As stated in the Board Letter, historically, the financing requirements of the Group for power generation projects in relation to direct leasing arrangements entered in 2021 (the "**Average Amount**") amounted to approximately RMB2.8 million per MW. For our due diligence purpose, we calculated the Average Amount based on the installed capacity and direct lease amounts for all direct leasing arrangement entered in 2021 with all direct lease services providers (including members of BEH and independent third parties) as shown in the 2021 Direct Lease List and acknowledged the Average Amount of approximately RMB2.8 million per MW.

  In addition, we also noted that the financing requirements of the Group for photovoltaic power generation projects in relation to direct leasing arrangement of the Individual Contracts were approximately RMB3.3 million per MW.

  Furthermore, we noted from the 2021 Direct Lease List and the 2022 Project List that (i) all power generation projects as shown in 2021 Direct Lease List were photovoltaic power generation projects; and (ii) 25 out of 28 power generation projects as shown in the 2022 Project List were photovoltaic power generation projects.

Therefore, we consider it is reasonable to estimate the total financing requirements of the Group for power generation projects in relation to direct leasing arrangement in 2022 based on the Average Amount of approximately RMB2.8 million per MW to be justifiable.

- Based on (i) the estimated installed capacity of the renewable energy projects in 2022 (i.e. approximately 2,018MW); and (ii) the Average Amount of approximately RMB2.8 million per MW, the estimated principal amount for FY2022 is approximately RMB5,650 million (calculated by (i) x (ii)).

  The estimated principal amount for FY2022 is substantially higher than the estimated demands of direct lease arrangement services from members of BEH for the year ending 31 December 2022, which indicates the Group's possible demand of direct lease arrangement services from members of BEH and independent third parties (as mentioned in the Board Letter, as for the remaining requirements for direct leasing in 2022, the Company will enter into direct leasing arrangement with independent third parties in order to maintain a diversified channel of service providers in respect of direct leasing).

  Having also considered that pricing policy of the Finance Lease Business Framework Agreement and our findings in respect of the Individual Contracts and relevant quotations (i.e. cost of finance lease offered by members of BEH were lower than those offered by independent third parties), we concur with the Directors that it is justifiable for the Group to enter into more direct lease arrangement with Shenzhen Jingneng Leasing (or its associates).

- As stated in the Board Letter, Shenzhen Jingneng Leasing has proposed to the Company the maximum transaction amounts under the Finance Lease Business Framework Agreement of RMB3,000 million for the year ending 31 December 2022, which taking into account, to the best knowledge of the Directors, Shenzhen Jingneng Leasing's yearly business plan. For our due diligence purpose, we discussed with a staff of Shenzhen Jingneng Leasing and acknowledged the maximum transaction amounts proposed by Shenzhen Jingneng Leasing for FY2022 (i.e. RMB3,000 million).

  Accordingly, we consider the estimated principal amount (with members of BEH) for FY2022 to be justifiable.

Based on the above factors and that (i) the Revised Cap was calculated with reference to the lease consideration (which includes charges being the principal amount, lease interests and handling fees); (ii) the annual lease interests and handling fees represented an immaterial proportion to the principal amount; and (iii) as confirmed by the Directors, should there be any substantial increase in the demand of direct lease services by the Group, the Group may opt to enter into more direct lease arrangement with independent third parties or re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction to revise the Revised Cap, we consider the Revised Cap for the year ending 31 December 2022 to be fair and reasonable.

Shareholders should note that as the Revised Cap is relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2022, and it does not represent forecasts of revenue/cost to be recorded from the transactions contemplated under the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement). Consequently, we express no opinion as to how closely the actual revenue/cost to be incurred under the transactions contemplated under the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) will correspond with the Revised Cap.

Listing Rules implication

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of transactions contemplated under the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) must be restricted by the Revised Cap for the period concerned under the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement); (ii) the terms of the transactions contemplated under the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the transactions contemplated under the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) must be included in the Company's subsequent published annual reports.

