THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, 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 Jingneng Clean Energy Co., Limited, you should at once hand this circular together with the enclosed proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Beijing Jingneng Clean Energy Co., Limited
北京京能清潔能源電力股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00579)

(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF 40% EQUITY INTEREST IN BJCE AUSTRALIA AND (2) NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2024

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

寶橋 BAOQIAO PARTNERS

BAOQIAO PARTNERS CAPITAL LIMITED

A letter from the Board of Directors is set out on pages 5 to 15 of this circular. A letter from the Independent Board Committee is set out on pages 16 and 17 of this circular. A letter from BaoQiao Partners containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 35 of this circular.

A notice convening the EGM to be held at Meeting Room 802, 8th Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC on Monday, 30 September 2024 at 10:00 a.m. is set out on pages 78 to 79 of this circular. A proxy form for use at the EGM is enclosed with this circular and was also published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the website of the Company (https://www.jncec.com). Whether or not you are able to attend the EGM, you are requested to complete and return the proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM (i.e., no later than 10:00 a.m. on Sunday, 29 September 2024) or any adjournment thereof (as the case may be).

Completion and return of the proxy form will not preclude you from attending and voting at the EGM should you so wish.

References to time and dates in this circular are to Hong Kong time and dates.

12 September 2024

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The following expressions have the meanings set out below unless the context requires otherwise:

"Accounting Standards"	the accounting standards required under the Corporations Act 2001 (Cth) of Australia (including the Approved Accounting Standards issued by the Australian Accounting Standards Board) and other mandatory professional reporting requirements issued by the joint accounting bodies (including the Australian Accounting Standards issued either jointly by CPA Australia and the Chartered Accountants Australia and New Zealand or by the Australian Accounting Research Foundation on behalf of CPA Australia and the Chartered Accountants Australia and New Zealand); and if no accounting standard applies under the Corporations Act 2001 (Cth) of Australia or other mandatory professional reporting requirements, the principles set out in Australian Statements of Accounting Concepts
"Adjustment Amount"	a part of the consideration for the Disposal as provided for in the Sale and Purchase Agreement, together with the Completion Amount constituting the total consideration for the Disposal
"AUD"	Australia Dollar, the lawful currency of Australia
"Australia"	the Commonwealth of Australia
"BDHG"	北京市熱力集團有限責任公司 (Beijing District Heating Group Co., Ltd.), a limited liability company established in the PRC and a wholly-owned subsidiary of BEH
"BEH"	北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd.), a limited liability company established in the PRC and the controlling shareholder of the Company
"BEI (HK)"	Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of BEH
"Beijing China Enterprise Appraisals"	Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司), a qualified independent valuer in the PRC
"Beijing Energy International"	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, the shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00686)

"BJCE Australia" or "Target Company"	Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd (北京京能清潔能源(澳大利亞)控股有限公司), a limited liability company incorporated under the laws of Australia and a wholly-owned subsidiary of BJCE HK
"BJCE HK"	Beijing Jingneng Clean Energy (Hong Kong) Co., Limited (北京京能清潔能源電力股份(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"BJEI Australia" or "Purchaser"	Beijing Energy International (Australia) Holding Pty Ltd (北京能源國際(澳大利亞)控股有限公司), a limited liability company incorporated under the laws of Australia and a wholly owned subsidiary of Beijing Energy International
"Board" or "Board of Directors"	the board of Directors of the Company
"BSCOMC"	北京國有資本運營管理有限公司 (Beijing State-owned Capital Operation Management Co., Ltd.), which was established and wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會)
"business day(s)"	a day on which banks are open for general banking business in Sydney, New South Wales and the PRC
"Company", "we", "our" or "us"	北京京能清潔能源電力股份有限公司 (Beijing Jingneng Clean Energy Co., Limited), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00579)
"Completion"	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
"Completion Amount"	AUD183,009,500 as a part of the consideration for the Disposal as provided for in the Sale and Purchase Agreement, together with the Adjustment Amount constituting the total consideration for the Disposal
"Completion Date"	the date which is the last day of the month in which the last condition precedent as provided for in the Sale and Purchase Agreement is satisfied
"Director(s)"	the director(s) of the Company

"Disposal"	the disposal of 40% equity interest in the Target Company by BJCE HK to BJEI Australia
"EGM"	the second extraordinary general meeting of 2024 of the Company to be held at 10:00 a.m. on Monday, 30 September 2024 at Meeting Room 802, 8th Floor, No.6 Xibahe Road, Chaoyang District, Beijing, the PRC
"FIRB Act"	the Foreign Acquisitions and Takeovers Act 1975 (Cth)
"Group"	the Company and its subsidiaries
"H Share(s)"	the overseas-listed foreign invested share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Board Committee"	an independent board committee established by the Company, comprising Ms. Zhao Jie, Mr. Wang Hongxin, Mr. Qin Haiyan and Ms. Hu Zhiying (all being the independent non-executive Directors), to advise the Independent Shareholders on the Disposal
"Independent Financial Adviser" or "BaoQiao Partners"	BaoQiao Partners Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal under the Sale and Purchase Agreement
"Independent Shareholders"	Shareholders other than BEH and its associates, who do not have any material interest in the transaction contemplated under the Sale and Purchase Agreement
"Latest Practicable Date"	6 September 2024, being the latest practicable date prior to the publishing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, modified or otherwise supplemented from time to time

"PRC"	the People's Republic of China and for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"Reporting Accountants" or "Deloitte"	Deloitte Touche Tohmatsu
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the share sale and purchase agreement entered into by BJCE HK, BJEI Australia and the Target Company on 20 August 2024 in relation to the disposal of the 40% equity interest in the Target Company by BJCE HK to BJEI Australia
"Sale Shares"	the 40% of the issued ordinary share capital in the Target Company, being 48,600,040 shares
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified or otherwise supplemented from time to time
"Shareholder(s)"	the holder(s) of the share(s) of the Company
"Target Group"	the Target Company and its subsidiaries
"Treasurer"	the Treasurer of the Commonwealth of Australia
"Valuation Date"	30 September 2023
"Valuation Report"	the valuation report of BJCE Australia dated 1 August 2024 and prepared by Beijing China Enterprise Appraisals
"%"	per cent

The terms "associate", "connected person", "connected transaction", "controlling shareholder", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless otherwise defined above or where the context otherwise requires.

Beijing Jingneng Clean Energy Co., Limited
北京京能清潔能源電力股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00579)

Executive Directors
Mr. CHEN Dayu *(Chairman)*
Mr. LI Minghui *(General Manager)*
Mr. ZHANG Wei

Non-executive Directors
Mr. ZHOU Jianyu
Mr. SONG Zhiyong
Ms. ZHANG Yi

Independent non-executive Directors
Ms. ZHAO Jie
Mr. WANG Hongxin
Mr. QIN Haiyan
Ms. HU Zhiying

Registered Office:
Room 118, 1 Ziguang East Road
Badaling Economic Development Zone
Yanqing District, Beijing
the PRC

Principal Place of Business in Hong Kong:
31/F., Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

12 September 2024

To the Shareholders

Dear Sir/Madam,

(1) DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF 40% EQUITY INTEREST IN BJCE AUSTRALIA
AND
(2) NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2024

I. INTRODUCTION

Reference is made to the announcement of the Company dated 20 August 2024 in relation to the proposed disposal of 40% equity interest in BJCE Australia.

The purposes of this circular are to provide the Shareholders with details regarding the Disposal, to enable you to make an informed decision as to whether to vote in favour of or against the resolution to be proposed at the EGM, among other things, (i) further details of the Disposal, (ii) the letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Sale and Purchase Agreement and the transaction contemplated thereunder, (iii) the letter from BaoQiao Partners to the Independent Board Committee and the Independent Shareholders, (iv) summary of the Valuation Report, (v) the letter from Deloitte in relation to the profit forecast, (vi) the letter from the Board in relation to the profit forecast, (vii) other information as required under the Listing Rules, and (viii) the notice of the EGM to the Shareholders on convening the EGM.

II. PROPOSED DISPOSAL OF 40% EQUITY INTEREST IN BJCE AUSTRALIA

1. Sale and Purchase Agreement

On 20 August 2024, BJCE HK, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with BJEI Australia, pursuant to which, BJCE HK has agreed to sell and BJEI Australia has agreed to purchase the 40% equity interest in BJCE Australia at a consideration consisting of the Completion Amount of approximately AUD183.0 million and the Adjustment Amount (if any). The principal terms of the Sale and Purchase Agreement are set out below.

Date

20 August 2024

Parties

Vendor: BJCE HK

Purchaser: BJEI Australia

Target Company: BJCE Australia

Subject Matter

Subject to the terms and conditions of the Sale and Purchase Agreement, BJCE HK has agreed to sell, and BJEI Australia has agreed to purchase the 40% equity interest in BJCE Australia at a consideration consisting of the Completion Amount of approximately AUD183.0 million and the Adjustment Amount (if any).

Consideration

The total consideration consists of the Completion Amount of approximately AUD183.0 million and the Adjustment Amount (if any). The Completion Amount was determined after arm's length negotiation between BJCE HK and BJEI Australia with reference to the appraised value of the shareholders' equity of BJCE Australia as at the Valuation Date. Such appraisal was prepared by Beijing China Enterprise Appraisals and adopted the discounted cash flow method under the income approach. The Adjustment Amount equals to 40% of (a) the net profit after tax of the Target Company calculated in according with the Accounting Standards for the period from the Valuation Date to the Completion Date; less (b) any fully franked dividend declared and paid by the Target Company after the Valuation Date and prior to the Completion Date (except for those declared before the Valuation Date). In the event that the above calculation result is less than zero, the Adjustment Amount shall be zero.

Payment

The Completion Amount of approximately AUD183.0 million is payable by BJEI Australia on the Completion Date in a lump sum to the bank account designated by BJCE HK.

The Adjustment Amount shall be determined by an independent accountant engaged by BJCE HK within 15 business days of Completion which will prepare a written adjustment statement setting out the calculation of the Adjustment Amount. The adjustment statement (and the resulting Adjustment Amount reflected in the adjustment statement) prepared by the independent accountant will be final and binding on the parties to the Sale and Purchase Agreement and will constitute the final Adjustment Amount, except in the case of manifest error, in which case the determination will be void and the matter must either be remitted back to the independent accountant for correction or resolved in accordance with the requirements and procedures for dispute resolution as set out in the Sale and Purchase Agreement. The Adjustment Amount is payable by BJEI Australia within 10 business days of the date of the Adjustment Amount is determined by the independent accountant.

Conditions Precedent

The parties' obligations to the Completion shall be conditional upon the satisfaction of the following conditions:

(i) if the FIRB Act applies to the acquisition of the Sale Shares by the Purchaser, (a) the Treasurer (or the Treasurer's delegate) has provided a written no objections notification under the FIRB Act to the proposed acquisition of the Sale Shares either with or without conditions; or (b) following notice of the proposed acquisition of the Sale Shares having been given by the Purchaser to the Treasurer under the FIRB Act, the Treasurer has ceased to be empowered to make any order under Part 3 of the FIRB Act because the applicable time limit on making orders and decisions under the FIRB Act has expired;

(ii) the Sale and Purchase Agreement and the transaction contemplated thereunder have been approved by the independent shareholders of Beijing Energy International pursuant to the Listing Rules; and

(iii) the Sale and Purchase Agreement and the transaction contemplated thereunder have been approved by the independent shareholders of the Company pursuant to the Listing Rules.

The FIRB Act applies to the acquisition of the Sale Shares by the Purchaser for the following reasons: (i) as the Purchaser is an Australian subsidiary wholly owned by a foreign entity, it is classified as a foreign investor under the FIRB Act; (ii) the Target Company is incorporated in Australia and operates wind farms and solar farm through its subsidiaries, which is "national security business" under the FIRB Act; (iii) any foreign investor (regardless of type and country of origin) proposing to invest in a national security business and acquiring an interest of 10% or more must obtain the prior approval as prescribed under the FIRB Act and given that the acquisition of the Sale Shares by the Purchaser involves purchasing 40% interest in the Target Company (which exceeds the 10% threshold), the FIRB Act applies to the acquisition. As of the Latest Practicable Date, the Purchaser had obtained the approval under the FIRB Act in respect of the acquisition of the Sale Shares.

Completion

The Completion will take place on the Completion Date which is the last day of the month in which the last condition precedent as provided for in the Sale and Purchase Agreement is satisfied, or any other time agreed by BJCE HK and BJEI Australia. At Completion, BJCE HK shall deliver to BJEI Australia (i) a transfer in favor of BJEI Australia (or as it may direct) executed by BJCE HK in respect of the Sale Shares; (ii) a copy of the amended constitution and a copy of a special resolution of the member(s) of the Target Company approving and duly adopting the amended constitution, subject to and effective on and from the Completion; (iii) the register of members of the Target Company, updated to reflect the transfer of the Sale Shares to BJEI Australia; and (iv) a copy of a resolution of the Target Company's directors signed by at least one director of the Target Company resolving the registration of the transfer of the Sale Shares, cancellation of the existing share certificate(s) and the issue of the new share certificate(s) in respect of the Sale Shares subject to, and with effect from, the Completion.

2. Information of the Parties

The Company

The Company is a leading wind power and photovoltaic power operator in the PRC and the largest gas-fired power provider in Beijing, with a diversified clean energy portfolio including wind power, photovoltaic power, gas-fired power and heat energy, small to medium hydropower and other clean energy projects.

The Company is held as to approximately 68.68% by BEH. BEH is a limited liability company incorporated in the PRC and wholly-owned by BSCOMC, which was established and wholly-owned by State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會). BEH principally engages in the production and supply of electricity and heat, the production and sale of coal and the development of real estate.

