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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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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) DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION IN RELATION TO COMMERCIAL FACTORING BUSINESS FRAMEWORK AGREEMENT; (2) RE-ELECTION OF RETIRING DIRECTORS; AND (3) NOTICE OF SPECIAL GENERAL MEETING

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



**Gram Capital Limited**  
嘉林資本有限公司

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A letter from the Board is set out on pages 4 to 13 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 14 to 15 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 16 to 27 of this circular.

A notice convening the SGM to be held at Room 1811, 18/F., Building 5, No. 9 Courtyard, Guang'an Road, Fengtai District, Beijing, PRC on Thursday, 28 October 2021 at 11:00 a.m. is set out on pages 41 to 43 of this circular. A form of proxy for the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, 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.

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

#### PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

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

- (1) Compulsory temperature checks
- (2) Filling and submission of health declaration form
- (3) Wearing of surgical face mask
- (4) No 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 (in the case of attending Hong Kong Venue), may be denied entry into the SGM venue or the Hong Kong Venue. The Company encourages Shareholders to appoint the chairman of the meeting as their proxy to vote according to their indicated voting instructions on the relevant resolutions at the SGM as an alternative to attending the SGM in person to exercise their voting rights at the SGM. The Company will continue to review the COVID-19 pandemic situation and may implement further precautionary measures and may make relevant adjustments and arrangements for the SGM accordingly. Further announcement will be issued as and when appropriate.

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## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BEH”	Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司), a company established in the PRC with limited liability and a controlling shareholder of the Company holding 7,176,943,498 Shares, representing approximately 32% of the issued share capital of the Company
“Board”	the board of Directors of the Company
“Bye-Laws”	the bye-laws of the Company
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Commercial Factoring Business Framework Agreement”	the commercial factoring business framework agreement entered into between Shenzhen Jingneng Leasing and the Company on 17 August 2021 in relation to the provision of factoring business services by Shenzhen Jingneng Leasing to the Group
“Company”	Beijing Energy International Holding Co., Ltd. (北京能源國際控股有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 686)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules that apply to the Company
“Director(s)”	the director(s) of the Company
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Commercial Factoring Business Framework Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps thereunder

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors, namely Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao to advise the Independent Shareholders on the Commercial Factoring Business Framework Agreement, the factoring business services contemplated thereunder and the proposed annual caps thereunder pursuant to the Listing Rules
“Independent Shareholders”	Shareholders other than BEH and other Shareholders who are required under the Listing Rules to abstain from voting at the SGM for the resolution(s) approving the Commercial Factoring Business Framework Agreement, the factoring business services contemplated thereunder and the proposed annual caps thereunder
“Latest Practicable Date”	28 September 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“New Energy Subsidy Receivables”	the tariff adjustment receivables arising from the sales of electricity under the Group’s electricity sale agreements of its renewable energy projects
“Nomination Committee”	the nomination committee of the Company
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

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## DEFINITIONS

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“SGM” or “Special General Meeting”	the special general meeting of the Company to be convened at Room 1811, 18/F., Building 5, No. 9 Courtyard, Guang’an Road, Fengtai District, Beijing, PRC and via video conference set up at the principal place of business of the Company in Hong Kong at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Thursday, 28 October 2021 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
“Shareholders”	holder(s) of issued Share(s)
“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 subsidiary of BEH and hence a connected person of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“%”	per cent

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

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Zhang Ping (*Chairman*)

Mr. Lu Zhenwei

Mr. Xu Jianjun

*Non-Executive Directors:*

Mr. Sui Xiaofeng

Mr. Zhao Bing

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

2 October 2021

*To the Shareholders*

Dear Sir or Madam,

**(1) DISCLOSEABLE TRANSACTION AND  
CONTINUING CONNECTED TRANSACTION IN RELATION TO  
COMMERCIAL FACTORING BUSINESS FRAMEWORK AGREEMENT;  
(2) RE-ELECTION OF RETIRING DIRECTORS;  
AND  
(3) NOTICE OF SPECIAL GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 17 August 2021 in relation to the Commercial Factoring Business Framework Agreement.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) information relating to the Commercial Factoring Business Framework Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in connection with the Commercial Factoring Business Framework Agreement; (iii) a letter of advice from the Independent Financial Adviser setting out its recommendation to the Independent Board Committee and to the Independent Shareholders in connection with the Commercial Factoring Business Framework Agreement; (iv) information on re-election of the retiring Directors; and (v) 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. COMMERCIAL FACTORING BUSINESS FRAMEWORK AGREEMENT

The principal terms of the Commercial Factoring Business Framework Agreement are set out as follows:

Date:	17 August 2021 (after trading hours)
Parties:	(i) The Company; and (ii) Shenzhen Jingneng Leasing
Term:	From the effective date of the Commercial Factoring Business Framework Agreement to 31 December 2023. Subject to the compliance with all relevant laws and regulations and the Listing Rules, the Commercial Factoring Business Framework Agreement may be renewed upon expiry for another term of no more than three years upon mutual consent by way of writing and inform the other parties one month before the expiry of the Commercial Factoring Business Framework Agreement.
Nature of transactions:	Pursuant to the Commercial Factoring Business Framework Agreement, Shenzhen Jingneng Leasing agreed to provide factoring business services to the Group with respect to the New Energy Subsidy Receivables.

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## LETTER FROM THE BOARD

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Shenzhen Jingneng Leasing may, from time to time, enter into separate individual factoring agreement(s) with the Company and/or its subsidiaries for the provision of the factoring business services, provided that the principles as agreed in the Commercial Factoring Business Framework Agreement must be followed. It is envisaged that upon entering into a separate individual factoring agreement, the relevant New Energy Subsidy Receivables due to the Company shall be transferred to Shenzhen Jingneng Leasing. In return, the Company shall obtain the factoring amount from Shenzhen Jingneng Leasing. During the term of the separate individual factoring agreement, the Company shall repay the said factoring amount obtained by instalments and pay a periodic service fee to Shenzhen Jingneng Leasing for the factoring services rendered. Upon the expiry of the separate individual factoring agreement and subject to the due payment of factoring amount and the service fee, the relevant New Energy Subsidy Receivables shall be transferred back to the Company.

No security over assets or other guarantees will be required to be provided by the Group for obtaining the factoring business services arising from the Commercial Factoring Business Framework Agreement. However, in the event where such guarantee is required by Shenzhen Jingneng Leasing, Shenzhen Jingneng Leasing shall separately negotiate with the Company and it shall fully comply with the requirements under the Listing Rules.