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

In the event that the total amounts of the transactions contemplated under the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) are anticipated to exceed the Revised Cap, or that there is any proposed material amendment to the terms of the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement), as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the transactions contemplated under the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transaction (including the Revised Cap) are on normal commercial terms and are fair and reasonable; and (ii) the Transaction (including the Revised Cap) is in the interests of the Company and the Shareholders as a whole and the transactions contemplated under the Finance Lease Business Framework Agreement (as supplemented by the Supplemental Agreement) are conducted in the ordinary and usual course of business of the Group. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM to approve the Transaction (including the Revised Cap) and we recommend the Independent 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

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

The following is a summary of the principal terms of the Share Option Scheme proposed to be approved at the SGM.

(A) PURPOSE

The Share Option Scheme aims to attract, retain and motivate the Company's outstanding talents, establish a long-term incentive mechanism closely linked to the Company's performance and long-term strategy, and closely link the Company's management and core employees with the interests of the Company and its shareholders, thereby further enhancing the Company's value.

The Share Option Scheme shall be subject to the administration of the Board, whose decision as to all matters arising in relation to this Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(B) WHO MAY JOIN

The Board may, at its discretion, offer to grant an Option to:

(i) Directors of the Company;

(ii) senior management of the Company;

(iii) core management and technical and business personnel of the Company or any of its subsidiaries; and

(iv) core technical personnel and key management personnel of the Company or any of its subsidiaries who, in the opinion of the Board, will have a direct impact on the overall operating results and sustainable development of the Company or any of its subsidiaries.

An Option shall be deemed to have been granted and accepted by the Grantee and to have taken effect when the relevant grant document duly signed by the Grantee is received by the Company on the date of grant.

(C) MAXIMUM NUMBER OF SHARES

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue at the time the Share Option Scheme is adopted by the Shareholders. Based on 22,427,948,432 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date to the date of the SGM, the maximum number of Shares that may be issued upon the exercise of the Options that may be granted under the Share Option Scheme is 2,242,794,843 Shares, being 10% of the issued share capital of the Company as at the date of the adoption of the Share Option Scheme.

The Company may seek approval from the Shareholders in general meeting for "refreshing" the 10% limit under the Share Option Scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as "refreshed" must not exceed 10% of the relevant class of securities in issue as at the date of approval of the limit. Options previously granted (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised options) will not be counted for the purpose of calculating the limit as "refreshed".

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time.

(D) MAXIMUM NUMBER OF OPTIONS TO ANY ONE INDIVIDUAL

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

(E) EXERCISE PRICE

Subject to the compliance with the requirements of the Listing Rules, the exercise price of a Share in respect of any particular Option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine save that such price will not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant;

(ii) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five (5) business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

(F) GRANTING OPTIONS TO CONNECTED PERSONS

Any grant of Options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the Grantee of the Options). If the Board proposes to grant Options to a substantial shareholder or any independent non-executive director or their respective associates (as defined in the Listing Rules) which will result in the number of Shares issued and to be issued upon exercise of Options granted and to be granted (including Options

exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other share option schemes of the Company in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue on the date of grant; and

(ii) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant,

such further grant of Options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting by way of a poll at which all core connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such Options shall be taken as a poll.

(G) RESTRICTIONS ON THE GRANT OF OPTIONS

For so long as the Shares are listed on the Stock Exchange, the Board shall not grant any Option after inside information has come to the knowledge of the Company until it has announced such inside information pursuant to the requirements of the Listing Rules and the Inside Information Provisions of Part XIVA of the SFO. In particular, no Options shall be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's annual results or the Company's results for half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for the Company to publish an announcement of the Company's annual results or the Company's results for half-year, quarterly or other interim period (whether or not required under the Listing Rules), and ending on the date of actual publication of the results for such year, half year, quarterly or interim period (as the case may be).

(H) RIGHTS ARE PERSONAL TO GRANTEE

An Option is personal to the Grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option or attempt so to do.

(I) TIME OF EXERCISE OF OPTION AND DURATION OF THE SHARE OPTION SCHEME

Subject to any vesting period as stipulated in the Share Option Scheme, an Option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 5 years from that date. The period during which an Option may be exercised will be determined by the Board in its absolute discretion, save that no Option may be exercised more than 5 years after it has been granted. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 6 years from the date of its adoption.