BJCE HK

BJCE HK is a limited liability company incorporated in Hong Kong and a directly wholly-owned subsidiary of the Company. BJCE HK principally engages in investment holding.

Beijing Energy International

Beijing Energy International is a company listed on the Hong Kong Stock Exchange with stock code 00686 and held as to approximately 32.64% by BEI (HK), a wholly-owned subsidiary of BEH. Beijing Energy International principally engages in the development, investment, operation and management of power plants and other clean energy projects.

BJEI Australia

BJEI Australia is a limited liability company incorporated under the laws of Australia and a wholly-owned subsidiary of Beijing Energy International. BJEI Australia principally engages in building and operating a portfolio of clean energy projects across Australia.

The Target Company

The Target Company is a limited liability company incorporated under the laws of Australia and an indirectly wholly-owned subsidiary of the Company through BJCE HK. The Target Company primarily engages in investment holding and currently holds 100% equity interests in each of New Gullen Range Wind Farm Pty Ltd (新格倫風電場項目公司), Gullen Solar Pty Ltd (格倫光伏項目公司) and Newtricity Developments Biala Pty Ltd (拜亞拉風電場項目公司). New Gullen Range Wind Farm Pty Ltd operates the Gullen Wind Farm located in New South Wales, Gullen Solar Pty Ltd operates the Gullen Solar Farm located in New South Wales and Newtricity Developments Biala Pty Ltd operates the Biala Wind Farm located in New South Wales.

Set out below is certain financial information of the Target Company prepared in accordance with the International Financial Reporting Standards:

	For the year ended 31 December 2022 *(RMB)*	For the year ended 31 December 2023 *(RMB)*
Profit before taxation	225,838,631.79	211,526,292.23
Profit after taxation	157,912,788.10	103,501,790.45

The total assets and net assets of the Target Company as at 31 December 2023, prepared under the International Financial Reporting Standards, were approximately RMB3,434.3 million and RMB1,103.9 million, respectively. The valuation amount of the total shareholders' equity of the Target Company as at 30 September 2023 as appraised by Beijing China Enterprise Appraisals was approximately AUD457.5 million. Based on the exchange rate of AUD1 = RMB4.7793 as published by the People's Bank of China on the Latest Practicable Date, the valuation amount of the total shareholders' equity of the Target Company is equivalent to approximately RMB2,186.5 million.

3. Profit Forecast under the Valuation Report

According to the Valuation Report, the discounted cash flow method under the income approach was adopted for the valuation of the total shareholders' equity of the Target Company, which constitutes a profit forecast under Rule 14.61 of the Listing Rules. The Company has fully complied with the requirements under Rule 14.60A of the Listing Rules.

The valuation of the total shareholders' equity of the Target Company has been prepared on the following principal assumptions.

General assumptions

(i) it is assumed that the assets being evaluated will continue to be used according to their current purposes and usage methods;

(ii) it is assumed that there is no major change in PRC's current laws, regulations and policies and PRC's macroeconomic situations and there is no major change in the political, economic and social environment of the regions where the parties to this transaction are located;

(iii) it is assumed that the Target Company continues to operate based on the actual status of the assets being evaluated as at the Valuation Date;

(iv) it is assumed that there is no major change in the interest rate, exchange rate, tax basis and rate, policy levy fees relevant to the Target Company after the Valuation Date;

(v) it is assumed that the management of the Target Company is responsible, stable and capable of fulfilling its duties after the Valuation Date; and

(vi) it is assumed that there is no force majeure and unforeseen factors that will have a material adverse effect on the Target Company after the Valuation Date.

Special assumptions

(i) the comparable listed companies involved for the market approach, which is applied for analysis and comparison with the valuation results of the income approach, are based on open market assumption and normal trading assumption;

(ii) the market approach is conditional upon the effectiveness and activity of the capital market and then selecting and determining the comparable listed companies in the market;

(iii) it is assumed that after the Valuation Date, the Target Company will maintain the same business scope and methods based on the current management methods and management levels;

(iv) it is assumed that after the Valuation Date, the cash inflow of the Target Company is the average inflow and the cash outflow is the average outflow;

(v) it is assumed that there is no significant difference between the future electricity price and quantity of the new energy projects of the Target Company and the level predicted by Australian professional electricity price and quantity forecasting agency; and

(vi) it is assumed that the land leases of the Gullen Wind Farm and Biala Wind Farm will be renewed at the current price after the current leases expire.

Under the income approach, the forecast of the operating income of the Target Group takes into account (i) the unit capacity of Gullen Wind Farm of 165.6MW, Gullen Solar Farm of 13.2MW and Biala Wind Farm of 110.7MW, and (ii) future annual power generation utilization hours, electricity to be settled annually and electricity prices, which refer to the electricity quantity forecast report issued by an Australian professional agency. The forecast of the operating costs of the Target Group mainly takes into account depreciation and amortization of the Target Group's existing assets and assets to be added in the future, operation and maintenance fees based on the current contracts of the Target Group, insurance premium, land lease fees and grid connected fees based on the actual expenditures of the

Target Group in 2023 and the relevant contracts, and other fees. The forecasted operating income, operating costs and gross profit margin of the Target Group for the next ten years is as follow:

	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	AUD million	*AUD million*	*AUD million*	*AUD million*	*AUD million*	*AUD million*	*AUD million*	*AUD million*	*AUD million*	*AUD million*
Operating income	110.8	130.9	118.3	127.2	143.1	122.7	119.6	121.6	120.7	121.8
Operating costs	50.7	51.2	51.3	51.9	53.6	53.1	53.6	54.2	54.9	55.5
Gross profit margin	54.00%	61.00%	57.00%	59.00%	63.00%	57.00%	55.00%	55.00%	55.00%	53.00%

In addition, it is expected that the Target Group would incur management fee of AUD2 million per year and the applicable income tax rate of 30% was used for the calculation of the Target Group's income tax.

For more details of the quantitative inputs with basis including the discount rate under the income approach, please refer to "Appendix I – Summary of BJCE Australia Valuation Report and Statements – VI. Valuation Methodology" of this circular.

4. Financial Effect of the Disposal

Upon completion of the Disposal, BJCE Australia will remain as a subsidiary of the Company and the financial results of BJCE Australia will still be consolidated into the Company's consolidated financial statements. The Disposal is accounted for as an equity transaction and no pre-tax gain or loss is expected to be recorded by the Company. The net proceeds from the Disposal will be recorded under the cash and capital reserve of the Group.

5. Reasons for and Benefits of Entering into the Sale and Purchase Agreement and Use of Proceeds

The Company could realize the return of overseas investments back to the PRC through the Disposal and utilize the proceeds from the Disposal to pay off existing debts of the Company. The net gearing ratio of the Company as of 30 June 2024 was 55.67%. It is expected that the net gearing ratio of the Company after the Disposal shall be 55.17%. The Disposal will allow the Group to further focus on its principal business in the PRC and concentrate resources to enhance the Group's competitiveness in the fields of clean energy. Apart from BJCE Australia, the Company does not possess any other overseas business. The Company proposed to dispose of only 40% of the equity interest in BJCE Australia and maintain a majority interest in BJCE Australia in order that the financial results of BJCE Australia will still be consolidated into the Company's consolidated financial statements.

The consideration of the Disposal was determined with reference to the appraised value of the shareholders' equity of BJCE Australia as at the Valuation Date, i.e. 30 September 2023. The Board is of the view that such appraised value remains valid and relevant to determine the consideration since (i) the Target Group is principally engaged in new energy power generation business in Australia with relatively stable income; (ii) there have been no material changes in the external power market supply and demand, electricity price policies as well as internal operating environment and contracts execution by the Target Group since the Valuation Date; and (iii) the business operation of the Target Group for the seven months ended 31 July 2024 is similar to that for the seven months ended 31 July 2023. In addition, according to Assets Valuation Practicing Standards – Assets Valuation Report (《資產評估執業準則 – 資產評估報告》) issued by China Appraisal Society, the valuation results are valid for one year from the valuation reference date.

The Board is of the view that the appraised value of the shareholders' equity of the Target Company is fair and reasonable, considering that (i) Beijing China Enterprise Appraisals is a qualified independent valuer in the PRC with extensive experience in conducting assets appraisal; (ii) two valuation methods, income approach and market approach, were used by Beijing China Enterprise Appraisals pursuant to the Guidelines for Valuation Report of Enterprise's State-owned Assets (《企業國有資產評估報告指南》); (iii) the Board learned from Beijing China Enterprise Appraisals that the valuation result of the income approach was finally adopted since the market approach, which determines the Target Company's value through comparable listed companies, involves uncertainties due to variations in regional markets and operations of comparable listed companies and the income approach, using future electricity prices and utilization capacity projected by an Australian professional agency with quantifiable operating costs, more accurately reflects the market value of the Target Company; (iv) the key assumptions and inputs for the income approach are consistent with the common practice and the Board's understanding of the Target Company's business; and (v) to guarantee the Company's interest in the Target Company for the period from the Valuation Date to the Completion Date, the Adjustment Amount is introduced to become part of the consideration for the Disposal.

It is intended that the net proceeds from the Disposal after deducting the expenses of RMB871.3 million (without taking into account of the Adjustment Amount, the exchange rate of AUD1 = RMB4.7793 as published by the People's Bank of China on the Latest Practicable Date was used) in relation to the Disposal will be used to pay off the existing debts of the Company when due and for replenishment of the general working capital of the Group required for the Group's business development.

The Board has resolved and approved the Sale and Purchase Agreement and the transaction contemplated thereunder. Due to Mr. Zhou Jianyu's position as a full-time investment director at BEH and Mr. Song Zhiyong's position as the business manager of the capital operation department at BSCOMC, the sole shareholder of BEH, they have abstained from voting on the Board resolution approving the Sale and Purchase Agreement and the transaction contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Sale and Purchase Agreement.

6. Listing Rules Implications

BEH is the controlling shareholder of the Company, directly and indirectly holding approximately 68.68% interest in the total issued share capital of the Company and is a connected person of the Company. BJEI Australia, a wholly owned subsidiary of Beijing Energy International, which is owned as to approximately 32.64% by BEI (HK), a wholly-owned subsidiary of BEH, is an associate of BEH and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the transaction contemplated under the Sale and Purchase Agreement exceeds 5%, the transaction is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Sale and Purchase Agreement exceeds 5% but is less than 25%, the transaction under the Sale and Purchase Agreement also constitutes a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

III. THE EGM

A notice convening the EGM to be held at Meeting Room 802, 8th Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC on Monday, 30 September 2024 at 10:00 a.m. is set out on pages 78 to 79 of this circular. A proxy form for use at the EGM is enclosed with this circular and was also published on the website of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the website of the Company (https://www.jncec.com).

Holders of H Shares whose names appear on the register of members of the Company on the close of business on Tuesday, 24 September 2024 are entitled to attend the EGM and vote at the EGM. The share register for H Shares will be closed from Wednesday, 25 September 2024 to Monday, 30 September 2024 (both days inclusive), during which period no share transfer of H Shares will be registered.

Whether or not you are able to attend the EGM, you are requested to complete and return the proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending the EGM and voting in person if you so wish.

IV. VOTES BY POLL

The resolution to be proposed at the EGM will be voted by poll.

Pursuant to Rule 2.15 and Rule 14A.36 of the Listing Rules, where shareholders' approval is required with regard to a transaction or arrangement, any shareholder that has a material interest in such transaction or arrangement shall abstain from voting on the resolution(s) approving such transaction or arrangement at the general meeting. Accordingly, Shareholders who have a material interest in the Sale and Purchase Agreement and the transaction contemplated thereunder shall abstain from voting on the relevant resolution to be proposed at the EGM. As at the Latest Practicable Date, BDHG and BEI (HK) were wholly-owned subsidiaries of BEH and BEH is wholly-owned by BSCOMC. Therefore, BEH (directly holding 62.76% of the Shares of the Company), BSCOMC (directly holding 2.72% of the Shares of the Company), BDHG (directly holding 0.19% of the Shares of the Company) and BEI (HK) (directly holding 5.72% of the Shares of the Company) held in aggregate 5,886,444,144 Shares of the Company, representing 71.39% of the total share capital of the Company, and they shall abstain from voting on the relevant resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transaction contemplated thereunder.

Save as disclosed above, the Company is not aware of any other Shareholders who are required to abstain from voting on the resolution to be proposed at the EGM.

V. RECOMMENDATION

The views of the Independent Board Committee, having considered the advice of BaoQiao Partners, are set out on page 16 of this circular.

The Directors (including the Independent Board Committee after taking into account the advice of BaoQiao Partners) are of the view that, although the Sale and Purchase Agreement and the transaction contemplated thereunder are not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement are fair and reasonable, and the transaction contemplated under the Sale and Purchase Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

VI. OTHER INFORMATION

Your attention is drawn to other sections of and appendices to this circular.

By Order of the Board
Beijing Jingneng Clean Energy Co., Limited
CHEN Dayu
Chairman

Beijing Jingneng Clean Energy Co., Limited
北京京能清潔能源電力股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00579)

12 September 2024

To the Independent Shareholders

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF 40% EQUITY INTEREST IN BJCE AUSTRALIA

We refer to the circular of the Company dated 12 September 2024 (the "**Circular**", of which this letter forms part). Terms defined in the Circular shall have the same meanings when used in this letter unless the context requires otherwise.

We have been appointed by the Board as members of the Independent Board Committee to review the Sale and Purchase Agreement and the transaction contemplated thereunder, and to advise the Independent Shareholders in respect of the Sale and Purchase Agreement and the transaction contemplated thereunder. BaoQiao Partners has been appointed as the Independent Financial Adviser in this regard.