Conditions Precedent: The Commercial Factoring Business Framework Agreement is subject to the approval by the Independent Shareholders at the general meeting.

### 3. HISTORICAL AMOUNT

There was no historical transaction between the Company or its subsidiaries and Shenzhen Jingneng Leasing for factoring business services.



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## LETTER FROM THE BOARD

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#### 4. PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION OF THE PROPOSED ANNUAL CAPS

The table below sets out the proposed annual caps for the provision of factoring business services by Shenzhen Jingneng Leasing to the Group under the Commercial Factoring Business Framework Agreement for the three years ending 31 December 2023:

	<b>For the year ending 31 December 2021 <i>(RMB'million)</i></b>	<b>For the year ending 31 December 2022 <i>(RMB'million)</i></b>	<b>For the year ending 31 December 2023 <i>(RMB'million)</i></b>
Total factoring amount to be obtained by the Group from Shenzhen Jingneng Leasing under new separate individual factoring agreement(s) during the year	1,000	1,000	1,000
Factoring service fees (accumulated)	15	100	150

In arriving at the proposed annual caps for the provision of factoring business services by Shenzhen Jingneng Leasing to the Group under the Commercial Factoring Business Framework Agreement, the Directors have considered:

- (i) the historical recovery amount of government subsidies from the Group's renewable power generation projects;
- (ii) the expected sales of electricity volume of its renewable power generation projects and the corresponding amount of New Energy Subsidy Receivables receivable by the Group, based on the current installed capacity of the Group's solar power plants in operation;
- (iii) the prevailing market conditions of the fees charged for commercial factoring services. The factoring service fees mainly comprise interest expenses and handling fees payable to Shenzhen Jingneng Leasing for providing the commercial factoring services, which is estimated to be at approximately 5% of the total factoring amount to be obtained by the Group per year during the term of the Commercial Factoring Business Framework Agreement. The estimated rate of the factoring service fees is no less favorable than the prevailing market rate, with reference to the quotations obtained by the Company from independent third parties; and
- (iv) the availability of capital funding for the factoring business services of Shenzhen Jingneng Leasing.

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## LETTER FROM THE BOARD

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In addition to the above, to the best estimation of the Directors as of the date of this circular, the duration of each separate individual factoring agreement to be entered will be around one to three years, and the factoring service fee will remain payable periodically throughout the term of each agreement. Therefore, when determining the annual caps with respect to the factoring service fees for each of the years ending 31 December 2022 and 2023, it takes into account and comprises (i) the periodic factoring service fees for the new factoring amounts obtained which are payable in that particular year; and (ii) the factoring service fees for the factoring amounts obtained in previous year(s) but continue to be payable in that particular year.

### 5. PRICING PRINCIPLES AND INTERNAL PROCEDURES

The fee rate for the factoring business services to be provided by Shenzhen Jingneng Leasing to the Group shall be determined at a rate which: (i) shall be fair and reasonable market price, on normal commercial terms and not exceed those charged by other commercial factoring companies in the PRC for equivalent services; and (ii) shall not exceed those charged for the same type of services provided by Shenzhen Jingneng Leasing to other independent third parties. The specific fee rate shall be determined under the separate individual factoring agreements to be signed by the parties based on the aforesaid principles.

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 under the Commercial Factoring Business Framework Agreement, which include the following:

- (i) the finance department of the Company will collect and review contemporaneous prices and other relevant terms offered by at least two independent third parties before entering into the separate individual factoring agreements, and ensure that the terms offered by Shenzhen Jingneng Leasing are fair and reasonable, and comparable to those offered by at least two independent third parties. In case where the offers made by independent third parties are more favourable to the Company, the Company would either take up those offers of the independent third parties, or adopt such terms in the separate individual factoring agreements to be entered into with Shenzhen Jingneng Leasing after arm's length negotiation;
- (ii) the finance department of the Company will periodically review and inspect the process of relevant continuing connected transactions. In particular, they will monitor and assess whether the annual caps are 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 caps 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;
- (iii) following the entering into the separate individual factoring agreements pursuant to the Commercial Factoring Business Framework Agreement, the Company will examine annually the pricing of the transactions and the fee rate of factoring service fees charged under such separate individual factoring agreements to ensure that they are conducted in accordance with the principles under the Commercial Factoring Business Framework Agreement;

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## LETTER FROM THE BOARD

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- (iv) the Company will convene a meeting annually to discuss any issues in the transactions under the Commercial Factoring Business Framework Agreement and recommendations for improvement; and
- (v) the independent non-executive Directors will conduct annual review of the transactions in relation to the Commercial Factoring Business Framework Agreement (including the fees charged in respect of the transactions) and provide annual confirmations in the Company's annual report(s) in accordance with the Listing Rules that the transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms are fair and reasonable and in the interests of the Shareholders as a whole.

By implementing the above procedures, the Directors are of the view that the Company has established sufficient internal control measures to ensure the pricing basis of each separate individual factoring agreement to be entered into pursuant to the Commercial Factoring Business Framework Agreement will be on normal commercial terms, fair and reasonable, in accordance with the pricing policy of the Company and in the interests of the Company and its Shareholders as a whole.

### **6. REASONS FOR AND BENEFITS OF ENTERING INTO THE COMMERCIAL FACTORING BUSINESS FRAMEWORK AGREEMENT**

The government subsidies from the Group's renewable power generation projects are typically released to the Group over a relatively long period, which generally ranges from 18 to 24 months, resulting in the building up of the account receivables of the Group arising from the outstanding government subsidies payable to the Group. The factoring business services under the Commercial Factoring Business Framework Agreement would optimise the Group's asset structure, accelerate the efficiency of asset turnover, save costs, improve the efficiency of capital utilisation, broaden its financing channels and reduce its financing costs.

Shenzhen Jingneng Leasing has the relevant license for provision of factoring business services, and has deep understanding of the operation of the Group, which is beneficial for Shenzhen Jingneng Leasing to provide more convenient, efficient and personalised factoring business services to the Group than other financial institutions.

### **7. INFORMATION OF 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.

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## LETTER FROM THE BOARD

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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.