(J) EXERCISE LIMITATIONS AND EXERCISE PERIODS

An Option may be exercised at any time during a period determined and notified by the Board to each Eligible Participant provided that the period commences on the 24th month after the date of grant and will in no event expire later than five years from the date of grant. Unless the Board otherwise determined and stated in the offer of the grant of Options to an Eligible Participant, the Eligible Participant is not required to achieve any performance targets before any Options granted under the Share Option Scheme can be exercised.

For each grant, when the exercise conditions specified under the Share Option Scheme are met, the Options of Eligible Participants shall be exercised in three tranches based on the exercise ratios of 34%, 33% and 33%. The exercise schedule is as follows:

Exercise Period	Exercise Date	Percentage of the number of exercisable Options to the number of Options granted
First exercise period	Commencing from the first trading day which falls on the expiry of 24 months from the date of the first grant to the last trading day which falls on the expiry of 36 months from the date of the first grant	34%
Second exercise period	Commencing from the first trading day which falls on the expiry of 36 months from the date of the first grant to the last trading day which falls on the expiry of 48 months from the date of the first grant	33%
Third exercise period	Commencing from the first trading day which falls on the expiry of 48 months from the date of the first grant to the last trading day which falls on the expiry of 60 months from the date of the first grant	33%

Before the Eligible Participants exercise the rights, the Board shall review whether the conditions set by the Share Option Scheme for the Eligible Participants to exercise their rights and interests are fulfilled.

(K) RIGHTS ON CEASING EMPLOYMENT BY REASON OF DEATH, ILL-HEALTH, INJURY OR DISABILITY

In the case of the Grantee who is an Eligible Participant by reason of his/her employment with the Company or any of the Subsidiaries ceasing to be an employee of the Company and/or any of the Subsidiaries by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his/her employment with the Company and/or any of the Subsidiaries under the Share Option Scheme has occurred, the Grantee or the personal representative(s) of the Grantee shall be entitled within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Option in full (to the extent not already exercised).

(L) RIGHTS ON DISMISSAL

In the event of the Grantee who is an Eligible Participant by reason of his/her employment with the Company or any of the Subsidiaries ceasing to be an employee of the Company and/or any of the Subsidiaries for any reason other than on his/her death, ill-health, injury, disability or the termination of his/her employment with the Company and/or any of the Subsidiaries on any other ground as determined by the Board that would warrant the termination of his/her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary, or an employee has been guilty of serious misconduct, convicted of any criminal offence involving his/her integrity or honesty, or has become insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally, the Grantee may exercise the Option up to his/her entitlement at the date of cessation of being an Eligible Participant (to the extent not already exercised) within the period of one month (or such longer period as the Board may determine) following the date of such cessation (which date shall be the last actual working day with the Company or the relevant Subsidiary whether salary is paid in lieu of notice or not).

(M) RIGHTS ON TAKEOVER

If a general offer (whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all holders of Shares (or all such holders of Shares other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Code)), the Company shall use its best endeavours to procure that such offer is extended to all the Grantees (on the same terms mutatis mutandis, and assuming that they shall become, by the exercise in full of the Options granted to them, Shareholders). If such offer, having been approved in accordance with applicable laws and regulatory requirements becomes, or is declared unconditional, the Grantee (or his/her legal personal representative(s)) shall be entitled to exercise his/her Option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

(N) RIGHTS ON A SCHEME FOR THE RECONSTRUCTION OF THE COMPANY OR AMALGAMATION WITH ANY OTHER COMPANY

If, pursuant to the applicable laws in Bermuda, a compromise or arrangement between the Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all the Grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to members and/or creditors of the Company a notice summoning the meeting to consider such a compromise or arrangement and any Grantee may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate subscription price for Shares in respect of which the notice is given (such notice to be received by the Company not later than two business days prior to the proposed meeting), exercise the Option to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the business day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof. With effect from the date of such meeting, the rights of all Grantees to exercise their respective Options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all Options shall, to the extent that they have not been exercised, lapsed or terminated. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of Grantees to exercise their respective Options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

(O) RIGHTS ON VOLUNTARY WIND-UP OF THE COMPANY

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees and thereupon, each Grantee (or in the case of the death of the Grantee, his/her personal representative(s)) shall be entitled to exercise all or any of his/her Options at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance or payment for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid and register the Grantee as holder thereof.