We wish to draw your attention to the "Letter from the Board" and the "Letter from BaoQiao Partners" as set out in the Circular. Having considered the principal factors and reasons, and the advice of BaoQiao Partners as set out in the Letter from BaoQiao Partners, we consider that, although the Sale and Purchase Agreement and the transaction contemplated thereunder are not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement are fair and reasonable, and the transaction contemplated under the Sale and Purchase Agreement are on normal commercial terms 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 resolution approving the Sale and Purchase Agreement and the transaction contemplated thereunder at the EGM.

Yours faithfully
On behalf of the Independent Board Committee of
Beijing Jingneng Clean Energy Co., Limited

Zhao Jie	**Wang Hongxin**	**Qin Haiyan**	**Hu Zhiying**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter of advice from BaoQiao Partners Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, which has been prepared for the purpose of inclusion in this circular.

寶橋 BAOQIAO PARTNERS

BAOQIAO PARTNERS CAPITAL LIMITED
Unit 2803-2805, 28/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

12 September 2024

To the Independent Board Committee and the Independent Shareholders of
Beijing Jingneng Clean Energy Co., Limited

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF 40% EQUITY INTEREST IN BJCE AUSTRALIA

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed disposal of 40% equity interest in BJCE Australia (the "**Disposal**"), details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 12 September 2024 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 20 August 2024 (the "**Announcement**") regarding, among others, the Disposal.

On 20 August 2024, BJCE HK, a wholly-owned subsidiary of the Company entered into the Sale and Purchase Agreement with BJEI Australia, pursuant to which, BJCE HK has agreed to sell and BJEI Australia has agreed to purchase 40% equity interest in BJCE Australia at a consideration consisting of the Completion Amount of approximately AUD183.0 million and the Adjustment Amount (if any).

BEH is the controlling shareholder of the Company, directly and indirectly holding approximately 68.68% interest in the total issued share capital of the Company and is a connected person of the Company. BJEI Australia, a wholly-owned subsidiary of Beijing Energy International, which is owned as to 32.64% by BEI (HK), a wholly-owned subsidiary of BEH, is an associate of BEH and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the

Listing Rules. As the highest applicable percentage ratio in respect of the transaction contemplated under the Sale and Purchase Agreement exceeds 5%, the transaction is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Sale and Purchase Agreement exceeds 5% but is less than 25%, the transaction under the Sale and Purchase Agreement also constitutes a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

An Independent Board Committee comprising the independent non-executive Directors, namely Ms. Zhao Jie, Mr. Wang Hongxin, Mr. Qin Haiyan and Ms. Hu Zhiying, has been established to advise the Independent Shareholders in respect of the Disposal. We, BaoQiao Partners Capital Limited, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

OUR INDEPENDENCE

In the last two years, prior to the Latest Practicable Date, we have not acted in any capacity in relation to any transactions of the Company. As at the Latest Practicable Date, we do not have any relationship with, or have any interest in, the Group, BJEI Australia and their respective associates that could reasonably be regarded as relevant to our independence. Apart from the normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangement exists whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. As such, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Announcement, the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company (collectively, the "**Management**"). We have reviewed, among others, the Sale and Purchase Agreement, the annual report of the Company for the year ended 31 December 2023 (the "**2023 Annual Report**"), the financial information of BJCE Australia for the nine months ended 30 September 2023 and for the two years ended 31 December 2023, the valuation report of the total shareholders' equity interest in BJCE Australia (the "**Valuation Report**") dated 30 September 2023 (the "**Valuation Date**"), certain corporate and financial information of the Group, and the information set out in the Announcement and the Circular. We have assumed that all information and representations that have been provided by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all material respects and not misleading or deceptive 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 representations made by the Management in the Circular and/or discussed with/provided to us were reasonably made after due enquiries and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers, the Management, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

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, financial condition and future prospects of the Group, the Purchaser and their respective associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Disposal. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the facts, information, representations and opinions made available to us, at the Latest Practicable Date.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of approving the Disposal, and this letter, except for its inclusion in the Circular and for display on the websites of the Stock Exchange (www.hkexnews.com.hk) and the Company (www.jncec.com) as required under the Listing Rules, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Disposal, we have taken into consideration the following factors and reasons:

1. Background Information of the Parties Involved

(a) The Company

The Company is a leading wind power and photovoltaic power operator in the PRC and the largest gas-fired power provider in Beijing, with a diversified clean energy portfolio including wind power, photovoltaic power, gas-fired power and heat energy, small to medium hydropower and other clean energy projects.

The Company is held as to approximately 68.68% by BEH. BEH is a limited liability company incorporated in the PRC and wholly-owned by BSCOMC, which was established and wholly-owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會). BEH is principally engaged in the production and supply of electricity and heat, the production and sale of coal and development of real estate.

Set out below is a summary of the audited consolidated financial information of the Group for the two years ended 31 December 2022 ("**FY2022**") and 2023 ("**FY2023**") as extracted from the 2023 Annual Report:

	FY2023	**FY2022**
	RMB' million	*RMB' million*
	(Audited)	*(Audited)*
Revenue		
– Gas-fired power and heat energy generation	12,568	12,466
– Wind power	4,512	4,318
– Photovoltaic power	2,958	2,720
– Hydropower	323	368
– Others	85	158
	20,446	20,030
Profit for the year	3,235	3,023

	As at 31 December	
	2023	**2022**
	RMB' million	*RMB' million*
	(Audited)	*(Audited)*
Net current liabilities	(2,399)	(8,786)
Net assets attributable to owners of the Company	30,678	28,590

The Group derives revenue mostly from sales of electricity to provincial power grid companies and sales of heat energy to companies in the mainland China, with less than 10% of revenue derived from activities conducted outside the mainland China for both FY2022 and FY2023.

FY2023 vs FY2022

Revenue of the Group was approximately RMB20,446 million for FY2023, representing an increase of approximately 2.08% as compared to approximately RMB20,030 million for FY2022.

As disclosed in the 2023 Annual Report, the overall increase in the Group's revenue was driven by the increase in sales volume of electricity of the gas-fired power and heat energy generation segment, and an increase in installed capacity of wind power and photovoltaic power segments, resulting in an increase in revenue from sales of electricity.

For FY2023, revenue from the gas-fired power and heat energy generation segment increased by approximately 0.82% from approximately RMB12,466 million for FY2022 to approximately RMB12,568 million for FY2023, of which, revenue from sales of electricity increased by approximately 1.46% from approximately RMB10,312 million for FY2022 to approximately RMB10,462 million for FY2023, due to the increase in sales volume of electricity of this segment and offset by the decrease in revenue from sales of heat energy from approximately RMB2,154 million for FY2022 to approximately RMB2,106 million for FY2023 following the extension of heating supply period during the previous year. Revenue from both wind power segment and photovoltaic power segment increased by approximately 4.49% and approximately 8.75% to approximately RMB4,512 million and approximately RMB2,958 million respectively for FY2023, due mainly to the increase in sales volume of electricity as a result of an increase in the installed capacity which has been put into production in both segments.

Profit for the year and net profit margin of the Group increased by approximately 7% to approximately RMB3,235 million and approximately 0.7 percentage points to approximately 15.82% respectively for FY2023, due primarily to the increase in overall sales of electricity for the year.

As at 31 December 2023, the Group recorded net current liabilities and net assets attributable to owners of the Company of approximately RMB2,399 million and approximately RMB30,678 million respectively as compared to approximately RMB8,786 million and approximately RMB28,590 million respectively as at 31 December 2022. As disclosed in 2023 Annual Report, the decrease in net current liabilities was mainly due to the change in finance structure and the issue of asset-backed securities backed by the accounts receivables for the repayment of due liabilities. The Group reported an increase in net assets attributable to owners of the Company as at 31 December 2023, mainly due to the Group recorded profit of approximately RMB3,235 million for FY2023.

(b) BJCE Australia

BJCE Australia is a limited liability company incorporated under the laws of Australia and an indirectly wholly-owned subsidiary of the Company through BJCE HK.

BJCE Australia primarily engages in investment holding and currently holds 100% equity interests in each of New Gullen Range Wind Farm Pty Ltd (新格倫風電場項目公司), Gullen Solar Pty Ltd (格倫光伏項目公司) and Newtricity Developments Biala Pty Ltd (拜亞拉風電場項目公司) (collectively known as "**Controlled Entities**", or each a "**Controlled Entity**"), New Gullen Range Wind Farm Pty Ltd operates the Gullen Wind Farm located in New South Wales with project grid capacity of 165.5MW, Gullen Solar Pty Ltd operates the Gullen Solar Farm located in New South Wales with installed capacity of 13.2MW and Newtricity Developments Biala Pty Ltd operates the Biala Wind Farm located in New South Wales with project grid capacity of 110.7MW.

Set out below is the consolidated financial information of BJCE Australia prepared based on the International Financial Reporting Standards for each of FY2022 and FY2023.

	FY2023	**FY2022**
	RMB' million	*RMB' million*
Revenue	231	425
Profit for the year	104	158

	As at 31 December	
	2023	**2022**
	RMB' million	*RMB' million*
Total assets	3,434	3,333
Total liabilities	(2,330)	(2,321)
Net assets	1,104	1,012

The two major sources of revenue of BJCE Australia are sales of electricity generated from Gullen Wind Farm, Gullen Solar Farm, Biala Wind Farm and sales of LGCs (Large-scale Generation Certificate(s)), which represents 1MWh of generating from renewable energy generators in Australia and the Controlled Entities receives LGCs as a government grant on generation of renewable energy. For FY2023, BJCE Australia reported a decrease in revenue from RMB425 million for FY2022 to approximately RMB231 million for FY2023, a decrease of approximately RMB194 million, mainly due to the decrease in sales of electricity for FY2023.

There was a decrease in net profit from approximately RMB158 million for FY2022 to approximately RMB104 million for FY2023. The decrease was mainly attributable to (i) the decrease in sales of electricity for FY2023; and (ii) the turnaround from a fair value loss on an investment in a fixed forward commodity contract of approximately RMB147 million for FY2022 to a fair value gain of approximately RMB42 million for FY2023.

As at 31 December 2023, BJCE Australia's total asset amounted to approximately RMB3,434 million, which comprised mainly property, plant and equipment of approximately RMB2,303 million and cash and cash equivalents of approximately RMB576 million. BJCE Australia's total liabilities amounted to approximately RMB2,330 million, which mainly included interest bearing bank loans of approximately RMB1,124 million and shareholder loan from BJCE HK of approximately RMB494 million.

As at 31 December 2023, BJCE Australia recorded net current liabilities of RMB758 million and net assets of approximately RMB1,104 million as compared to approximately RMB138 million and RMB1,013 million respectively as at 31 December 2022. The increase in net current liabilities as at 31 December 2023 was mainly due to the increase in short term interest bearing loans from approximately RMB173 million as at 31 December 2022 to approximately RMB834 million as at 31 December 2023. The increase in net assets as at 31 December 2023 was mainly due to the reported profit of BJCE Australia of approximately RMB104 million for FY2023.

(c) BJCE HK

BJCE HK is a limited liability company incorporated in Hong Kong and a directly wholly-owned subsidiary of the Company. BJCE HK principally engages in investment holding.

(d) Beijing Energy International and BJEI Australia

Beijing Energy International is a company listed on the Hong Kong Stock Exchange with stock code 00686 and held as to approximately 32.64% by BEI (HK), a wholly-owned subsidiary of BEH. Beijing Energy International principally engages in the development, investment, operation and management of power plants and other clean energy projects.

BJEI Australia is a limited liability company incorporated under the laws of Australia and a wholly-owned subsidiary of Beijing Energy International. BJEI Australia principally engages in building and operating a portfolio of clean energy projects across Australia.

2. Reasons for and benefit of the Disposal

As disclosed in the Letter from the Board, the Company could realise the return of overseas investments back to the PRC through the Disposal and utilize the proceeds from the Disposal to pay off existing debts of the Company. As of 30 June 2024, the net gearing ratio (calculated based on the total borrowings minus cash and cash equivalents to the sum of net debts and total equity of the Company) of the Company was approximately 55.67% and it is expected that the net gearing ratio after the Disposal shall be approximately 55.17%. The Disposal will also allow the Group to further focus on its principal business in the PRC and concentrate resources to enhance the Group's competitiveness in the fields of clean energy. As disclosed in the Letter from the Board, apart from BJCE Australia, the Company does not possess any other overseas business and the Company proposed to dispose of only 40% of the equity interest in BJCE Australia and maintain a majority interest in BJCE Australia in order that the financial results of BJCE Australia will still be consolidated into the Company's consolidated financial statements. In addition, the net proceeds from the Disposal after deducing the expenses of RMB871.3 million (without taking into account of the Adjustment Amount, the exchange rate of AUD1 = RMB4.7793 as published by the People's Bank of China on the Latest Practicable Date was used) in relation to the Disposal will be used to pay off the existing debts of the Company when due and for replenishment of the general working capital of the Group required for the Group's business development.

As disclosed in the 2023 Annual Report and as discussed in the paragraph headed "1. Background Information of the Parties Involved" in this letter, the Group recorded net current liabilities of RMB2,399 million and RMB8,786 million as at 31 December 2023 and 2022 respectively and the net gearing ratio of the Group as at 31 December 2023 and 31 December 2022, as calculated based on the total borrowings minus cash and cash equivalents to the sum of net debts and total equity of the

Group, reached approximately 55.65% and approximately 55.79% respectively. Accordingly, by utilising the net proceeds from the Disposal to repay the existing debts of the Group and for replenishment of the Group's general working capital, the gearing and working capital position of the Group would be improved. Further, the reduction in the financial leverage of the Group will help relieve its future financial burden as well as provide the Group with enhanced internal resources and financing capability for its existing business operations and enhance the Group's competitiveness in the field of clean energy, which would ultimately help improve returns to the Independent Shareholders.