### 8. 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 Commercial Factoring Business Framework Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the highest proposed annual caps for the transactions contemplated under the Commercial Factoring Business Framework Agreement calculated in accordance with the Listing Rules exceeds 5%, such transaction, together with the proposed annual caps thereof, constitute a continuing connected transaction of the Company which is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Furthermore, as the highest applicable percentage ratio in respect of the transactions contemplated under the Commercial Factoring Business Framework Agreement calculated in accordance with the Listing Rules exceeds 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Mr. Zhang Ping (the Chairman of Board and executive Director), Mr. Sui Xiaofeng (the 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 Commercial Factoring Business Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereunder. Save and except for the aforesaid, none of the Directors has any material interest in the Commercial Factoring Business Framework Agreement and was required to abstain from voting on the Board resolutions in relation to the Commercial Factoring Business Framework Agreement.

### 9. RE-ELECTION OF RETIRING DIRECTORS

Reference is made to the announcement of the Company dated 18 June 2021 in relation to the appointments of Ms. Li Hongwei (“**Ms. Li**”) and Mr. Zhu Jianbiao (“**Mr. Zhu**”) as independent non-executive Directors by the Board.

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## LETTER FROM THE BOARD

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

The Nomination Committee had reviewed the confirmations of independence provided by each of Ms. Li and Mr. Zhu and was satisfied that each of Ms. Li and Mr. Zhu meets the independence criteria as set out in Rule 3.13 of the Listing Rules.

The Nomination Committee, having considered the nomination policy of the Company and 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 Ms. Li and Mr. Zhu to the Board and their commitment to their roles and positions, is of the view that:

- (i) Ms. Li's education background and extensive experience in financial management and accounting field allow her to provide valuable insights and contribute to the diversity of the Board. In view of the above, the Nomination Committee has nominated Ms. Li to the Board for consideration; and
- (ii) Mr. Zhu's education background and extensive experience in private equity investment, secondary market investment and financial management allow him to provide valuable insights and contribute to the diversity of the Board. In view of the above, the Nomination Committee has nominated Mr. Zhu to the Board for consideration.

Having considered and reviewed the biographical details of each of Ms. Li and Mr. Zhu and her/his independence, the Board accepted the Nomination Committee's nomination and recommended Ms. Li and Mr. Zhu for re-election by the Shareholders at the SGM. In view of the above, the Board considers that Ms. Li and Mr. Zhu, the retiring independent non-executive Directors, continues to be independent and the re-election of Ms. Li and Mr. Zhu are in the interests of the Company and the Shareholders as a whole.

The biographical details of Ms. Li and Mr. Zhu are set out in Appendix II to this circular.

### **10. SPECIAL GENERAL MEETING**

A notice convening the SGM is set out on pages 41 to 43 of this circular, at which ordinary resolutions will be proposed for the Shareholders to consider and, if thought fit, to approve the terms under the Commercial Factoring Business Framework Agreement (including the proposed annual caps) and the transactions contemplated thereunder and the re-election of the retiring Directors.

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## LETTER FROM THE BOARD

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All Shareholders who have a material interest in any of the transactions contemplated under the Commercial Factoring Business Framework Agreement, together with their close 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.

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 Monday, 25 October 2021 to Thursday, 28 October 2021 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, 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 Friday, 22 October 2021.

A form of proxy for use at the SGM is enclosed to this circular and such form of proxy is also published on websites of the 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.

### **11. VOTING BY WAY OF POLL**

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

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## LETTER FROM THE BOARD

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### 12. RECOMMENDATION

The Independent Board Committee after considering the advice from the Independent Financial Adviser, is of the view that the terms of the Commercial Factoring Business Framework Agreement have been negotiated on arm's length basis and the Commercial Factoring Business Framework Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better. The terms of the Commercial Factoring Business Framework Agreement and the transactions contemplated thereunder as well as the proposed annual caps are fair and reasonable and in the interests of the Company and Shareholders as a whole. The Board shared the same view of the Independent Board Committee.

The Board recommends the Independent Shareholders to vote in favour of the ordinary resolution in respect of the Commercial Factoring Business Framework Agreement and the Shareholders to vote in favour of the ordinary resolutions for the re-election of the retiring Directors to be proposed at the SGM.

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



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)**

2 October 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION  
AND CONTINUING CONNECTED TRANSACTION  
IN RELATION TO COMMERCIAL FACTORING BUSINESS  
FRAMEWORK AGREEMENT**

We refer to the circular of the Company dated 2 October 2021 (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 Commercial Factoring Business Framework Agreement (including the proposed annual caps) 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 4 to 13 of the Circular and the “Letter from the Independent Financial Adviser” as set out on pages 16 to 27 of the Circular.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered, amongst other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider (i) the terms of the Commercial Factoring Business Framework Agreement (including the proposed annual caps) are on normal commercial terms and are fair and reasonable, and (ii) the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in respect of the factoring business services contemplated under the Commercial Factoring Business Framework Agreement.

Yours faithfully,

**Independent Board Committee**

**Ms. Jin Xinbin**

**Ms. Li Hongwei**

**Mr. Zhu Jianbiao**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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



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

2 October 2021

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

Dear Sir/Madam,

### **DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the Commercial Factoring Business Framework Agreement (the “**Factoring Services**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 2 October 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 17 August 2021, the Company entered into the Commercial Factoring Business Framework Agreement with Shenzhen Jingneng Leasing, pursuant to which Shenzhen Jingneng Leasing will provide the Group with Factoring Services, for a term from the effective date of the Commercial Factoring Business Framework Agreement to 31 December 2023.

With reference to the Board Letter, the Factoring Services constitute discloseable and continuing connected transaction of the Company, and are subject to the reporting, announcement, annual review and the Independent Shareholders’ approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

### INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser in relation to the Company's (i) (a) discloseable and continuing connected transactions; and (b) discloseable and connected transactions (details of which were set out in the Company's circular dated 28 August 2020); and (ii) major and continuing connected transactions (details of which were set out in the Company's circular dated 8 January 2021). As the aforesaid engagements were independent financial adviser engagements, they do not affect our independence to act as the Independent Financial Adviser.

Notwithstanding the aforesaid engagements which were independent financial adviser engagements, we are not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the 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 Commercial Factoring Business Framework Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

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 Factoring Services. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. If there are any material changes before SGM, Shareholders will be notified as soon as possible. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

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

#### Information on the Group

With reference to the Board Letter, the Company is 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.