(P) RANKING OF SHARES

The Shares to be allotted upon the exercise of an Option shall not carry voting, dividend or other rights until completion of the registration of the Grantee (or such other person nominated by the Grantee) as the holder thereof. Subject to the aforesaid, the Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the Bye-laws and shall carry the same rights in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the other fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue. For the avoidance of doubt, Shares issued upon the exercise of an Option shall not be entitled to any rights attaching to Shares by reference to a record date preceding the date of allotment.

(Q) EFFECT OF ALTERATIONS TO CAPITAL

In the event of any alteration in the capital structure of the Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer (if there is a price dilutive element), consolidation, sub-division or reduction of share capital of the Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in:

(a) the number of Shares subject to any outstanding Options; and/or

(b) the exercise price,

as the auditors of the Company or the approved independent financial adviser shall at the request of the Company or any Grantee, certify in writing either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that a Grantee shall have the same proportion of the equity capital of the Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) as that to which he/she was entitled to subscribe had he/she exercised all the Options held by him/her immediately before such adjustments and the aggregate exercise price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration for a transaction is not to be regarded as a circumstance requiring any such alterations. The capacity of the auditors of the Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on the Company and the Grantees.

In respect of any adjustments required by the above paragraph, other than any made on a capitalization issue, the auditors or the approved independent financial adviser, as the case may be, shall confirm to the Board in writing that the adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes and/or such other requirement prescribed under the Listing Rules from time to time.

(R) EXPIRY OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry relevant to that Option;

(ii) the expiry of any of the periods referred to in the Share Option Scheme;

(iii) the date on which the scheme of arrangement of the Company referred to in the Share Option Scheme becomes effective;

(iv) the date of commencement of the winding-up of the Company (as determined in accordance with the applicable laws in Bermuda);

(v) the date on which the Grantee ceases to be an Eligible Participant by reason of the termination of his/her employment with the Company and/or any of the Subsidiaries on any one or more of the following grounds:

(i) that he/she has been guilty of serious misconduct;

(ii) that he/she has been convicted of any criminal offence involving his/her integrity or honesty or in relation to an employee of the Company and/or any of the Subsidiaries (if so determined by the Board);

(iii) that he/she has become insolvent, bankrupt or has made arrangements or compositions with his/her creditors generally; or

(iv) on any other ground as determined by the Board that would warrant the termination of his/her employment at common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the relationship of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; and

(vi) the date on which the Board shall exercise the Company's right to cancel the Option under the terms of the Share Option Scheme.

(S) ALTERATION OF THE SHARE OPTION SCHEME

Subject to compliance with the requirements of the Listing Rules, the Share Option Scheme may be altered in any respect by resolution of the Board except that:

(i) any alteration to the advantage of the Grantees; and

(ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of Options granted,

shall first be approved by the Shareholders in general meeting.

(T) CANCELLATION OF OPTIONS

Subject to the terms of the Share Option Scheme, any cancellation of Options granted but not exercised must be approved by the Grantees of the relevant Options in writing.

(U) TERMINATION OF THE SHARE OPTION SCHEME

The Company may by resolution in general meeting or of the Board at any time terminate the Share Option Scheme and in such event no further Options shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(V) CONDITIONS OF THE SHARE OPTION SCHEME

The Share Option Scheme shall take effect subject to and is conditional upon:

(1) the passing of an ordinary resolution by the Shareholders at a general meeting to approve and adopt the rules of the Share Option Scheme;

(2) the approval from the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality; and

(3) the Listing Committee of the Stock Exchange granting approval to the listing of and permission to deal in such number of Shares to be issued by the Company pursuant to the exercise of Options which may be granted under the Share Option Scheme.

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).