Having considered the above, we concur with the view of the Directors that although the Disposal does not fall within the ordinary and usual course of business of the Group, the Disposal is in the interests of the Company and the Independent Shareholders as a whole.

3. Principal terms of the Sale and Purchase Agreement

The principal terms and conditions of the Sale and Purchase Agreement are summarised below. Please refer to the "Letter from the Board" set out in the Circular for further details.

Date

20 August 2024

Parties

Vendor: BJCE HK

Purchaser: BJEI Australia

Target company: BJCE Australia

Subject to the terms and conditions of the Sale and Purchase Agreement, BJCE HK, as vendor, has agreed to sell, and BJEI Australia, as purchaser, has agreed to purchase 40% equity interest in BJCE Australia, upon fulfilment of all of the conditions precedent to the Sale and Purchase Agreement, at a cash consideration consisting of the Completion Amount of approximately AUD183.0 million and the Adjustment Amount (if any).

Conditions Precedent

As disclosed in the Letter from the Board, completion of the Sale and Purchase Agreement is conditional upon, among others, compliance with the independent shareholders' approval requirements by both the Company and Beijing Energy International in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder pursuant to the Listing Rules. Please refer to the "Letter from the Board" set out in the Circular for further details.

Consideration

The total consideration consists of the Completion Amount of approximately AUD183.0 million and the Adjustment Amount (if any). The Completion Amount was determined after arm's length negotiation between BJCE HK and BJEI Australia with reference to the appraised value of the shareholders' equity of BJCE Australia as at the Valuation Date. Such appraisal was prepared by Beijing China Enterprise Appraisals Co., Ltd., ("**CEA**"), a qualified independent valuer in the PRC and based on the discounted cash flow method under the income approach.

The Completion Amount is payable by BJEI Australia on the Completion Date.

Adjustment Amount

The Adjustment Amount equals to 40% of (a) the net profit after tax of the Target Company calculated in according with the Accounting Standards for the period from the Valuation Date to the Completion Date; less (b) any fully franked dividend declared and paid by the Target Company after the Valuation Date and prior to the Completion Date (except for those declared before the Valuation Date). In the event that the above calculation result is less than zero, the Adjustment Amount shall be zero.

The Adjustment Amount shall be determined by an independent accountant engaged by BJCE HK within 15 business days of Completion which will prepare a written adjustment statement setting out the calculation of the Adjustment Amount. The adjustment statement (and the resulting Adjustment Amount reflected in the adjustment statement) prepared by the independent accountant will be final and binding on the parties to the Sale and Purchase Agreement and will constitute the final Adjustment Amount, except in the case of manifest error, in which case the determination will be void and the matter must either be remitted back to the independent accountant for correction or resolved in accordance with the requirements and procedures for dispute resolution as set out in the Sale and Purchase Agreement. The Adjustment Amount is payable by BJEI Australia within 10 business days of the date of the Adjustment Amount is determined by the independent accountant.

Having considered that (i) the Consideration was determined with reference to the appraised value of the Target Company as at the Valuation Date; (ii) 4 out of 16 transactions in relation to disposal of companies published by companies listed on the Stock Exchange (*source: www.hkexnews.hk*) within one month before the Latest Practicable Date contained purchase price adjustment mechanism to reflect the value of the business at the time of deal completion, although the formulas (which was determined based on their own circumstances) adopted may be different from that of the Adjustment Amount; and (iii) the Adjustment Amount takes into account the Company's share of profits (if any) (i.e. upside only) in the Target Company for the period from the Valuation Date to the Completion Date, we are of the view that the mechanism of the Adjustment Amount is in line with normal market practice, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

4. Valuation of BJCE Australia

CEA has been jointly engaged by the Company and BJCE HK to conduct a valuation (the "**Valuation**") of the 100% equity interest in BJCE Australia (the "**Target Interest**") on the Valuation Date. According to the Valuation Report, the Target Interest as at the Valuation Date (i.e. 30 September 2023) concluded by CEA by income approach was AUD457.52 million (the "**Concluded Value**") and 40% of the corresponding appraisal value is approximately AUD183.0 million.

We note that the Valuation Date is 30 September 2023. Based on our discussion with CEA and the Management, we concur with the Board's view that the Concluded Value remains valid and relevant to determine the consideration taking into account (i) the Target Group is principally engaged in new energy power generation business in Australia and we understand from the Company that there have been no material changes in the internal and external operating environment of the Target Company since the Valuation Date; (ii) based on our review of the financial information of the Target Group for the nine months ended 30 September 2023 ("**9M2023**") and for FY2023 as well as the Forecast (as defined below), the Target Group is expected to have relatively stable income and cost structure during the Forecast Period (as defined below); and (iii) according to Assets Valuation Practicing Standards – Assets Valuation Report (《資產評估執業準則 – 資產評估報告》) issued by China Appraisal Society (中國資產評估協會), a national self-regulatory organization in the asset appraisal industry in the PRC and is supervised by the Ministry of Finance of the People's Republic of China, the valuation results are valid for one year before the date of economic activity (經濟行為實現日).

Competence of CEA

We have reviewed and enquired the qualification and experience of CEA. We have (i) reviewed the terms of engagement of CEA with the Company (including their scope of work); (ii) conducted a phone interview to understand the qualification of CEA including its previous experience in conducting business valuation, as well as the valuation methodology(ies) adopted for the Valuation; and (iii) enquired whether CEA is independent to the Company, BJEI Australia and their respective associates. From the mandate letter and other relevant information provided by CEA and based on our interview with CEA, we were satisfied with the terms of engagement of CEA as well as their qualification for preparation of the Valuation Report. CEA also confirmed that they are independent to the Company, BJEI Australia and their respective associates.

Valuation methodologies

CEA has considered three generally adopted valuation approaches, which are income approach, market approach and cost approach (asset-based approach) in performing the Valuation. Based on the Valuation Report, we note that CEA had conducted the Valuation by using both income approach and market approach and the value of the Target Interest was finally concluded by CEA under the income approach.

Cost Approach

We understand from CEA that the cost approach, which is a method of replacing the historical costs of the assets and liabilities shown in the statements of the financial position of the Target Group, primarily involves the assessment of assets and liabilities to appraise the business value of the valuation subject, however, the cost approach does not take into consideration of earnings potential and future development of the Target Group.

Market Approach

Based on the Valuation Report, the value of the Target Interest as at 30 September 2023 estimated by CEA was approximately AUD448.30 million by using market approach (the "**Market Approach Valuation**").

Based on our review of the Valuation Report and our discussion with CEA, we note that the selection of the comparable companies are principally based on the comparability of the overall industry sector and are listed on the international capital markets. There are three comparable companies (the "**Comparable Companies**") selected by CEA, namely Boralex Inc (BLXCT), Encavis AG (ECVGY) and China Three Gorges Renewables (Group) Co., Ltd. (600905CH), which are public companies listed on the listing exchanges in Canada, Germany and China respectively and details of the financial information of these three companies are set out in Appendix I – Summary of BJCE Australia Valuation Report and Statements to this Circular.

Based on our review of the Valuation Report and our discussion with CEA, we understand that the business scale of the Comparable Companies varied from the Target Group in terms of the revenue, business size, asset base as well as operating locations, CEA advised that given there are only a limited number of comparable companies engaged in the new energy power generation business within the capital market of Australia, it is common to consider a comprehensive set of comparable companies that engaged in similar businesses in international capital market. CEA after interviews and communications with the Target Company and on best effort basis identified 15 listed companies in the international capital market for reference and analysis. Among these 15 listed companies, CEA selected the Comparable Companies based on criteria that (i) the revenue generated from photovoltaic and wind power generation business accounted for nearly or over 90% of the total revenue; and (ii) the EV/EBITDA multiplier was close to the average of the EV/EBITDA multiplier of these 15 selected companies. The Comparable Companies are the only three companies among the 15 selected companies that fulfill the above two criteria at the same time.

We have reviewed the relevant information of all the Comparable Companies selected by CEA, including their respective principal businesses, principal operating locations and operating histories as disclosed in their respective published annual reports and noted that (i) the selection criteria of the Comparable Companies are fair and reasonable considering that such factors are similar to those of the operation of Target Group in terms of business operations; (ii) the EV/EBITDA multipliers of these Comparable Companies are close to the average of the 15 companies; (iii) more than 88% of the revenue of these Comparable Companies were related to the wind or solar power generation; and (iv) all Comparable Companies fall under the selection criteria of CEA.

In addition, based on the Valuation Report, we note that CEA has considered value ratios commonly adopted in the market approach, including price and earnings ratio (P/E), price to book ratio (P/B), price to sales ratio (P/S) and enterprise value to earnings before interest, taxes, depreciation and amortization ratio (EV/EBITDA). The EV/EBITDA ratio was adopted in the Market Approach Valuation by CEA given the Controlled Entities are operated in the new energy power generation industry and the businesses of which are relatively stable and mature with low capital expenditures. We note that the financial data of the Controlled Entities applied for the calculation of EV/EBITDA is based on the management accounts of the Controlled Entities for the year ended 31 December 2023. Based on the Valuation Report, the EV/EBITDA ratio adopted for the Market Approach Valuation is 12.28 times, which was determined with reference to the EV/EBITDA of each Comparable Company calculated based on their respective published financial information for FY2023, and was further adjusted by the adjustment factors (determined and assessed by CEA based on its professional judgement) in total assets, net assets attributable to the parent company, net profit margin on sales, return on equity, total asset turnover ratio, current asset turnover ratio, compounded revenue growth rate, compounded gross profit margin growth rate, gearing ratio and current ratio of these Comparable Companies to account for the differences in, among others, profitability, operation capacity, assets size and growth potential etc. of the Comparable Companies as compared to that of the Controlled Entities. Based on our discussion with CEA, as it is relatively difficult to find comparable evidence that exactly matches the assets/business being valued, it is common market practice for professional valuer to apply some adjustments in comparable analysis in order to allow for differences in the various factors that may affect value. Such adjustments may require the valuer to make a qualitative judgement based on experience and professional knowledge without direct evidence to quantify the degree of adjustment required. Details of the quantitative inputs for the determination of the EV/EBITDA ratio are set out in Appendix I – Summary of BJCE Australia Valuation Report and Statements to this Circular.

DLOM (Lack of Marketability Discount) of 25% (which was determined by CEA with reference to various research studies in United States as well as the analysis and recent research findings from CEA's in-house research department) was applied by CEA to adjust for the marketable interest value of the Target Interest that is not publicly tradeable.

We note that the value of the Target Interest as at 30 September 2023 under the Market Approach Valuation is 2.02% lower than that of the income approach. As discussed with CEA, CEA is of the view that despite there are appropriate market comparable companies which are either similar or comparable to the Target Group, the market approach determines the value of the Target Interest through comparable company method and there are certain uncertainties in the market approach outcomes which cannot be addressed given the variations in comparable components are affected by different regional markets faced by the comparable companies, and their respective operations. As such, the value of the Market Approach Valuation is not adopted in the Valuation.

Income Approach

Based on the Valuation Report, the value of the Target Interest as at 30 September 2023 estimated by CEA was approximately AUD457.52 million under the income approach ("**Income Approach Valuation**"), which is also the Concluded Value under the Valuation.

Regarding the income approach, CEA considered that the income approach can comprehensively reflect the market value of the Target Interest as the operating returns and risks of the Target Group can be determined given the future electricity prices and utilisation capacity of each Controlled Entity owned by BJCE Australia can be projected by an Australian professional agency and the operating cost items are specific and can be reasonably quantified. Therefore, the income approach can better reflect the market value of the consolidated assets of the enterprise and can present a more comprehensive picture of the market value of the Target Group as at the Valuation Date. In addition, the income approach is commonly adopted in the business valuation for valuation subject with supportable operating profit and cash flow forecast such as a power generation company.

CEA is of the view that income approach is the most optimal approach.

Review by auditors and the Directors

Based on our discussion with CEA, the Income Approach Valuation is derived from the discounted cash flow forecast of each Controlled Entity for the period between October 2023 and December 2046 (the "**Forecast Period**") and the book value of assets and liabilities of the Target Group as at the Valuation Date (the "**Forecast**"). With reference to the comfort letters included in Appendices II and III in this Circular, we understand that (i) Deloitte, the auditors of the Company has checked the arithmetical accuracy of the calculations of the discounted cash flow forecast and so far as the calculations are concerned, the discounted cash flows have been properly complied in all material respects, in accordance with the assumptions set out in the Income Approach Valuation; and (ii) the Company has confirmed that the cash flow forecast have been prepared by the Directors after due and careful enquiry, who are solely responsible for the cash flow forecast.

Financial forecast and other relevant assumptions

We note that CEA has considered and relied to a considerable extent on the financial (net cash flow) forecast of each Controlled Entity when preparing the Income Approach Valuation. Pursuant to Rule 13.80 of the Listing Rules, in order to review and understand the fairness, reasonableness and completeness of the relevant assumptions and projections used in the Income Approach Valuation, we have performed the following steps:

(i) discussed with CEA and reviewed on the major items of the projection (including but not limited to the forecasted revenue, cost of goods sold, other operating costs) of the Controlled Entities;

(ii) reviewed the Forecast built by CEA and the related breakdowns;

(iii) reviewed the future electricity prices and utilisation capacity data of the power generation projects held by the Controlled Entities (the "**Projects**" or each a "**Project**") from the "Baringa Australia NEM Reference Case projections" prepared by Baringa Partners LLP ("**Baringa Report**"). Based on the website of Baringa Partners LLP, Baringa Partners LLP is a global leading management consultancy firm founded in the UK in 2000 and it serves the energy, financial services, telecommunication, consumer products and retail sectors, technology, pharmaceuticals, government and public sectors. Baringa Partners LLP specialises in the energy and utilities markets in the Australia; and

(iv) reviewed the historical financial reports of the Target Group for FY2022 and 9M2023 and reviewed other relevant assumptions under the Income Approach Valuation.