Set out below are the consolidated financial information of the Group for the six months ended 30 June 2021 and two years ended 31 December 2020 as extracted from the interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”) and annual report of the Company for the year ended 31 December 2020 (the “**2020 Annual Report**”):

	For the six months ended 30 June 2021 <i>(RMB'million)</i> (unaudited)	For the year ended 31 December 2020 <i>(RMB'million)</i> (audited)	For the year ended 31 December 2019 <i>(RMB'million)</i> (audited)	Change from 2019 to 2020 %
Revenue from continuing operations	1,310	2,149	2,168	(0.88)
Profit/(loss) attributable to equity holders of the Company	371	241	(3,275)	N/A
	As at 30 June 2021 <i>(RMB'million)</i> (unaudited)	As at 31 December 2020 <i>(RMB'million)</i> (audited)	As at 31 December 2019 <i>(RMB'million)</i> (audited)	Change from 2019 to 2020 %
Trade, bills and tariff adjustment receivables	6,326	4,344	3,808	14.08
Cash and cash equivalents	4,953	1,577	239	559.83

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated in the above table, the Group's revenue for the year ended 31 December 2020 ("FY2020") represented a slight decrease of approximately 0.88% (or approximately RMB19 million) as compared to that for the year ended 31 December 2019 ("FY2019").

As further noted from the 2020 Annual Report, the Group's turnaround from loss to profit was mainly due to (i) the absence of impairment charge on concession rights and development rights for FY2020; and (ii) the substantial decrease in impairment charge on property, plant and equipment, impairment loss of financial assets and loss on disposal of subsidiaries.

As at 30 June 2021, the Group recorded (i) trade, bills and tariff adjustment receivables of approximately RMB6.3 billion; and (ii) cash and cash equivalent of approximately RMB5.0 billion.

### **Information on Shenzhen Jingneng Leasing**

With reference to the Board Letter, 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 Factoring Services**

With reference to the Board Letter, New Energy Subsidy Receivables represent the amount receivables of renewable energy subsidies arising from the sales of electricity under the Group's electricity sale agreements of the Group's renewable power generation projects, are typically released to the Group over a relative long period, which generally range from 18 to 24 months, resulting in the building up of the account receivables of the Group arising from the outstanding government subsidies payable to the Group. The Factoring Services would optimise the Group's asset structure, accelerate the efficiency of asset turnover, save costs, improve the efficiency of capital utilisation, broaden its financial channels and reduce its financing costs.

Pursuant to the Commercial Factoring Business Framework Agreement, the fee rate for the Factoring Services shall be determined at a rate which (i) shall be fair and reasonable market price, on normal commercial terms and not exceed those charged by other commercial factoring companies in the PRC for equivalent services; and (ii) shall not exceed those charged for the same type of services provided by Shenzhen Jingneng Leasing to other independent third parties. The specific fee rate shall be determined under the separate individual factoring agreements to be signed by the parties based on the aforesaid principles.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the 2020 Annual Report and 2021 Interim Report, the Group's New Energy Subsidy Receivables amounted to approximately RMB4.12 billion as at 31 December 2020 (30 June 2021: approximately RMB6.04 billion), which accounted for approximately 94.7% of the Group's trade, bills and tariff adjustment receivables (30 June 2021: approximately 95.5%). New Energy Subsidy Receivables are fully recoverable considering that the background of customers are mainly state-owned enterprises and such tariff adjustment is only subject to timing of allocation of funds by the PRC government.

The Commercial Factoring Business Framework Agreement provides a financing means for the Group to mitigate the impacts of the prolonged process of receiving the tariff and reduce the balance of receivables. The Company may utilize the Factoring Services to deal with the outstanding New Energy Subsidy Receivables.

With reference to the 2020 Annual Report, the year 2021 is the first year of the "14th Five-Year Plan", and is also a year of accelerated transformation of energy structure and rapid development of green energy, China has made it clear that vigorously developing renewable energy sources such as wind power and photovoltaic power generation is an important support for China to promote clean and low-carbon energy development and accelerate the construction of ecological civilization.

As advised by the Director, the power generation business is capital intensive in nature and the Group has been exploring various financing channels to enhance its financing capability to cope with the development needs in green energy. By utilizing the Factoring Services, the Company can receive the New Energy Subsidy Receivables in advance, satisfy the capital requirement for business development, mitigate the possible fund occupation arisen from the outstanding New Energy Subsidy Receivables, and support the ongoing business expansion so as to raise the efficiency of capital use.

In light of the above factors, we consider the Factoring Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group.

### **Principal terms of the Factoring Services**

The following table summarizes the principal terms of the Factoring Services, details of which are set out under the section headed "2. COMMERCIAL FACTORING BUSINESS FRAMEWORK AGREEMENT" of the Board Letter.

Date:	17 August 2021
Parties:	(i) the Company; and (ii) Shenzhen Jingneng Leasing

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Terms: From the effective date of the Commercial Factoring Business Framework Agreement to 31 December 2023. Subject to the compliance with all relevant laws and regulations and the Listing Rules, the Commercial Factoring Business Framework Agreement may be renewed upon expiry for another term of no more than three years upon mutual consent by way of writing and inform the other parties one month before the expiry of the Commercial Factoring Business Framework Agreement.

Nature of transactions: Pursuant to the Commercial Factoring Business Framework Agreement, Shenzhen Jingneng Leasing agreed to provide factoring business services to the Group with respect to the New Energy Subsidy Receivables.

Shenzhen Jingneng Leasing may, from time to time, enter into separate individual factoring agreement(s) with the Company and/or its subsidiaries for the provision of the factoring business services, provided that the principles as agreed in the Commercial Factoring Business Framework Agreement must be followed. It is envisaged that upon entering into a separate individual factoring agreement, the relevant New Energy Subsidy Receivables due to the Company shall be transferred to Shenzhen Jingneng Leasing. In return, the Company shall obtain the factoring amount from Shenzhen Jingneng Leasing. During the term of the separate individual factoring agreement, the Company shall repay the said factoring amount obtained by instalments and pay a periodic service fee to Shenzhen Jingneng Leasing for the factoring services rendered. Upon the expiry of the separate individual factoring agreement and subject to the due payment of factoring amount and the service fee, the relevant New Energy Subsidy Receivables shall be transferred back to the Company.

