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

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

SUPPLEMENTAL ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
CAPITAL INCREASE IN THE TARGET COMPANY

Reference is made to the announcement (the "**Announcement**") of Beijing Energy International Holding Co., Ltd. (the "**Company**") dated 21 March 2023 in relation to the Capital Increase in the Target Company by BYED. Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Board wishes to provide the Shareholders and potential investors with additional information in relation to the Capital Increase as follows:

BASIS OF THE CONSIDERATION

In addition to the basis of the consideration as disclosed in the Announcement, the Board would like to supplement that the consideration under the Capital Increase Agreement was determined after arm's length negotiation and taking into account of the following factors:

I. Although the Target Company recorded a net liabilities of approximately RMB434 million as at 30 September 2022, the valuation of the entire equity interest of the Target Company as at 30 September 2022 (the "**Valuation**") was approximately RMB501 million, representing (i) a difference of approximately RMB935 million in the Valuation as compared to the consolidated net liabilities of the Target Company and its subsidiaries of approximately RMB434 million; and (ii) a difference of approximately RMB1,031 million in the Valuation as compared to the consolidated net liabilities attributable to the parent company of the Target Company and its subsidiaries of approximately RMB530 million (the "**Difference in the Valuation**"). The Difference in the Valuation comprises:–

(a) an increase in the market value than the book value of the subsidiaries of approximately RMB473 million. The Target Company holds 100% equity interest in Yunnan Baoshan Binglang River Hydropower Development Co., Ltd.* (雲南保山檳榔江水電開發有限公司), the market value of which increases by approximately RMB447 million, and 50% equity interest in Baoshan Longchuan River Hydropower Development Co., Ltd.* (保山龍川江水電開發有限公司), the market value of which increases by approximately RMB52 million. Such increase in the market value was attributable to the increase in the market value of the fixed assets and intangible assets of the subsidiaries, which is in turn due to (1) the increase in labour costs and material costs in recent years as well as the adoption of a longer useful economic life in valuation than the depreciation period used in business accounting; and (2) the increase in the market value of the land owned by the subsidiaries as at 30 September 2022 as compared to that of nil consideration for the allocated land use rights;

(b) an increase in the market value than the book value of the fixed assets of the Target Company of approximately RMB296 million, which is due to the increase in the market value of the properties and facilities of the Target Company as at 30 September 2022 as compared to that of the original construction stage as a result of increase in labour costs and material costs in recent years as well as the adoption of a longer useful economic life in Valuation than the depreciation period used in business accounting; and

(c) an increase in the market value than the book value of the intangible assets of the Target Company of approximately RMB262 million, which is due to the increase in the market value of the land owned by the Target Company as at 30 September 2022 as compared to that of nil consideration for the allocated land use rights.

II. The Valuation reflects the market value of the net assets of the Target Company as at 30 September 2022, which is pre-money value of the Target Company prior to the Capital Increase. Subsequent to and assuming that the Capital Increase is completed, the Company is expected to obtain approximately 65.7% of equity interest in the Target Company at the post-money value of the Target Company at approximately RMB1,461 million.

III. Upon completion of the Capital Increase, the Company will hold as to 65.7% of the equity interest in the Target Company and will in turn acquire the control of the 26 hydropower plants of the Target Company with the installed capacity of hydropower reached 952 megawatts, the prevailing market price of which far exceeds the consideration paid for the Capital Increase. Therefore, the Capital Increase is in line with the Group's future business strategy where it significantly increases the Group's installed capacity and also enables the Group to expand its clean energy business in Yunnan Province of the PRC.

IV. Although the Target Company recorded net liabilities of approximately RMB434 million as at 30 September 2022, the Target Company recorded a revenue of approximately RMB679 million and RMB662 million for the year ended 31 December 2021 and for the nine months ended 30 September 2022, respectively. The cash and cash equivalents of the Target Company for each of the recent two financial years amounted to approximately RMB300 million. The above financial figures is indicative of the Target Company's healthy cash flow position that may bring positive contribution to the Group's financial performance as a whole. Meanwhile, the Capital Increase will enable the Target Company to improve its credit rating and therefore reduce its finance cost. As such, the Capital Increase will bring synergy effect to both the Group and the Target Company.

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

Hong Kong, 21 April 2023

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

* *For identification purpose only*