Based on our discussion with CEA and our review of the Forecast, we understand that:

(i) due to the useful life of the power generation equipments of the Controlled Entities is 25 years, Gullen Wind Farm and Gullen Solar Farm will cease operation in 2039 and 2042 respectively and the overall revenue and operating costs estimated in the Forecast will be significantly reduced from 2040;

(ii) the projected annual revenue of each Controlled Entity is derived from (a) the installed generating capacity of the Project owned by each Controlled Entity; (b) the utilisation hours of power generation of each Project; (c) the estimated electricity prices and annual utilisation capacity (both are calculated based on the quarterly data in Baringa Report) of each Project;

(iii) the projected operating costs of each Controlled Entity is primarily based on the historical costs and the management estimation;

(iv) there will be no projected capital expenditures for each Project during the Forecast Period;

(v) the corporate income tax rate of 30% was applied as reference to the applicable income tax rate in Australia;

(vi) the projected working capital is mainly made reference to the historical working capital for maintaining the operation of the Target Group; and

(vii) the profit and cash flow forecast is prepared with reference to the current accounting policies adopted for the Target Group.

Revenue

To assess the fairness and reasonableness of the forecasted revenue, we obtained the workings of the Valuation from CEA. In respect of the installed generating capacity of the Project owned by each Controlled Entity, we obtained the fixed assets register of the Controlled Entities provided by the Company to CEA and the information of which is consistent with those adopted in the Forecast. CEA also provided us with the Baringa Report to support the data adopted for the utilisation hours of power generation of each Project as well as the electricity prices and annual utilisation capacity for each Project in the Forecast. Based on our review of the Forecast and the Baringa Report, we note that most of the data adopted in the Forecast is directly extracted from the Baringa Report, save for the future electricity prices for Biala Wind Farm and Gullen Wind Farm, which a certain adjustment (approximately -40% to 10%) to the electricity prices has been applied by CEA.

Operating Costs

We note that the operating costs of the Controlled Entities include, depreciation and amortisation, operating and maintenance fees, insurance premium, land lease fees, grid connected fee and others in the Forecast, which are consistent with the financial information ("**Financial Information**") of each Controlled Entity and the Target Group for FY2022 and 9M2023 we obtained from the Management.

Operation and maintenance fees

The operation and maintenance fees were determined with reference to the existing contracts. We have obtained the relevant contracts and we note that the estimated operation and maintenance fees are based on the contracted amount of the existing contracts.

Insurance premium, land lease fees, grid connected fee

We have reviewed the Financial Information and relevant contracts, we note that insurance premium, land lease fees and grid connected fee were determined based on actual expenses in 2023 and the existing contracts.

Capital expenditures, depreciation and amortization

Based on our discussion with the Management and CEA, we understand that the Controlled Entities have achieved on-grid power generation at full capacity as at the Valuation Date and it was determined by the Management that with the continuing operation and maintenance support, no further capital expenditure will be required.

We note that CEA adopted the current accounting policies for the forecast of depreciation and amortization in the Forecast Period.

Gross Profit Margin

The gross profit margins during the Forecast Period ranged from 42% to 68%.

To assess the reasonableness of estimated gross margin for the Forecast Period, we attempted to cross check the gross profit margins of the Target Group for FY2022 and 9M2023, being approximately 63.0% and approximately 47.7% respectively. We also note that the estimated operating costs during the Forecast Period is relatively stable given the assumptions as mentioned above and the fluctuation in gross profit margin during the Forecast Period is mainly due to the fluctuation of the future electricity prices. As such, we consider that the gross profit margins during the Forecast Period to be reasonable.

Working Capital

We have reviewed the Financial Information and note that the projected working capital is mainly made reference to the historical working capital for maintaining the operation of the Target Group.

Based on the above, we are of the view that the net cash flow is fair and reasonable.

Discount rate

For the Forecast Period, the discount rate is approximately 7.73% which is derived by CEA through the Weighted Average Cost of Capital Model (the "**WACC Model**").

To assess the parameters adopted in the calculation of discount rate, we conducted the following works, including, review data published by relevant experts or scholars, seek for various valuation standards/guidelines, collect data for the calculation of relevant parameters.

The cost of equity capital was determined based on the Capital Asset Pricing Model (the "**CAPM Model**"), by utilising (a) the risk-free return rate of return of 4.21% with reference to 10-year government bond yield in Australia as of the Valuation Date from Bloomberg; (b) the market risk premium of 5% with reference to the research findings of Aswath Damodaran, Aswath Damodaran is a well-known professor in corporate finance and valuation field, and the research is published annually which is commonly adopted in valuation industry; and (c) the company specific risk premium of 3% was based on empirical judgment and analysis of CEA.

In arriving at the beta being adopted in the CAPM Model, CEA has selected 12 companies which are primarily engaged in similar business operation and listed on the stock exchanges in the United States, Canada and 5 European countries. We have reviewed the background of these comparable companies and noted that the core businesses of these comparable companies are in same industry (wind and/or solar power operation) as the Target Group, we are of the view that these comparable companies are fair and representative samples. Moreover, the unleveraged beta derived from the said comparables has been further adjusted to derive the leveraged beta based on the debt level of the Target Group at the end of each year during the Forecast Period. We note that the calculation of beta is in line with the Asset Appraisal Expert Guideline No. 12 – Calculation of Discount Rate in Income Approach Appraisal of Enterprise Value* (《資產評估專家指引第12號– 收益法評估企業價值中折現率的測算》, the "**Expert Guideline No. 12**") promulgated by the China Appraisal Society.

In respect of the cost of debt, we note that CEA has adopted the cost of debt of 5%, which was determined with reference to the interest rates of the Target Group's existing borrowings.

Based on the above, we are of the view that the WACC Model (i.e. the discount rate) adopted by CEA is justifiable.

Calculation of total value of shareholders' equity of the Target Company

We note that the total value of shareholders' equity of the Target Company is calculated based on the overall corporate value less interest bearing debts of the Target Company. The overall corporate value is equal to the value of Controlled Entities determined with reference to the Forecast plus the value of surplus assets and non-operating assets of the Target Group.

Based on our review the valuation workings of CEA, the value of surplus assets, non-operating assets and interest-bearing debts were calculated based on the audited financial information of the Target Company as at the Valuation Date.

General Assumptions

In addition, CEA advised that the general assumptions used in the Income Approach Valuation including but not limited to no material change in the existing political, economic, social, legal, tax conditions where the Target Group's business is currently in operation are common assumptions adopted in various business valuation projects.

Based on the work performed as set out above, we are not aware of any factors which would cause us to doubt the fairness and reasonableness on the relevant assumptions and projections used in the Income Approach Valuation.

Our opinion

We consider we have made adequate assessment on the Valuation in respect to the Valuation Report and CEA pursuant Rule 13.80 of the Listing Rules. We are not aware of any factors which would cause us to doubt the fairness and reasonableness of the Valuation and we consider that the Valuation forms a fair and reasonable determination basis for the Consideration.

5. Possible financial effects of the Disposal

The financial effects of the Disposal set out below are purely for illustrative purpose only and do not reflect the future financial position of the Group after the Completion.

Following completion of the Disposal, the equity interest of BJCE HK in BJCE Australia will decrease from 100% to 60%. BJCE Australia will continue to be an indirect non-wholly owned subsidiary of Company and its financial results will continue to be consolidated with the Group's results. The Disposal is accounted for as equity transaction and it is expected that it will have no pre-tax gain or loss to be recognised in profit or loss arising from the Disposal for the Company. The net proceeds from the Disposal will be recorded under the cash and capital reserve of the Group.

As set out in the 2023 Annual Report, the cash and cash equivalents of the Group as at 31 December 2023 amounted to approximately RMB6,605 million. Given that the Completion Amount from the Disposal will be paid in full in cash to the Group on the Completion Date, it is expected that there will be a positive impact on the cashflow of the Group arising from the Disposal and the bank balances and cash would increase.

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

RECOMMENDATION

Having considered the principal factors and reasons above, we are of the view that even though the entering into the Sale and Purchase Agreement is not in the ordinary and usual course of business of the Group, the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable, and in the interest of the Company and the Shareholders (including the Independent Shareholders) as a whole. Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolution(s) at the EGM to approve the Disposal.

Yours faithfully,
For and on behalf of
BaoQiao Partners Capital Limited
Irene Poon
Executive Director

Ms. Irene Poon is a responsible officer registered under the SFO to carry out Type 6 (advising on corporate finance) regulated activity for BaoQiao Partners Capital Limited and has over 20 years of experience in the accounting and corporate financial services industry.

The following is the English translation of a summary of the Valuation Report and the Statements issued by Beijing China Enterprise Appraisals Co., Ltd. which has been prepared for the purpose of inclusion in this circular. The Chinese text of the summary shall prevail over the English text in the event of inconsistency.

I. VALUATION PURPOSE

The valuation of the market value of the equity interests in Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd as at the valuation reference date is for the purpose of providing value reference for the proposed transfer of 40% equity interests in Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd by Beijing Jingneng Clean Energy (Hong Kong) Co., Limited to BJEI Australia.

Beijing Jingneng Clean Energy Co., Limited issued a meeting resolution with regard to this matter included in the Minutes of General Manager Office of Beijing Jingneng Clean Energy Co., Limited (No.18 of 2024). Beijing Jingneng Clean Energy (Hong Kong) Co., Limited, a shareholder of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd, made the transfer decision with regard to this matter on 11 June 2024.

II. VALUATION TARGET AND SCOPE

(I) Valuation target

The valuation target is the total shareholders' equity of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd.

(II) Valuation scope

The scope of valuation covers all assets and liabilities of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd. As at the valuation reference date, the carrying amount of total assets of the parent company covered by the scope of valuation was AUD354.5822 million; the liabilities included current liabilities and non-current liabilities, and the carrying amount of total liabilities was AUD182.6352 million; and the carrying amount of net assets was AUD171.9470 million.

The consolidated assets covered by the scope of valuation include current assets, fixed assets and other non-current assets, etc., and the carrying amount of total assets was AUD704.4422 million; the liabilities included current liabilities and non-current liabilities, and the carrying amount of total liabilities was AUD461.6715 million; and the carrying amount of the net assets (on consolidated basis and in terms of the parent company) was AUD242.7706 million.

The aforesaid carrying amounts have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, which issued unqualified opinion. The valuation target and scope are consistent with those in respect of the Transaction.

1. Information on other off-balance sheet assets declared by the company

All the assets declared by the company that are covered by the scope of valuation are on-balance-sheet assets.

The main assets covered by the scope of valuation are two wind power projects and one photovoltaic power project in Australia, and the information on the three new energy projects is set out below:

(1) Gullen wind power project

Gullen wind project is the first overseas investment project of BJCE Australia. Goldwind Capital (Australia) Pty Ltd ("Goldwind Capital Australia") started to sell the 75% equity interests of Gullen project in 2013. After two rounds of bid tendering, BJCE Australia won the bid at a price of AUD115 million in February 2014, and the transfer of the equity interests was completed in July 2014. The project achieved on-grid commercial operation at full capacity in December 2014. In April 2018, BJCE Australia acquired the remaining 25% equity interests held by Goldwind at a price of AUD43 million.

Gullen wind power project is located 20 kilometers west of Goulburn, New South Wales, Australia, which is 200 kilometers away from Sydney. The project has a total capacity of 165.5MW through the utilization of 17 GW82-1.5MW and 56 GW100-2.5MW direct-drive permanent-magnet (DDPM) generator sets developed by Goldwind, with a total investment amount of approximately AUD385 million.

Gullen wind power project has been running well since its commencement of commercial operation at the end of 2015, with an average annual utilization hour of 2,919 hours and an average annual power generation of 483 million kWh.

(2) Gullen photovoltaic power project

After the completion of the acquisition of the 75% equity interests in Gullen wind power project, BJCE Australia continued to cooperate with Goldwind Capital Australia to acquire its Gullen photovoltaic power project at a price of AUD1.3 million which represented no premium in October 2016. Gullen photovoltaic power project has a designed direct-current installed capacity of 13.2MW with an area of 330 mu, all of which is located within the New Gullen Wind Farm. With the abundant solar resources in this region, and with reference to the experience in developing and operating solar power plants in China, the level of solar resources is comparable to that in Alxa League of Inner Mongolia. It is expected that the project has an average annual utilization hour of 1,775 hours. The total investment for the project amounted to approximately AUD20 million, of which AUD10.4 million was funded by government construction grant.

The project commenced construction at the end of 2016 and achieved on-grid operation at full capacity on 15 August 2017. The completion of the project marked the implementation of the first wind-and-solar farm in Australia.

(3) Biala wind power project

Biala project covers an area of 20 square kilometers, which is leased from Goldwind Capital and is 5.1 kilometers away from the existing Gullen Wind Farm, and shares the existing booster station and other grid connection facilities with Gullen project. Acting as the 2nd phase expansion work of Gullen wind power project, this project will help to reduce the grid connection fees of individual power plant to the maximum extent and create the greatest synergetic effect. The project is consisted of 31 sites in aggregate and has an installed capacity of 110.7MW with 31 generator sets of 3.57MW.

Biala project was approved in April 2017, and the transfer of 100% equity interests has been completed on 28 September 2017 in Sydney. After completion of project financing on 29 March 2019, the project commenced construction in August 2019 and achieved on-grid power generation at full capacity in April 2022.

III. TYPE OF VALUE

According to various factors such as the valuation purpose, market conditions and the characteristics of the valuation target, the type of value of the valuation target is defined as market value.

Market value means the estimated amount for which a valuation target should be traded on the valuation reference date between a willing buyer and a willing seller acting knowledgeably, prudently and without compulsion, in an arm's length transaction.