No security over assets or other guarantees will be required to be provided by the Group for obtaining the factoring business services arising from the Commercial Factoring Business Framework Agreement. However, in the event where such guarantee is required by Shenzhen Jingneng Leasing, Shenzhen Jingneng Leasing shall separately negotiate with the Company and it shall fully comply with the requirements under the Listing Rules.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Condition Precedent: The Commercial Factoring Business Framework Agreement is subject to the approval by the Independent Shareholders at the general meeting.

### ***Pricing Principles and Internal Procedures:***

The fee rate for the Factoring Services to be provided by Shenzhen Jingneng Leasing to the Group shall be determined at a rate which: (i) shall be fair and reasonable market price, on normal commercial terms and not exceed those charged by other commercial factoring companies in PRC for equivalent services; and (ii) shall not exceed those charged for the same type of services provided by Shenzhen Jingneng Leasing to other independent third parties. The specific fee rate shall be determined under the separate individual factoring agreements to be signed by the parties based on the aforesaid principles.

Before the commencement of the Factoring Services, the finance department of the Company will collect and review contemporaneous prices and other relevant terms offered by at least two independent third parties before entering into the separate individual factoring agreements, and ensure that the terms offered by Shenzhen Jingneng Leasing are fair and reasonable, and comparable to those offered by at least two independent third parties. In case where the offers made by independent third parties are more favourable to the Company, the Company would either take up those offers of the independent third parties, or adopt such terms in the separate individual factoring agreements to be entered into with Shenzhen Jingneng Leasing after arm's length negotiation.

With reference to the Board Letter, to safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted certain internal approval and monitoring procedures relating to the transactions under the Commercial Factoring Business Framework Agreement (the "IC Measures"). Details of the IC Measures are set out under the section headed "5. PRICING PRINCIPAL AND INTERNAL PROCEDURES" of the Board Letter. Having considered the IC Measures, in particular the comparison of the terms for equivalent services offered by Shenzhen Jingneng Leasing and the independent third parties, we are of the view that the effective implementation of the IC Measures would help to ensure fair pricing of the Factoring Services according to the pricing policies.

We also discussed with staff of the Company's finance department and understood that the finance department's staffs are aware of the IC Measures and will comply with IC Measures when accepting the Factoring Services. Therefore, we do not doubt the effectiveness of the implementation of the IC Measures.

In light of the above, we are of the view that the terms of the Factoring Services are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Proposed annual caps

Set out below are the proposed annual caps for Factoring Services for the three years ending 31 December 2021:

	For the year ending 31 December 2021 ("FY2021") (RMB'million)	For the year ending 31 December 2022 ("FY2022") (RMB'million)	For the year ending 31 December 2023 ("FY2023") (RMB'million)
Total factoring amount to be obtained by the Group from Shenzhen Jingneng Leasing under new separate individual factoring agreement(s) during the year (the "Factoring Cap(s)")	1,000	1,000	1,000
Factoring service fees (accumulated) (the "Fee Cap(s)")	15	100	150

With reference to the Board Letter, there was no historical transactions between the Company or its subsidiaries and Shenzhen Jingneng Leasing for factoring business services.

The proposed annual caps are estimated based on various factors, details of which are set out under the section headed "4. PROPOSED ANNUAL CAPS AND BASIS OF DETERMINATION OF THE PROPOSED ANNUAL CAPS" of the Board Letter.

### **Principle amount**

As mentioned above, the Group's New Energy Subsidy Receivables amounted to RMB4.12 billion as at 31 December 2020. In order to mitigate the impacts of the prolonged process of receiving the tariff and reduce the receivables of the Group, the Company may utilize the Factoring Services to deal with the New Energy Subsidy Receivables.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the 2020 Annual Report and the 2019 Annual Report, set out below are the figures showing (i) power generation amounts; (ii) the entitled tariff; and (iii) tariff received, for the two years ended 31 December 2020.

	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2019</b>
Power generation amounts ( <i>MWh</i> )	2,795,834	2,752,231 ( <i>Note</i> )
Entitled tariff ( <i>RMB'million</i> )	1,485	1,539
Tariff received ( <i>RMB'million</i> )	1,289	828

*Note: Electricity generated by the Company's associates/joint ventures were exclusive.*

Based on the above table, the entitled tariff for FY2019 and FY2020 were higher than the Factoring Caps of RMB1 billion. The Group's New Energy Subsidy Receivables amounted to RMB4.12 billion as at 31 December 2020 (30 June 2021: approximately RMB6.04 billion), which accounted for approximately 94.7% (30 June 2021: approximately 95.5%) of the Group's trade, bills and tariff adjustment receivables. The smaller the tariff was received, the larger the balance of New Energy Subsidy Receivables would be recorded.

Given that the balance of the New Energy Subsidy Receivables was approximately RMB4.12 billion as at 31 December 2020, even if the entitled tariff for each of the years ended 31 December 2023 were less than RMB1 billion, the Company can still utilize the Factoring Services on the balance of the New Energy Subsidy Receivables as at 31 December 2020.

In light that (i) the New Energy Subsidy Receivables as at 31 December 2020 were substantially higher than the Factoring Caps for each of the three years ending 31 December 2023; and (ii) the Factoring Caps were also in line with tariff received for FY2020, we consider that the Factoring Caps for each of the three years ending 31 December 2023 are fair and reasonable.

As confirmed by the Directors, should there be any substantial increase in New Energy Subsidy Receivables, the Group may opt to finance larger portion of New Energy Subsidy Receivables by factoring through independent commercial factoring companies in the PRC or by other approaches to convert the New Energy Subsidy Receivables to cash or re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction to revise the proposed annual caps during the terms of Commercial Factoring Business Framework Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### The Fee Caps

The Directors advised us that when determine the Fee Caps for the three years ending 31 December 2023, the Directors took into account (i) the Factoring Caps for the three years ending 31 December 2023; and (ii) the average fee rate of 5% per annum for the Factoring Services. According to the 2020 Annual Report and the 2021 Interim Report, as at 31 December 2020, the Group's effective interest rate for bank and other borrowings was approximately 4.70% (30 June 2021: approximately 4.49%). In addition, we also obtained quotations offered by two independent third parties for factoring services of tariff adjustment receivables arising from the sales of electricity under the Group's two projects. The average fee rate of 5% per annum was in line with the aforesaid quotations. Having considered (i) the factoring fee rate shall be determined under each new separate individual factoring agreement; (ii) the effective interest rates for bank and other borrowings as at 31 December 2020 and 30 June 2021; and (iii) the average fee rate of 5% per annum was in line with the aforesaid quotations, we consider the adoption of average fee rate of 5% for the determination of the Fee Caps to be justifiable (note: for the avoidance of doubt, the actual fee rate will be subject to the pricing principles pursuant to the Commercial Factoring Business Framework Agreement).