1. 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

2. 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

3. 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 ENLARGED GROUP

Indebtedness

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

	RMB'million
Bank borrowings	
Secured and with guarantee	7,319
Secured and without guarantee	1,588
Unsecured and with guarantee	5,783
Unsecured and without guarantee	8,774
Finance lease liabilities	
Secured and with guarantee	6,449
Secured and without guarantee	4,769
Unsecured and with guarantee	–
Unsecured and without guarantee	–
Other loan	
Secured and without guarantee	57
Unsecured and without guarantee	68
Convertible bond	
Unsecured and without guarantee	346
	35,153

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding, and authorized 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 March 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 March 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 has not been any material change in the financial or operation position or outlook of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

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

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

6. FINANCIAL AND OPERATION PROSPECTS OF THE GROUP

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

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

As at 31 December 2021, the Group had 104 grid-connected power plants with an aggregate installed capacity of approximately 4,168.02MW in the PRC. According to the Company's annual report, the 104 power plants beneficially owned by the Group have generated electricity in an aggregate volume of approximately 3,879,751 megawatt-hours ("**MWh**") for the twelve months ended 31 December 2021.

Looking forward, with the strong support of BEH, the Group will further focus on its main business. It will fully leverage on 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 interest 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

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

(a) Long position in the Shares

Name of Directors and the chief executives of the Company	Capacity	Number of Shares held	Approximate percentage of the issued Shares *(Note)*
Mr. Zhang Ping	Beneficial owner	1,212,000	0.01%
Mr. Zhu Jun	Beneficial owner	1,200,000	0.01%

Note: These percentages are calculated based on 22,427,948,432 listed Shares in issue as at the Latest Practicable Date.

(b) Long positions in share options

Grantees	Date of grant	Exercise price *(HK$/share)*	Number of outstanding share options	Capacity	Exercise period *(Note)*
Mr. Lu Zhenwei	16 June 2017	1.076	5,000,000	Beneficial owner	16 June 2018 to 15 June 2022

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

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

Mr. 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. Wang Heng, an executive Director, is a director and deputy general manager of Qingdao Chengtou Industrial Investment (Group) Co., Ltd.* (青島城投實業投資(集團)有限公司), which is a subsidiary of the Company's substantial shareholder, Qingdao City Construction Investment (Group) Co., Ltd * (青島城市建設投資(集團)有限責任公司). Mr. Zhao Bing, a non-executive Director, is a director and general manager of Beijing Energy Investment (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 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 financial statements of the Group were made up.

4. MATERIAL LITIGATION

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

5. DIRECTORS' SERVICE CONTRACTS

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

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

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).

7. DIRECTORS' COMPETING INTERESTS

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

8. EXPERT AND CONSENT

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

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

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

Gram Capital has given and has not withdrawn its written consent to the issue of this 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.

9. MATERIAL CONTRACTS

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

(a) the Supplemental Agreement;

(b) the conditional equity transfer agreement(s) and the supplemental agreement(s) (as applicable) dated 1 March 2022 entered into between Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司), 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);

(c) the conditional equity transfer agreements dated 30 December 2021 entered into between Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司) 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;

(d) the conditional equity transfer agreement dated 28 December 2021 entered into between Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司) 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;

(e) the conditional equity transfer agreement dated 22 December 2021 entered into between Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司) 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;

(f) the equity transfer agreement(s) and the supplemental agreement(s) dated 10 December 2021 entered into between Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司), 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);

(g) 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;

(h) the equity transfer agreement dated 9 June 2021 entered into between Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司) ("**Beijing United Rongbang**") 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, Beijing United Rongbang, 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;

(i) (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 New Light Technology Limited ("**New Light**") 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, New Light and UP Changzhou to change the contract party to the Previous Capital Increase 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 Increase Agreement; (iii) the equity interest transfer agreement dated 7 May 2021 entered into between ICBC Investment, BEH, UP Shenzhen, New Light and UP Changzhou in relation to the potential equity interest transfer upon the occurrence of any of the specific circumstances specified in the agreement;

(j) the capital increase agreement dated 25 February 2021 entered into between UP Changzhou, Investor 1, Investor 2, UP Shenzhen and New Light, 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**");

(k) the sale and purchase agreement dated 8 February 2021 entered into by Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司) 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;

(l) the equity transfer agreement dated 29 January 2021 entered into by Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司), 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;

(m) 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;

(n) the equity transfer agreement dated 4 December 2020 entered into by Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司), 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 companies 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);