IV. VALUATION REFRENCE DATE

The valuation reference date of this report is 30 September 2023.

V. BASIS OF VALUATION

(I) Basis of economic behaviors

1. Minutes of General Manager Office of Beijing Jingneng Clean Energy Co., Limited (No.18 of 2024) issued by Beijing Jingneng Clean Energy Co., Limited;

2. Resolution issued by Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd on 11 June 2024.

(II) Applicable laws and regulations

1. Asset Appraisal Law of the People's Republic of China (passed at the 21st meeting of the 12th session of the Standing Committee of the National People's Congress on 2 July 2016);

2. Company Law of the People's Republic of China (the fourth amendment adopted at the 6th meeting of the 13th session of the Standing Committee of the National People's Congress on 26 October 2018);

3. Civil Code of the People's Republic of China (adopted at the 3rd session of the 13th National People's Congress on 28 May 2020);

4. Measures for Financial Supervision and Administration of the Asset Valuation Industry (promulgated by Order No. 86 of the Ministry of Finance of the People's Republic of China and revised by Order No. 97 of the Ministry of Finance);

5. Enterprise Income Tax Law of the People's Republic of China (the second amendment adopted at the 7th meeting of the 13th Standing Committee of the National People's Congress on 29 December 2018);

6. Law of the People's Republic of China on State-owned Assets of Enterprises (adopted at the 5th meeting of the 11th session of the Standing Committee of the National People's Congress on 28 October 2008);

7. Interim Regulation on the Supervision and Administration of State-owned Assets of Enterprises (Order No. 378 of the State Council and revised by Order No. 709 of the State Council);

8. Measures for Administration of Appraisal of State-owned Assets (revised in 2020);

9. Notice on Issuing the Detailed Rules for the Implementation of the Measures for Administration of Appraisal of State-owned Assets (GZBF [1992] No. 36);

10. Interim Measures for Administration of Appraisal of State-owned Assets of Enterprises (Order No. 12 of the State-owned Assets Supervision and Administration Commission of the State Council);

11. Accounting Standards for Business Enterprises – Basic Standards (Order No.33 of the Ministry of Finance), and Decisions of the Ministry of Finance on Amending the Accounting Standards for Business Enterprises – Basic Standards (Order No.76 of the Ministry of Finance);

12. Interim Measures for Supervision and Administration of Overseas State-owned Assets of Central Enterprises (Order No. 26 of the State-owned Assets Supervision and Administration Commission of the State Council);

13. Interim Administration Measures for Overseas State-owned Property Rights of Central Enterprises (Order No. 27 of the State-owned Assets Supervision and Administration Commission of the State Council);

14. Electricity Act of Australia;

15. Renewable Energy (Electricity) Act 2000 of Australia;

16. Beijing Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises (Beijing Guo Zi Fa [2008] No. 5);

17. Interim Regulations for the Administration of Valuation of Approved Projects for the Assessment of State-owned Assets of Enterprises in Beijing (Beijing Guo Zi Fa [2012] No. 32);

18. Opinions of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality and the Beijing Municipal Finance Bureau on the Implementation of the Regulations on the Supervision and Management of Enterprise State-owned Assets Transactions (Beijing Guo Zi Fa [2017] No. 10);

19. Notice of the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality on Issues Related to the Further Strengthening of Enterprise State-owned Assets Appraisal and Management Reform (Beijing Guo Zi Fa [2020] No. 9);

20. Notice on Issues Related to the Strengthening of Enterprise State-owned Assets Appraisal and Management Reform (Beijing Guo Zi Fa [2019] No. 2);

21. Other relevant laws, regulations, notices and documents.

(III) Evaluation Criteria Basis

1. Asset Valuation Criteria – Basic Criteria (Cai Zi [2017] No. 43);
2. Assets Valuation Professional Ethics Standards (Zhong Ping Xie [2017] No. 30);
3. Assets Valuation Practicing Standards – Assets Valuation Report (Zhong Ping Xie [2018] No. 35);
4. Assets Valuation Practicing Standards – Assets Valuation Procedures (Zhong Ping Xie [2018] No. 36);
5. Assets Valuation Practicing Standards – Assets Valuation Engagement Contract (Zhong Ping Xie [2017] No. 33);
6. Assets Valuation Practicing Standards – Asset Valuation Files (Zhong Ping Xie [2018] No. 37);
7. Assets Valuation Practicing Standards – Use of Expert Work and Relevant Reports (Zhong Ping Xie [2017] No. 35);
8. Assets Valuation Practicing Standards – Enterprise Value (Zhong Ping Xie [2018] No. 38);
9. Guidance on Valuation Report of State-owned Assets of Enterprises (Zhong Ping Xie [2017] No. 42);
10. Quality Control Guidance on the Business of Asset Valuation Agency (Zhong Ping Xie [2017] No. 46);
11. Guiding Opinions on Types of Value under Asset Valuation (Zhong Ping Xie [2017] No. 47);
12. Guiding Opinions on Legal Ownership of the Asset Valuation Target (Zhong Ping Xie [2017] No. 48);
13. Assets Valuation Practicing Standards – Asset Appraisal Approach (Zhong Ping Xie [2019] No. 35);
14. Terms for Asset Valuation Standards 2020 (Zhong Ping Xie [2020] No. 31);
15. Administrative Measures of the China Appraisal Society for Asset Valuation Reports (Zhong Ping Xie [2021] No. 30).

(IV) Ownership basis

1. Registration Certificate of the principal and the appraised enterprise;

2. Purchase invoices and other property right certificates;

3. Other relevant property right certificates.

(V) Pricing basis

1. The loan prime rate and foreign exchange rate as at the valuation reference date;

2. Project feasibility study reports, EPC contract and other information provided by the appraised entity;

3. Financial statements and audit reports for previous years provided by the company;

4. Market forecasts of power products for the current and future years provided by the company;

5. Field survey records of valuers and other relevant valuation information collected;

6. Electricity charge settlement document provided by the appraised entity;

7. Report on forecasts of electricity price of Baringa Partners LLP;

8. Wind Information Finance Terminal;

9. Bloomberg Financial Information Services Terminal;

10. Other information related to the asset valuation.

(VI) Other reference basis

1. Asset Appraisal Expert Guideline No.8 – Check and Verification in Asset Valuation (Zhong Ping Xie [2019] No.39);

2. Asset Valuation Expert Guideline No.12 – Calculation of Discount Rates in Valuation of Enterprises by the Income Approach (Zhong Ping Xie [2020] No.38);

3. Asset lists and valuation declaration forms provided by the appraised entity;

4. Auditor's report issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP;

5. Information base of Beijing China Enterprise Appraisals Co., Ltd.

VI. VALUATION METHODOLOGY

As stated in the Assets Valuation Practicing Standards – Enterprise Value, when performing the valuation for enterprise value, the valuer shall analyze the suitability of the three basic valuation methods, namely the income approach, the market approach and the asset-based approach, for the selection of appropriate valuation method(s) based on the purpose of valuation, target of valuation, type of value, collection of information, etc. Where it is appropriate to adopt various valuation methods for the evaluation of enterprise value, the asset valuation professionals shall adopt two or more valuation methods.

The appraised entity, namely Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd, operates three new energy power projects in New South Wales, Australia. Through analysis on the relevant information provided by the appraised entity, together with the preliminary analysis on the macroeconomic environment, the development prospect of the industry in which the appraised entity operates and the operation performance of the appraised entity, the valuer determines that the appraised entity will operate on an ongoing basis and meet the premise and conditions for the adoption of the income approach. Through investigation and survey, the valuer is able to identify listed companies engaged in similar businesses on the global capital market that are suitable for the adoption of the market approach.

Based on the above, this valuation has adopted the income approach and the market approach. The appraisal results under the income approach were determined as the appraisal conclusions of this report based on the analysis on the preliminary appraisal results under the two approaches and a comprehensive consideration of the reasonableness of the different appraisal methods and preliminary appraisal results as well as the quality of the data employed.

(I) Income approach

The discounted cash flow approach under the income approach is adopted to assess the overall corporate value so as to indirectly calculate the total value of shareholders' equity. Overall corporate value comprises operating assets value arising from ordinary business operations and non-operating assets value not involved in ordinary business operations. The determination of the operating assets value, using discounted free cash flow model for enterprises, which is based on the free cash flow of enterprise for several years in the future, is calculated by adding up the sum after discounted at an appropriate discount rate.

As the target of valuation is the total shareholders' equity of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd, and given the fact that the parent company of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd is currently dormant and the three new energy power projects operated by its three long-term equity investment entities are located in Goulburn, New South Wales, Australia which have basically identical external operation environment such as the location and electricity demands, this forecast is made on consolidation basis under the income approach.

The calculation model is as follows:

Total value of shareholders' equity = overall corporate value – interest-bearing debt value

1. Overall corporate value

Overall corporate value refers to the sum of the total value of shareholders' equity and interest-bearing debt value. According to the allocation and use of the assets of the appraised entity, the overall corporate value is calculated according to the following formula:

Overall corporate value = operating assets value + surplus assets value + non-operating assets value – non-operating liabilities value

(1) Value of operating assets

Operating assets refer to assets and liabilities under the free cash flow forecast after the valuation reference date relating to production and operation of the appraised entity. Value of operating assets is calculated as follows:

$$P = \sum_{t=1}^{n} \frac{R_t}{(1+i)^t}$$

Where, P: Value of the operating assets of the enterprise as at the valuation reference date

R_t: Corporate free cash flow forecast for the financial year t ahead

i: Discount rate (herein: weighted average cost of capital (WACC))

t: Forecast years

n: Forecast period

The corporate free cash flow at the end of the forecast period also takes into consideration the collection of operating capital and proceeds from disposal of assets.

① Income period and forecast period

As the economic life of the photovoltaic modules of the main wind power equipment used by the projects operated by the appraised entity is 25 years, the operation period is determined to be 25 years. The income period and forecast period of the projects operated by the appraised entity are calculated by the operation period minus the period of operation of the project as of the valuation reference date.

② Corporate free cash flow of the forecast period

Corporate free cash flow = Net profit before interest and after tax + depreciation and amortization – capital expenditure – movement in working capital

③ Discount rate

As the basis for income adopted in this valuation was corporate free cash flow, the discount rate was determined based on the weighted average cost of capital model (WACC) under the principle that the basis for income shall be the same with that for discount rate. The calculation formula of which is as follows:

$$WACC = K_e \times \frac{E}{(D+E)} + K_d \times \frac{D}{(D+E)} \times (1-T)$$

Where, K_e — Cost of equity capital;

K_d — Cost of interest-bearing debt capital;

$E/(D+E)$ — Percentage of equity capital to total capital;

$D/(D+E)$ — Percentage of interest-bearing debt capital to total capital;

T — Income tax rate.

Of which, cost of equity capital (K_e) is determined based on the capital asset pricing model (CAPM). The calculation formula of which is as follows:

$$K_e = R_f + \beta_L \times MRP + R_c$$

Where, R_f — Risk-free return rate;

β_L — Systematic risk coefficient of equity interests;

MRP — Market risk premium;

R_c — Enterprise specific risk adjustment coefficient.

(2) Value of surplus assets

Surplus assets refer to assets that exceed the needs of the production and operation of the enterprise as at the valuation reference date and are not covered by the corporate free cash flow forecast after the valuation reference date. Surplus assets of the appraised entity are surplus currency capital, which are analyzed and valued separately.

(3) Value of non-operating assets and non-operating liabilities

Non-operating assets and non-operating liabilities refer to assets and liabilities that are not related to the production and operation of the appraised entity and are not covered by the corporate free cash flow forecast after the valuation reference date. The non-operating assets and non-operating liabilities of the appraised entity include prepayments, other receivables, other payables, deferred income tax assets and deferred income tax liabilities, which are valued by using the cost method in this valuation.

2. Value of interest-bearing debts

Interest-bearing debts refer to the liabilities bearing interest as at the valuation reference date, including long-term borrowings and loans due within one year, which shall be valued based on their audited carrying amounts and the liabilities actually borne by the entity.

(II) Key inputs and calculation process of the income approach

1. Forecast of operating income

(1) Determination of average capacity of generator units

The project operated by Newtricity Developments Biala Pty Ltd. utilizes the wind power equipment produced by Goldwind with an installed capacity of 110.7 MW (31 sets * 3.57MW). The project achieved on-grid power generation in April 2022.

The project operated by New Gullen Range Wind Farm Pty Ltd refers to the 165.6MW Gullen wind power project, which utilizes 17 GW82-1.5MW and 56 GW100-2.5MW direct-drive permanent-magnet (DDPM) generator sets produced by Goldwind. The project achieved on-grid power generation in December 2014.

The project operated by Gullen Solar Pty Ltd refers to the 13.2MW Gullen photovoltaic power project. The project achieved on-grid power generation in August 2017.

(2) Power generation utilisation hours in future years

The power generation utilisation hours in future years was based on the electricity quantity forecast report issued by Baringa, an Australian electricity price forecasting agency.