The Commercial Factoring Business Framework Agreement is subject to approval by Independent Shareholders at the special general meeting of the Company and at the date of Commercial Factoring Business Framework Agreement, the Company had expected the special general meeting to be held at late September 2021 or beginning of October 2021. Therefore, for FY2021, there will be approximately 3 months from the effective date of the Commercial Factoring Business Framework Agreement to 31 December 2021. The Fee Cap for FY2021 was set in proportional to the period from the effective date of the Commercial Factoring Business Framework Agreement to 31 December 2021.

In addition, with reference to the Board Letter, the duration of each separate individual factoring agreement to be entered will be around one to three years, and the factoring service fee will remain payable periodically throughout the term of each agreement. Therefore, when determining the Fee Caps for each of FY2021, FY2022 and FY2023, the Directors considered (i) the periodic factoring service fees for the new factoring amounts obtained which are payable in that particular year; and (ii) the factoring service fees for the factoring amounts obtained in previous year(s) but continue to be payable in that particular year.

Based on the above, we consider the Fee Caps for the three years ending 31 December 2023 to be fair and reasonable.

Shareholders should note that as the proposed annual caps of the Factoring Services are relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2023, and they do not represent forecasts of revenue/cost to be recorded/incurred from the Factoring Services. Consequently, we express no opinion as to how closely the actual revenue/cost to be recorded/incurred from the Factoring Services will correspond with the proposed annual caps.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Factoring Services (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual caps.

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

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Factoring Services 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 Factoring Services are on normal commercial terms and are fair and reasonable; and (ii) the Factoring Services are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group. 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 Factoring Services 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.

## 1. RESPONSIBILITY STATEMENT

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

## 2. DIRECTORS' INTERESTS

### Interests in the Company and its associated corporation

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

#### *Long positions in share options*

Grantees	Date of grant	Exercise price (HK\$/share)	Number of outstanding share options	Capacity	Exercise period <sup>(Note)</sup>
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. Xu Jianjun, an executive Director, is a deputy party secretary, general manager and a director of Qingdao Industrial Investment (Group) Co., Ltd.\* (青島城投實業投資(集團)有限公司), which is a wholly-owned subsidiary of the Company's substantial shareholder, Qingdao City Construction Investment (Group) Co., Ltd. Mr. Sui Xiaofeng, a non-executive Director, is the head of strategic development department of BEH, the Company's controlling shareholder, and a director and general manager of Beijing Energy Investment Holding (Hong Kong) Co., Limited, the Company's controlling shareholder. Mr. Zhao Bing, a non-executive Director, is the head of finance department of BEH, the Company's 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).

### **3. MATERIAL LITIGATION**

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

### **4. DIRECTORS' SERVICE CONTRACTS**

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

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

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contracts or arrangements which is significant in relation to the business of the Group and no Director was interested in any assets which have 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 2020 (being the date of which the latest published audited financial statements of the Group were made up).

**6. DIRECTORS' COMPETING INTERESTS**

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

**7. EXPERT AND CONSENT**

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

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

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

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 2020, being the date to which the latest published audited financial statements of the Group were made up.

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

The letter and recommendation from the Independent Financial Adviser is set out on pages 16 to 27 of this circular and is given as at the Latest Practicable Date for incorporation herein.



## 8. MATERIAL ADVERSE CHANGE

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 2020, being the date to which the latest published audited financial statements of the Group 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 EPC contracts dated 3 September 2021 entered into between Jingneng (Yantai Qixia) Photovoltaic Power Co., Ltd.\* (京能(煙台棲霞市)光伏發電有限公司)(“**Jingneng Photovoltaic**”) as the principal and Beijing Nenggao Automation Technology Corporation Limited\* (北京能高自動化技術股份有限公司)(“**Nenggao Automation**”) as the contractor, in relation to the provision of EPC services from Nenggao Automation to Jingneng Photovoltaic for the construction of the agricultural on-grid photovoltaic power project located in Qixia, Yantai, Shandong Province with a planned construction capacity of 112MW at the aggregate consideration of approximately RMB436.36 million;
- (b) the finance lease agreement dated 30 August 2021 entered into between Yulin City Jiangshan Yongchen New Energy Limited\* (榆林市江山永宸新能源有限公司)(“**Jiangshan Yongchen**”) as the lessee and China Development Bank Financial Leasing Co., Ltd.\* (國銀金融租賃股份有限公司)(“**CDB Financial Leasing**”) as the lessor, in relation to the lease of various photovoltaic power generation equipments regarding a photovoltaic power project in Yulin City, Shaanxi Province involving total lease amount payable of approximately RMB640.46 million and related security documents;
- (c) the Commercial Factoring Business Framework Agreement;
- (d) the finance lease agreement dated 29 June 2021 entered into between Xinjiang Xinyou New Energy Power Generation Co., Ltd.\* (新疆信友新能源發電有限公司)(“**Xinjiang Xinyou**”) as the lessee and ABC Financial Leasing Co., Ltd.\* (農銀金融租賃有限公司)(“**ABC Financial Leasing**”) as the lessor, in relation to the lease of various wind power generation equipment regarding 50 megawatts wind power project in Qitai County involving total lease amount payable of approximately RMB530 million and related security documents;

- (e) 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;
- (f) 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;
- (g) (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;