(o) the agreement dated 18 September 2020 entered into by United Photovoltaics (Changzhou) Investment Group Co., Ltd.* (聯合光伏(常州)投資集團有限公司), as purchaser and State-owned Enterprise Structural Adjustment China Merchants Buyout Fund (LP)* (深圳國調招商併購股權投資基金合夥企業(有限合夥)) as vendor in relation to the buy-back of 17% equity interest in Fengxian Huize Photovoltaic Energy Limited* (豐縣暉澤光伏能源有限公司) at the consideration of RMB50,326,107.31;

(p) the agreement dated 15 September 2020 entered into by United Photovoltaics (Changzhou) Investment Group Co., Ltd.* (聯合光伏(常州)投資集團有限公司), as purchaser and Zhangjiagang City China Merchants Port Equity Investment Partnership Enterprise (LP)* (張家港市招港股權投資合夥企業(有限合夥)) as vendor in relation to the buy-back of 17% equity interest in Fengxian Huize Photovoltaic Energy Limited* (豐縣暉澤光伏能源有限公司) at the consideration of RMB48,163,851;

(q) the agreements dated 17 August 2020 entered into by Yongsheng Huiguang Photovoltaic Power Generation Co. Ltd.* (永勝惠光光伏發電有限公司), as lessee and Shenzhen Jingneng Financial Leasing Co., Ltd.* (深圳京能融資租賃有限公司) as lessor in relation to the sale and leaseback of Yongren Huiguang 35MW Photovoltaic Power Station and Yongsheng Huiguang 19.8MW Photovoltaic Power Station system equipment involving total lease amount payable of approximately RMB370 million and related security documents;

(r) the financial services framework agreement dated 3 July 2020 entered into by the Company and BEH Finance Co., Ltd.* (京能集團財務有限公司) in relation to the provision of deposit services, loan services and other financial services to the Group for the three years ending 31 December 2022; and

(s) the Finance Lease Business Framework Agreement.

10. GENERAL

(a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(b) The Company's Hong Kong branch share registrar and transfer office is 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 websites of the HKEXnews (http://www.hkexnews.hk) and the Company (http://www.bjei.com) for a period of 14 days from the date of this circular (both days inclusive):

(a) the Finance Lease Business Framework Agreement;

(b) the Supplemental Agreement;

(c) the letter from Gram Capital, the Independent Financial Adviser, as set out on pages 19 to 28 of this circular;

(d) the written consent of Gram Capital referred to in the section headed "8. Expert and consent" in this appendix; and

(e) the Share Option Scheme.

* *For identification purposes only*

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

EXECUTIVE DIRECTOR

Mr. Wang Heng, aged 35, was appointed as an executive Director of the Company on 27 January 2022 and is a member of the risk control committee of the Company. Mr. Wang is also a director and deputy general manager of Qingdao Chengtou Industrial Investment (Group) Co., Ltd.* (青島城投實業投資(集團)有限公司), which is a subsidiary of the Company's substantial shareholder, Qingdao City Construction Investment (Group) Co., Ltd.* (青島城市建設投資(集團)有限責任公司), and a director and general manager of Qingdao Chengtou New Energy Investment Co., Ltd.* (青島城投新能源投資有限公司). Mr. Wang served as a non-executive director of the Company from June 2019 to June 2020; a business manager of Qingdao Urban and Rural Construction Finance Leasing Co., Ltd.* (青島城鄉建設融資租賃有限公司) from May 2014 to February 2017. Mr. Wang has extensive experience in the renewable energy industry. He obtained a bachelor's degree in economics from Qingdao Agricultural University.

The Company and Mr. Wang have entered into a service contract for a term of three years commencing from 27 January 2022, which may be renewed for succeeding terms of one year each time upon expiration if agreed by the parties. The service contract may be terminated by three months' notice in writing or payment in lieu of notice. Mr. Wang is entitled to a director's fee of HK$200,000 per annum for his service as an executive Director of the Company, which was determined with reference to his duties and responsibilities with the Company, the Company's remuneration policy and the prevailing market level of remuneration of similar position, and subject to review at the discretion of the Board at the end of each financial year.