(3) Forecast of electricity to be settled in future years

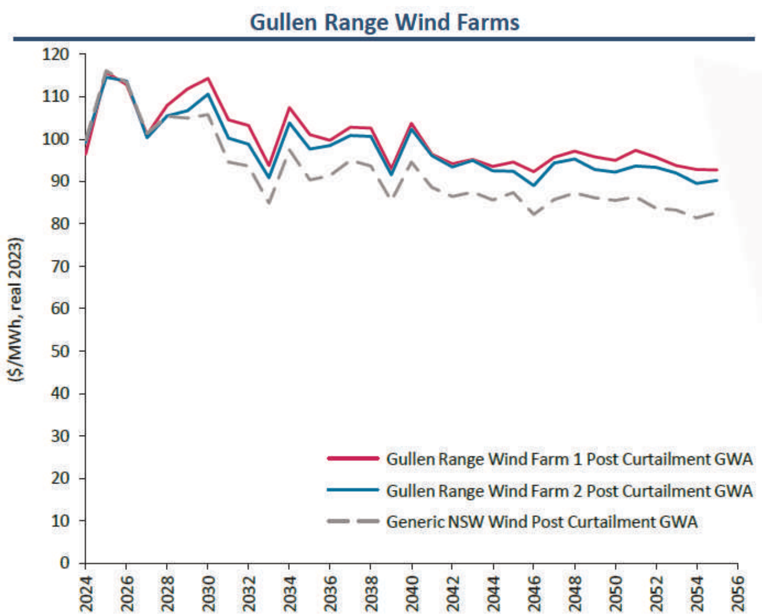
On-grid electricity measured as wind power generation connected to the grid is subject to impact of various factors such as line loss, house consumption rate, curtailment rate and MLF (MLF denotes Marginal Loss Factor, an economic parameter adopted by the Australia power market operators to reflect the supply and demand of power investment in the power grid, so as to adjust the demand-and-supply conditions at each node on the revenue level).

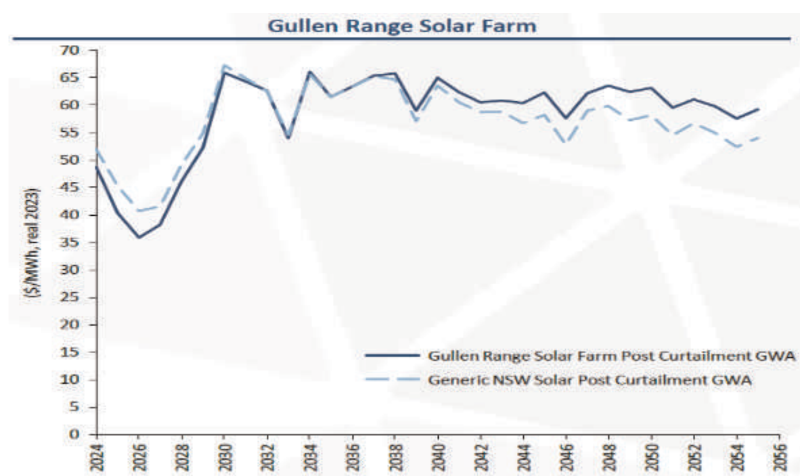
Forecast of future settled electricity was based on the electricity quantity forecast report issued by Baringa, an Australian electricity price forecasting agency.

(4) Determination of electricity price in future years

The forecast of future electricity price adopted under the income approach was based on the electricity price forecast report issued by Baringa, an Australian electricity price forecasting agency. Electricity price comprises two components, including the on-grid tariff settled with AEMO (an Australia NEM operator) and the price of green electricity certificates for transactions on the renewable energy market.

The figures below show the trend of future on-grid tariff movements:





(5) Determination of operating income in future years

The electricity quantity and price as set out in the electricity price forecast report issued by Baringa, an Australia electricity price forecasting agency, were the forecast of respective data on a quarterly basis. In conducting this valuation, the forecast tariff income for the year was determined by multiplying settled electricity by electricity price (exclusive of GST (Goods and Services Tax)), and income for the year was calculated by summing up the quarterly data.

The forecasted income in future years is as follows:

Unit: AUD'0,000

Item	October – December 2023	2024	2025	2026	2027	2028
Total operating income	2,121.61	11,080.14	13,088.83	11,826.76	12,723.29	14,305.34

Item	2029	2030	2031	2032	2033	2034
Total operating income	12,274.95	11,963.35	12,157.96	12,068.29	12,183.87	11,871.70

Item	2035	2036	2037	2038	2039	2040
Total operating income	11,576.23	11,850.64	11,549.65	10,887.92	10,856.48	4,718.65

Item	2041	2042	2043	2044	2045	2046
Total operating income	4,674.23	4,834.11	4,569.08	4,659.81	4,599.80	4,880.53

2. Forecast of operating costs

The operating costs of the company's principal business consist of depreciation and amortization fees, operation and maintenance fees, insurance premium, land lease fees, grid connected fees and other fees.

(1) Forecast of depreciation and amortization in future years

For the forecast of depreciation and amortization, the amount to be depreciated and amortized in the years following the valuation reference date is calculated mainly based on the amount of existing and future new assets of the company, taking into consideration relevant depreciation and amortization policies on corporate assets.

(2) Forecast of operation and maintenance fees

The operation and maintenance contract between the Gullen Wind Farm and Goldwind terminates in 2024, and the bidding of the operation and maintenance contract for the period after 2024 is currently underway; the operation and maintenance contract between the Biala Wind Farm and Goldwind expires in 2027; and the operation and maintenance of the Gullen Solar Farm is undertaken by its parent company, Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd, and the contract is renewable after expiration.

The company currently has operation and maintenance contracts under execution, and the forecast is based on the contracted amount for the forecast period.

(3) *Forecast of insurance premium, land lease fees, and grid connected fees*

The forecast of insurance premium, land lease fees, and grid connected fees is based on the actual expenditure of the appraised entity in 2023 and the relevant contracts.

(4) *Forecast of other fees in future years*

Other fees are mainly accounted for expense items other than expenses stated above, and fee expenditures are all operating expenses for corporate project management. Other fees are mainly determined after interview with corporate production and management personnel, taking into consideration the actual expenditure of the appraised entity in 2023.

Based on the above, the forecasted future costs and gross profit margin are as follows:

Unit: AUD'0,000

Item	**October to December 2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Operating costs	1,231.04	5,069.28	5,120.07	5,126.71	5,187.39	5,360.93
Item	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
Operating costs	5,306.34	5,363.61	5,421.62	5,485.13	5,548.19	5,606.37
Item	**2035**	**2036**	**2037**	**2038**	**2039**	**2040**
Operating costs	5,674.07	5,741.56	5,804.74	5,878.66	5,953.39	2,406.68
Item	**2041**	**2042**	**2043**	**2044**	**2045**	**2046**
Operating costs	2,358.50	2,385.34	2,409.86	2,439.96	2,469.64	1,538.76

The future gross profit margin based on revenue and cost is as follows:

Item	October to December 2023	2024	2025	2026	2027	2028
Gross profit margin	42.00%	54.00%	61.00%	57.00%	59.00%	63.00%
Item	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**
Gross profit margin	57.00%	55.00%	55.00%	55.00%	54.00%	53.00%
Item	**2035**	**2036**	**2037**	**2038**	**2039**	**2040**
Gross profit margin	51.00%	52.00%	50.00%	46.00%	45.00%	49.00%
Item	**2041**	**2042**	**2043**	**2044**	**2045**	**2046**
Gross profit margin	50.00%	51.00%	47.00%	48.00%	46.00%	68.00%

The movements of gross profit margin in future years are due to the fluctuation of forecasted electricity price.

3. Forecast of headquarter management expense

The valuer calculated and determined AUD2 million per year as headquarter management expense based on the interviews, scale of target projects and salaries for necessary management staff.

4. Forecast of income tax

Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd may consolidate its tax payment in accordance with local laws and policies. The applicable local income tax rate is the fixed tax rate of 30%. The income tax expense is forecasted based on applicable corporate income tax expense.

5. Capital expenditure

After interview with corporate production and management personnel, it is determined that the company will have operation and maintenance support in future years with no more capital expenditure.

6. Working capital

In light of the corporate operation status and industry operation characteristics, and after on-site communication with finance personnel of the company, the forecast of working capital requirements in future years is calculated and determined based on the turnover of account receivable, account payable and tax payable.

(1) Determination of working capital as at the valuation reference date

The corporate working capital as at the valuation reference date is calculated and determined based on the appraised results under the cost approach.

Working capital as at the valuation reference date = current assets (excluding surplus currency capital and short-term investment) – current liabilities (excluding interest-bearing debt)

(2) Forecast of working capital requirements in future years

Forecast of working capital requirements in future years is calculated and determined based on the turnover of account receivable, account payable and tax payable.

(3) Increase in working capital in subsequent years

= working capital of the current year – working capital of the previous year

7. Forecast of corporate free cash flow

The forecast results of the corporate free cash flow of appraised entity on the basis of consolidation during the forecast period based on the above forecasts.

(III) Calculation of discount rate and key data

1. Determination of risk-free return rate

Yields on government bond are generally considered to be risk-free. The annual yield to maturity of the 10-year Australian Government Bond as of the valuation reference date is 4.21%, then 4.21% is taken as the risk-free return rate in this valuation.

2. Systematic risk coefficient of the equity interests

The calculation formula of systematic risk coefficient of the equity interests is as follows:

$$\beta_L = [1+(1-T) \times D/E] \times \beta_U$$

Where: T — Income tax rate;

D/E — Structure of target capital of the appraised entity;

β_U— Systematic risk coefficient of equity interests without financial leverage.

In light of the business characteristics of the appraised entity, the valuer obtained levered betas of listed companies engaged in similar businesses in the developed countries such as Canada for a period of 100 weeks prior to 30 September 2023 through Bloomberg. The data was then converted to unlevered betas based on the income tax rate and capital structure of comparable listed companies, thus arriving at an average βu of 0.5441 as the systematic risk coefficient of equity interests without financial leverage for the appraised entity.

Afterwards, D/E is determined as 94.65% based on the capital structure of appraised entity as at the valuation reference date, and the calculation formula of systematic risk coefficient of equity interests is as follows:

$$\beta_L = [1+(1-t) \times D/E] \times \beta_U$$

3. Market risk premium (MRP)

Market risk premium represents the rate of return required by investors for a fully risk-diversified market investment portfolio that is higher than risk-free interest rate. According to Damodaran's findings, 5% is taken as the market risk premium in this valuation.

4. Enterprise specific risk adjustment coefficient (Rc)

The appraised entity achieved on-grid power generation at full capacity as at the valuation reference date, being part of the new energy wind power generation business in New South Wales, Australia. The corporate debt ratio is relatively high as at the valuation reference date, with exposure to market fluctuation of electricity price in future years, the enterprise specific risk adjustment coefficient is determined as 3% after comprehensive analysis.

5. Cost of equity capital

The calculation formula of cost of equity capital is as follows:

$$K_e = R_f + ß \times MRP \times R_c$$

Accordingly, the cost of equity capital for the year with normal payment of income tax is determined as 11.73%.

6. Cost of interest-bearing debt capital (Kd)

5%, being the comprehensive loan interest rate of the appraised entity as at the valuation reference date, is taken as the cost of interest-bearing debt capital.

7. The weighted average cost of capital (WACC)

$$WACC = K_e \times \frac{E}{(D+E)} + K_d \times \frac{D}{(D+E)} \times (1-T)$$

Based on the above determined parameters and calculation formula of WACC, the weighted average cost of capital of the current year is determined as 7.73%.

(IV) Determination of results under income approach

8. Value of operating assets

The value of operating assets is the discounted present value of corporate free cash flow during the forecast period.

9. Value of surplus assets

In this valuation, the surplus currency capital of the appraised entity as at the valuation reference date is recognized as surplus assets, and the appraised value is determined as AUD115.2201 million based on their carrying amounts.

10. Value of non-operating assets

Non-operating assets refer to assets and liabilities that are not related to the day-to-day operation of the enterprise and are not covered by the corporate free cash flow forecast.

11. Determination of interest-bearing debts

As at the valuation reference date, the interest-bearing debts of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd was AUD237.1658 million.

12. Calculation of overall corporate value

Overall corporate value = operating assets value + non-operating assets value + surplus assets value

=702.3547 – 122.8852 + 115.2201

=694.6896 (AUD million)

13. Calculation of total value of shareholders' equity

Total value of shareholders' equity = overall corporate value – interest-bearing debts value

= 694.6896 – 237.1658

= 457.5238 (AUD million)

(V) Market approach

The market approach in the valuation for enterprise value refers to the valuation method of determining the value of the valuation target by comparing the valuation target with comparable listed companies or comparable transaction cases.

As it is difficult to identify transactions comparable to the valuation target and information on certain specific conditions that affect transaction prices cannot be obtained through public channels, and given the fact that listed companies engaged in business similar to the new energy power generation business of the appraised entity can be identified in the international capital market and the relevant comparable factors can be quantified, the listed company comparison approach has been adopted for the valuation.

The listed company comparison approach refers to the valuation approach that obtains and analyzes the operating and financial data of comparable listed companies, calculates appropriate value ratios, and determines the value of the appraised entity based on the comparison with the appraised entity.

1. To analyze the basic conditions of the appraised entity, including the type of enterprise, time of incorporation, place of registration, business structure and market distribution, business model, size, operating stage, growth potential, operation risks, financial risks, etc.

2. To identify comparable listed companies, which shall be selected through comparison mainly based on factors such as business structure, operation model, company size, asset allocation and utilization, operating stage, growth potential, operation risks and financial risks.

3. To analyze and compare the major financial indicators between the appraised entity and comparable companies, mainly including size of assets, operation capability, growth potential, financial risks, etc.

4. To select an appropriate value multiplier for the comparable companies, which shall be revised and adjusted by adopting appropriate methods to estimate the value multiplier of the appraised entity.

5. To determine the final equity value of the appraised entity in accordance with the value multiplier of the appraised entity by taking into consideration the discount for lack of marketability.

Value ratios commonly adopted in the market approach include price/earning ratio (P/E), price-to-book ratio (P/B), price-to-sales ratio (P/S) and enterprise multiplier (EV/EBITDA). As the appraised entity is operated in the new energy power generation industry which is relatively mature and whose main operation assets are fixed assets, thus the enterprise value is highly relevant to the EBITDA, therefore the enterprise multiplier (EV/EBITDA) was selected in this valuation.