- (h) the finance lease agreement dated 15 April 2021 entered into by Changji Yijing Photovoltaics Technology Co., Ltd.\* (昌吉億晶光伏科技有限公司)(a wholly-owned subsidiary of the Company), as the lessee and ABC Financial Leasing, as the lessor in relation to the lease of various photovoltaic power generation equipments of the 200,000 kilowatts Photovoltaic Project in Qitai County involving total lease amount payable of approximately RMB1,026 million and related security documents;
- (i) the sales and leaseback agreement dated 26 March 2021 entered into by Yantai Jishun Photovoltaic Power Technology Co., Ltd.\* (煙台吉順光電科技有限公司)(an indirect non wholly-owned subsidiary of the Company) (“**Yantai Jishun**”), as the lessee and Shenzhen Jingneng Leasing, as the lessor in relation to the sale and leaseback of the photovoltaic power station system equipment involving total lease amount payable of approximately RMB180 million and related security documents;
- (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 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)(both are indirect wholly-owned subsidiaries of the Company) 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 interest transfer agreement dated 29 January 2021 entered into by Beijing United Rongbang (an indirect wholly-owned subsidiary of the Company) 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 UP Shenzhen, an indirect wholly-owned subsidiary of the Company, as purchaser and Tibet Huaxing New Energy Technology Co., Ltd.\* (西藏華星新能源科技有限公司), as vendor in relation to the proposed acquisition of the entire equity interest in a project company which owns a photovoltaic power generation project with total installed capacity of 20MW in Tibet, the PRC, pursuant to which the purchaser is required to pay a refundable amount of RMB50 million as earnest money;
- (n) the agreement dated 4 December 2020 entered into by Beijing United Rongbang, an indirect wholly-owned subsidiary of the Company, as purchaser, Jiangshan Fengrong Investment Company Limited\* (江山豐融投資有限公司) as vendor and Jiangshan Yongchen as target company in relation to the proposed acquisition of the entire equity interest in the target company at the consideration of approximately RMB1,177,829,000;

- (o) the agreement dated 18 September 2020 entered into by UP Changzhou, an indirect wholly-owned subsidiary of the Company, as purchaser and State-owned Enterprise Structural Adjustment China Merchants Buyout Fund (LP)\* (深圳國調招商併購股權投資基金合夥企業(有限合夥)) as vendor in relation to the buy-back of 17% equity interest in Fengxian Huize Photovoltaic Energy Limited\* (豐縣暉澤光伏能源有限公司) at the consideration of RMB50,326,107.31;
- (p) the agreement dated 15 September 2020 entered into by UP Changzhou, an indirect wholly-owned subsidiary of the Company, as purchaser and Zhangjiagang City China Merchants Port Equity Investment Partnership Enterprise (LP)\* (張家港市招港股權投資合夥企業(有限合夥)) as vendor in relation to the buy-back of 17% equity interest in Fengxian Huize Photovoltaic Energy Limited\* (豐縣暉澤光伏能源有限公司) at the consideration of RMB48,163,851;
- (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), a subsidiary of the Company, as lessee and Shenzhen Jingneng Leasing 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 agreements dated 14 August 2020 entered into by CITIC Financial Leasing Co., Ltd.\* (中信金融租賃有限公司) as lessor and each of Datong Panda Photovoltaic Power Co., Ltd.\* (大同熊貓光伏發電有限公司), Hainan Zhouyahui New Energy Co., Ltd.\* (海南州亞暉新能源電力有限公司) and Zhongli Talesun Gonghe Photovoltaic Power Co., Ltd.\* (中利騰暉共和光伏發電有限公司), each a subsidiary of the Company, as lessee in relation to sale and leaseback of power station equipment for certain grid-connected photovoltaic power generation projects owned by such subsidiaries involving total lease amount payable of approximately RMB512 million and related security documents;
- (s) 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;

- (t) the agreement dated 15 May 2020 (as amended by the supplemental agreement dated 5 August 2020) entered into by the Company and Shenzhen Jingneng Leasing in relation to the provision of financial leasing services to the Company for the three years ending 31 December 2022;
- (u) the agreement dated 17 January 2020 entered into by the Company, China Merchants Union (BVI) Limited and Wealthy Marvel Enterprises Limited as subscribers and CMB International Capital Limited as placing agent in relation to the subscription and placing of the Company's US\$260,000,000 8% guaranteed senior notes due 2022;
- (v) the agreement dated 16 December 2019 entered into by the Company and CMB International Capital Limited as dealer manager and certain subsidiaries of the Company as subsidiary guarantors in relation to provision of dealer manager services in connection with the exchange offer for the Company's then outstanding US\$350,000,000 8.25% senior notes due 2020; and
- (w) the agreement dated 19 November 2019 entered into by the Company and Beijing Energy Investment Holding (Hong Kong) Co., Limited as subscriber in relation to the subscription of 7,176,943,498 Shares at the subscription price of HK\$0.25 per Share.

**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 AVAILABLE FOR INSPECTION**

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

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 December 2018, 2019 and 2020;
- (c) the Commercial Factoring Business Framework Agreement;
- (d) the letter from the Independent Board Committee, as set out on pages 14 to 15 of this circular;
- (e) the letter from the Independent Financial Adviser, as set out on pages 16 to 27 of this circular;
- (f) the written consent of Gram Capital referred to in the section headed “7. Expert and Consent” in this appendix;
- (g) the material contracts of the Company set out in the section headed “9. Material Contracts” in this appendix; and
- (h) this circular.

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

**INDEPENDENT NON-EXECUTIVE DIRECTORS**

Ms. Li Hongwei, aged 59, was appointed as an independent non-executive Director of the Company on 18 June 2021. She is also the chairladies of the audit committee and the remuneration committee of the Company. Ms. Li currently serves as an independent director of China High Speed Railway Technology Co., Ltd.\* (神州高鐵路技術股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000008) and a consultant of MTR Technical Consultancy (Beijing) Co., Ltd.\* (港鐵路技術諮詢(北京)有限公司). Ms. Li served as the chief financial officer at deputy general manager level of Beijing MTR Corporation Limited\* (北京京港地鐵有限公司); a deputy general manager and general manager of finance and accounting department, a general manager and the chief financial officer (financial controller) of the securities clearing department of Beijing Securities Co., Ltd.\* (北京證券有限責任公司); a supervisor of China Asset Management Co., Ltd.\* (華夏基金管理有限公司); a member of financial accounting committee of securities industry of Securities Association of China (SAC); a manager of taxation department of Beijing Xinghua Certified Public Accountants; and the chief financial officer at deputy general manager level of Beijing Huguang International Jewelry Co., Ltd.\* (北京和光國際珠寶有限公司). Ms. Li is a senior accountant, certified public accountant of China (CPA) and certified tax agent of China (CTA), with extensive experience in financial management and accounting industry. Ms. Li successively studied political economics in School of Economics at Beijing College of Economics and obtained a bachelor's degree in economics, and studied industrial economics in School of Business at Renmin University of China and obtained a doctorate degree in industrial economics.