As at the Latest Practicable Date, Mr. Wang is not interested or deemed to be interested in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

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

NON-EXECUTIVE DIRECTOR

Mr. Su Yongjian, aged 48, was appointed as a non-executive Director of the Company on 25 February 2022. He is also the members of the remuneration committee and the risk control committee of the Company. Mr. Su also serves as the head of energy investment department of Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司), which is a controlling shareholder of the Company. Mr. Su served as the secretary of the party committee and the executive director of Jingneng Dongfeng (Shiyan) Energy Development Co., Ltd.* (京能東風(十堰)能源發展有限公司); the executive director of Jingneng Shiyan Thermal Power Co., Ltd.* (京能十堰熱電有限

公司); the deputy general manager, the general manager, the secretary of the party committee and the chairman of the board of Ningxia Jingneng Ningdong Power Generation Co., Ltd.* (寧夏京能寧東發電有限責任公司); and the deputy general manager of Inner Mongolia Huaning Thermal Power Co., Ltd.* (內蒙古華寧熱電有限公司). Mr. Su has considerable technical expertise in the electric power industry and extensive experience in operational management. He has received many awards including the 2020 China Advanced Entrepreneur, the 2021 Science and Technology Innovation Leader, as well as the Model Worker and the Quality Contribution Award of Ningxia Hui Autonomous Region. Mr. Su is a professorate senior engineer, and received a master's degree in electrical engineering from North China Electric Power University.

The Company and Mr. Su have entered into a service contract for a term of one year commencing from 25 February 2022, which may be renewed for succeeding terms of one year each time upon expiration if agreed by the parties. The service contract may be terminated by one month's notice in writing or payment in lieu of notice. Mr. Su is entitled to a director's fee of HK$200,000 per annum for his service as a non-executive Director of the Company, which was determined with reference to his duties and responsibilities with the Company, the Company's remuneration policy and the prevailing market level of remuneration of similar position, and subject to review at the discretion of the Board at the end of each financial year.

As at the Latest Practicable Date, Mr. Su is not interested or deemed to be interested in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

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

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

* *For identification purposes only*

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 Wednesday, 15 June 2022 at 11:00 a.m. for the following purposes:

ORDINARY RESOLUTIONS

1. "**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting approval of the listing of, and permission to deal in the Shares to be issued pursuant to the exercise of any options which may be granted under the share option scheme of the Company (the "**Share Option Scheme**") (a copy of which is produced to this meeting marked "A" and signed by the Chairman of the meeting for the purpose of identification), the rules of the Share Option Scheme be and is hereby approved and adopted and the Board be and are hereby authorized to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give effect to the Share Option Scheme including but without limitation:

    i. to administer the Share Option Scheme under which options will be granted to participants eligible under the Share Option Scheme to subscribe for shares of the Company (the "**Shares**");

    ii. to modify and/or amend the Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the Share Option Scheme relating to modification and/or amendment;

    iii. to issue and allot from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the Share Option Scheme;

    iv. to make application at the appropriate time or times to the Stock Exchange, and any other stock exchange upon which the issued Shares may for the time being be listed, for listing of and permission to deal in any Shares which may from time to time be issued and allotted pursuant to the exercise of the options under the Share Option Scheme; and

v. to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the Share Option Scheme."

2. "**THAT**

(a) the Supplemental Agreement (as defined in the circular of the Company dated 25 May 2022 (the "**Circular**")), a copy of which is marked "A" and initialled by the Chairman of the Meeting for the purpose of identification, the terms, the transactions contemplated thereunder together with the Proposed Revised Cap as set out in the Circular be and are hereby approved, confirmed and ratified; and

(b) any one of the directors of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Supplemental Agreement and the transactions contemplated thereunder."

3. "**THAT** Mr. Wang Heng be re-elected as an executive director of the Company and the board of directors of the Company be authorised to fix his remuneration."

4. "**THAT** Mr. Su Yongjian be re-elected as a non-executive director of the Company and the board of directors of the Company be authorised to fix his remuneration."

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

Hong Kong, 25 May 2022

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 Friday, 10 June 2022 to Wednesday, 15 June 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 Thursday, 9 June 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 was solely entitled thereto, but if more than one of such joint holders are present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. Votes on the ordinary resolutions 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

   Any person who does not comply with the precautionary measures referred to items nos. (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 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
Mr. Wang Heng

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