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

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



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

Mr. Zhu Jianbiao, aged 47, was appointed as an independent non-executive Director of the Company on 18 June 2021. He is also the members of the audit committee and the nomination committee of the Company. Mr. Zhu currently serves as a non-executive director of China Shandong Hi-Speed Financial Group Limited\* (中國山東高速金融集團有限公司), the shares of which are listed on the Stock Exchange (stock code: 412) and a responsible officer of Sunfine Asset Management (Hong Kong) Limited\* (順豐資產管理(香港)有限公司), a corporation holding Type 9 asset management license under the SFO. Mr. Zhu served as the chairman and the chief executive officer of Longfine Capital Management (Hengqin) Co., Ltd.\* (圓灑資本管理(橫琴)有限公司); the chief operating officer and members of the investment decision committee and the investment management committee of CITIC Private Equity Funds Management Co., Ltd.\* (中信產業投資基金管理有限公司); the executive deputy general manager and the chairman of the investment decision committee of Changsheng Fund Management Co., Ltd.\* (長盛基金管理有限公司); the chief inspector of Golden Hawk Fund Management Co., Ltd.\* (金鷹基金管理有限公司); an assistant manager of the investment banking department of Guangzhou Securities Co., Ltd.\* (廣州證券股份有限公司); and a lecturer of faculty of investment and finance of Guangdong University of Business Studies. Mr. Zhu has extensive experience in private equity investment, secondary market investment and financial management. Mr. Zhu graduated from Jiangxi University of Finance and Economics in planning & statistics, with a bachelor's degree in economics, and holds a master's and doctorate degrees in finance from Jinan University.

The Company and Mr. Zhu entered into a service contract for a term of one year, which may be renewed for one year each time upon expiration if agreed by the parties, or may be terminated by one month's notice in writing or payment in lieu of notice. Mr. Zhu is entitled to a director's fee of HK\$200,000 per annum for his service as an independent non-executive Director, 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. Zhu is not interested or deemed to be interested in any shares, underlying shares or debentures of the Company within the meaning of Part XV of the SFO. Mr. Zhu has confirmed that he meets the independence guidelines set out in Rule 3.13 of the Listing Rules.

Save as disclosed above, (i) Mr. Zhu does not hold any other position with the Company or its subsidiaries nor have any relationship with any Director, senior management, substantial Shareholder or controlling Shareholder of the Company; (ii) Mr. Zhu 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) Mr. Zhu does not have any 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 purpose only*

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## NOTICE OF SPECIAL GENERAL MEETING

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# 北京能源國際控股有限公司

## Beijing Energy International Holding Co., Ltd.

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 686)**

### NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the special general meeting (the “**Meeting**”) of Beijing Energy International Holding Co., Ltd. (the “**Company**”) will be held at Room 1811, 18/F., Building 5, No. 9 Courtyard, Guang’an Road, Fengtai District, Beijing, PRC and via video conference set up at the principal place of business of the Company in Hong Kong at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Thursday, 28 October 2021 at 11:00 a.m. for the following purpose:

#### ORDINARY RESOLUTIONS

1. “**THAT:**
  - (a) the Commercial Factoring Business Framework Agreement (as defined in the circular of the Company dated 2 October 2021 (the “**Circular**”)), a copy of which is marked “A” and initialled by the Chairman of the Meeting for the purpose of identification, the terms, the transactions contemplated thereunder together with the proposed annual caps as set out in the Circular be and are hereby approved, confirmed and ratified; and
  - (b) any one of the directors of the Company be and is hereby authorised for and on behalf of the Company to take any action and execute such further documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the Commercial Factoring Business Framework Agreement and the transactions contemplated thereunder.”
2. “**THAT** Ms. Li Hongwei be re-elected as an independent non-executive director of the Company and the board of directors of the Company be authorised to fix her remuneration.”

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## NOTICE OF SPECIAL GENERAL MEETING

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3. “**THAT** Mr. Zhu Jianbiao be re-elected as an independent 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, 2 October 2021

*Notes:*

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

2. Precautionary Measures for the Meeting

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

- (1) Compulsory temperature checks
- (2) Filling and submission of health declaration form
- (3) Wearing of surgical face mask
- (4) No 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 (in the case of attending Hong Kong Venue), may be denied entry into the Meeting venue or the Hong Kong Venue. The Company encourages Shareholders to appoint the chairman of the Meeting as their proxy to vote according to their indicated voting instructions on the relevant resolutions at the Meeting as an alternative to attending the Meeting in person to exercise their voting rights at the Meeting. The Company will continue to review the COVID-19 pandemic situation and may implement further precautionary measures and may make relevant adjustments and arrangements for the Meeting accordingly. Further announcement will be issued as and when appropriate.

3. For the purpose of determining the entitlement for attending and voting at the Meeting, the register of members of the Company will be closed from Monday, 25 October 2021 to Thursday, 28 October 2021 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the Meeting, all transfers of shares accompanied by the relevant share certificates must be lodged at the Company’s branch share registrar and transfer office in Hong Kong, 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 Friday, 22 October 2021.

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## NOTICE OF SPECIAL GENERAL MEETING

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4. A member entitled to attend and vote at the Meeting is entitled to appoint one or, if he holds two or more shares, more 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 Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
5. Whether or not you intend to attend the Meeting in person, you are encouraged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the Meeting or any adjournment thereof, should he/she/it so wish. In such event, the instrument appointing such a proxy shall be deemed to be revoked.
6. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged at the Company's branch share registrar and transfer office in Hong Kong, 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 Meeting or any adjournment thereof.
7. In the case of joint holders of Shares, any one of such holders may vote at the Meeting, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
8. Votes on the ordinary resolutions set out herein and are to be passed at the Meeting will be taken by way of poll.
9. If Tropical Cyclone Warning Signal No.8 or above, black rainstorm warning or extreme conditions caused by super typhoons is in effect in Hong Kong after 8:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the website of the Company at <http://www.bjei.com> and on the website of the HKEXnews at <http://www.hkexnews.hk> to notify Shareholders of the date, time and place of the rescheduled meeting.
10. As at the date hereof, the Board comprises:

*Executive Directors:*

Mr. Zhang Ping (*Chairman*)

Mr. Lu Zhenwei

Mr. Xu Jianjun

*Independent Non-Executive Directors:*

Ms. Jin Xinbin

Ms. Li Hongwei

Mr. Zhu Jianbiao

*Non-Executive Directors:*

Mr. Sui Xiaofeng

Mr. Zhao Bing

Mr. Li Hao