The valuation formula is:

Total value of shareholders' equity of the target company = (EBITDA of the target company for 2023 × EV/EBITDA multiplier of comparable companies – interest-bearing debts of the target company as at the reference date) × (1 – liquidity discount rate) + non-operating assets and liabilities + surplus assets

Where: EV/EBITDA of the target company = mean of the revised EV/EBITDA of the comparable listed companies

P/B revision coefficient of the comparable listed companies = adjustment coefficient of influence Factor Ai

Adjustment coefficient of influence Factor Ai = coefficient of the target company/coefficient of the comparable listed companies

(VI) Valuation calculation and analysis process of the market approach

1. Analysis on financial data of the target company

Information on the assets and financial position of the target company for 2023 is as follows:

Unit: AUD million

Items	**2023/12/31 Consolidated Statements**
Total current assets	144.79
Total assets	694.37
Total current liabilities	161.44
Total liabilities	456.16
Net assets	238.21

Items	**2023 Consolidated Statements**
Total operating income	96.07
Total operating costs	59.23
Operating profits	46.83
Total profits	46.83
Net profits	23.41

The indicators of the target company such as growth potential, operating capability and solvency based on the financial data of the company from January to December 2023 are as follows:

Indicators	**Results**
Net profit margin on sales	24.37%
Gross profit margin on sales	45.87%
Return on equity (ROE)	9.83%
Operating income compound growth rate	33.74%
Total asset compound growth rate	4.55%
Gearing ratio	65.69%
Current ratio	90%
Total asset turnover rate (time)	0.14
Current asset turnover rate (time)	0.68

2. Selection of capital market

The selection of capital market mainly takes into account the maturity of market, the activity of securities trading and the availability of data. In this valuation, international market is adopted as the market for sample selection after comprehensive consideration.

3. Selection of comparable companies

As there were no listed companies in the Australia capital market which are engaged in businesses similar to those of the target company, the valuer, after interviews and communications with the target company and on best effort basis, identified 15 listed companies in the international capital market for reference and analysis. Among these 15 listed companies, the valuer selected Boralex Inc, Encavis AG and China Three Gorges Renewables (Group) Co., Ltd. based on criteria that (1) the revenue generated from photovoltaic and wind power generation business accounted for nearly or over 90% of the total revenue; and (2) the EV/EBITDA multiplier was close to the average of EV/EBITDA multiplier of these 15 selected companies. Boralex Inc, Encavis AG and China Three Gorges Renewables (Group) Co., Ltd. are the only three companies among the 15 selected companies that fulfill the above two criteria at the same time.

4. Information on comparable listed companies

Comparable listed company I:

Company code: BLX CT Equity

Company name: BORALEX INC -A

Country of domicile: Canada

Company introduction: Boralex Inc. is a power producer whose core business is the development and operation of renewable energy power stations. The company operates assets in the following power generation types – wind, hydroelectric, thermal and solar – based in Canada, the Northeastern United States and France.

Information on the assets and financial position of BLX CT Equity for 2023 is as follows:

Unit: AUD'0,000

Items	**2023/12/31 Consolidated statements**
Total current assets	85,410.59
Total non-current assets	642,850.33
Total assets	728,260.92
Total current liabilities	79,206.96
Total non-current liabilities	424,837.33
Total liabilities	504,044.29
Net assets	224,216.62

Items	**2023 Consolidated statements**
Total operating income	114,173.51
Total operating costs	86,718.29
Operating profits	27,455.22
Total profits	19,754.37
Net profits	12,834.76

Comparable listed company II:

Company code: ECV GY Equity

Company name: ENCAVIS AG

Chinese company name: Encavis股份公司

Country of domicile: Germany

Company introduction: Encavis AG provides electricity generation from power plants. The company produces power from renewable energy sources which includes solar energy plants and wind farms, as well as specializes in the technical operation of solar parks, routine maintenance, monitoring, incident management, and performance analysis. Encavis AG serves the renewable energy sector in Europe.

Information on the assets and financial position of ECV GY Equity for 2023 is as follows:

Unit: AUD'0,000

Items	**2023/12/31 Consolidated statements**
Total current assets	87,282.26
Total non-current assets	491,178.79
Total assets	578,461.05
Total current liabilities	83,373.35
Total non-current liabilities	302,956.28
Total liabilities	386,329.63
Net assets	192,131.42

Items	**2023 Consolidated statements**
Total operating income	83,193.35
Total operating costs	55,741.33
Operating profits	27,452.02
Total profits	15,756.46
Net profits	9,564.46

Comparable listed company III:

Company code: 600905 CH Equity

Company name: CHINA THREE GORGES RENEWAB-A

Chinese company name:中國三峽新能源(集團)股份有限公司

Country of domicile: China

Company introduction: China Three Gorges Renewable (Group) Co., Ltd. is engaged in renewable energy power generation business. The company produces electricity products such as onshore wind power, photovoltaic power, wind power, hydropower and solar power. China Three Gorges Renewable Group is also engaged in investment business.

Information on the assets and financial position of 600905 CH Equity for 2023 is as follows:

Unit: AUD'0,000

Items	**2023/12/31 Consolidated statements**
Total current assets	978,088.44
Total non-current assets	5,444,011.73
Total assets	6,422,100.17
Total current liabilities	962,999.69
Total non-current liabilities	3,491,827.54
Total liabilities	4,454,827.23
Net assets	1,967,272.94

Items	**2023 Consolidated statements**
Total operating income	563,287.64
Total operating costs	382,770.51
Operating profits	180,517.13
Total profits	175,108.65
Net profits	152,725.89

5. Selection and definition of multipliers

The value ratios commonly adopted in the market approach include price/earning ratio (P/E), price-to-book ratio (P/B), price-to-sales ratio (P/S) and enterprise multiplier (EV/EBITDA). As the appraised entity is operated in the new energy power generation industry which is relatively mature and whose main operation assets are fixed assets, thus the enterprise value is highly relevant to the earnings before interest, taxes, depreciation and amortization (EBITDA), therefore the enterprise multiplier (EV/EBITDA) was adopted in this valuation.

The valuation formula is:

Total value of shareholders' equity of the target company = (EBITDA of the target company for 2023 × EV/EBITDA multiplier of comparable companies – interest-bearing debts of the target company as at the reference date) × (1 – liquidity discount rate) + non-operating assets and liabilities + surplus assets

Where: EV/EBITDA of the target company = mean of the revised EV/EBITDA of the comparable listed companies

P/B revision coefficient of the comparable listed companies = adjustment coefficient of influence Factor Ai

Adjustment coefficient of influence Factor Ai = coefficient of the target company/ coefficient of the comparable listed companies

6. Determination of EV/EBITDA of the comparable listed companies as at valuation reference date

(1) EBITDA

The EBITDA of the three comparable companies for 2023 is as follows:

Unit: AUD million

Items	**BLXCT Equity**	**ECVGY Equity**	**600905CH Equity**
EBIT	252.23	265.58	2,601.20
Add: depreciation, amortisation of intangible assets	327.01	272.72	2,123.78
EBITDA before adjustments	579.24	538.30	4724.98
Less: non-recurring items	0.00	0.00	0.00
EBITDA after adjustments	579.24	538.30	4724.98

The EBITDA of the target company for 2023 is as follows:

Unit: AUD million

Subsidiaries of the valuation target	**Gullen Solar**	**NGRWF**	**Biala**
EBITDA	1.4259	33.4896	33.9051
Total		68.8206	

(2) Forecast of enterprise value (EW)

The forecasted value of equity was calculated based on the average share price of the comparable companies for the 30 trading days prior to 30 September 2023.

The enterprise value is the sum of the market value of equity, value of interest-bearing debts and minority interests, and the enterprise value after deduction of cash of each of the comparable companies is adopted for comparison for comparability purpose. The calculation formula is:

Enterprise value = value of equity – cash and cash equivalents + short-term and long-term debts + minority interests and preferred shares

Enterprise value calculation of the three comparable companies

Unit: AUD million

Comparable companies	**BLXCT Equity**	**ECVGY Equity**	**600905CH Equity**
Market value (30 September 2023)	3,437.18	3,512.01	29,052.67
Less: cash and cash equivalents	545.60	660.64	2,388.30
Add: short-term and long-term debts	4,109.20	3,259.82	31,681.13
Add: minority interests and preferred shares	472.24	413.60	2,653.06
Enterprise value	7,473.02	6,524.79	60,998.55

(3) Calculation of enterprise multiplier (EV/EBITDA) of the comparable listed companies

Unit: AUD million

Comparable companies	**BLXCT Equity**	**ECVGY Equity**	**600905CH Equity**
Enterprise value (EV)	7,473.00	6,524.79	60,998.55
EBITDA	579.24	538.30	4,724.98
EV/EBITDA	12.90	12.12	12.91

7. Determination of the enterprise multiplier (EV/EBITDA) revision coefficient of the target company and the comparable listed companies

In order to conduct a comprehensive and sound analysis and present the differences between the appraised entity and comparable listed companies, factors such as assets under management, profitability, operation capability, growth potential, repayment capability and others are adopted as revision factors in this valuation.

Each indicator is compared and adjusted on the basis of the standard score of 100 for the target company, and each indicator coefficient of comparable listed companies is determined after comparison against the target company, with the resulting score less than 100 if its factor coefficient is inferior to that of the target company, while the score greater than 100 if its factor coefficient is better than that of the target company.

Revision coefficient=100/comparable listed companies' score

The main relevant indicators and analysis adjustment of the target company and the comparable listed companies are as follows

(4) Asset under management indicator

Items		Clean Energy	BLXCT Equity	ECVGY Equity	600905CH Equity
Total assets *(AUD million)*	Index values	694.37	7,282.61	5,784.61	64,221.00
	Scores	100.00	102.00	102.00	103.00
Net assets attributable to the parent company *(AUD million)*	Index values	238.21	1,804.59	1,511.44	17,003.50
	Scores	100.00	101.00	102.00	103.00
Weighted average scores		100.00	102.00	102.00	103.00
Revision coefficient		1.0000	0.9804	0.9804	0.9709

(5) Profitability indicator

Items		Clean Energy	BLXCT Equity	ECVGY Equity	600905CH Equity
Gross profit margin on sales	Index values	45.87%	24.05%	33.00%	32.05%
	Scores	100.00	99.00	99.00	99.00
Return on equity (ROE)	Index values	9.83%	4.82%	5.75%	7.62%
	Scores	100.00	99.00	99.00	100.00
Weighted average scores		100.00	99.00	99.00	100.00
Revision coefficient		1.0000	1.0101	1.0101	1.0000

(6) Operation capability indicator

Items		Clean Energy	BLXCT Equity	ECVGY Equity	600905CH Equity
Total asset turnover rate (time)	Index values	0.1345	0.1589	0.1489	0.0939
	Scores	100.00	102.00	101.00	99.00
Current asset turnover rate (time)	Index values	0.6815	1.4774	1.0533	0.5961
	Scores	100.00	102.00	102.00	100.00
Weighted average scores		100.00	102.00	102.00	100.00
Revision coefficient		1.0000	0.9804	0.9804	1.0000

(7) Growth potential indicator

Items		Clean Energy	BLXCT Equity	ECVGY Equity	600905CH Equity
Growth rate of operating income	Index values	33.74%	24.15%	19.40%	28.85%
	Scores	100.00	99.00	98.00	99.00
Compound growth rate of gross profit margin	Index values	2.42%	– 5.07%	– 2.64%	– 5.41%
	Scores	100.00	99.00	99.00	99.00
Weighted average scores		100.00	99.00	99.00	99.00
Revision coefficient		1.0000	1.0101	1.0101	1.0101

(8) Solvency indicator

Items		Clean Energy	BLXCT Equity	ECVGY Equity	600905CH Equity
Gearing ratio	Index values	65.69%	69.21%	66.79%	69.37%
	Scores	100.00	101.00	100.00	101.00
Current ratio	Index values	89.68%	107.83%	104.69%	101.57%
	Scores	100.00	102.00	102.00	102.00
Weighted average scores		100.00	102.00	101.00	102.00
Revision coefficient		1.0000	0.9804	0.9901	0.9804

(9) Other factor adjustment

Items		Clean Energy	BLXCT Equity	ECVGY Equity	600905CH Equity
ROIC	Index values	6.70%	3.79%	3.99%	5.05%
	Scores	100.00	99.00	99.00	100.00
Income tax rate	Index values	25.00%	25.32%	25.87%	25%
	Scores	100.00	100.00	100.00	100.00
Weighted average scores		100.00	99.50	99.50	100.00
Revision coefficient		1.0000	1.0100	1.0100	1.0000

(10) Statement of adjustments to revision coefficient

Adjustment coefficient of influence Factor Ai = coefficient of the target company/coefficient of the comparable listed companies. Statement of adjustments to EV/EBITDA revision coefficient is as follows:

Comparison factors	**BLXCT Equity**	**ECVGY Equity**	**600905CH Equity**
Assets under management	0.9804	0.9804	0.9709
Profitability	1.0101	1.0101	1.0000
Growth potential	1.0101	1.0101	1.0101
Risk management capability	0.9804	0.9901	0.9804
Operational ratio	0.9804	0.9804	1.0000
Other factor adjustment	1.0100	1.0100	1.0000
Revision coefficient	**0.9711**	**0.9807**	**0.9615**

(11) Determination of EV/EBITDA of the target company

After the EV/EBITDA indicators of the comparable listed companies were revised, the EV/EBITDA of the target company is determined by calculating the mathematic average of the revised indicators of the three comparable companies. The calculation results are as follows:

Items	**BLXCT Equity**	**ECV GY Equity**	**600905CH Equity**
Revision coefficient	0.9711	0.9807	0.9615
EV/EBITDA of the comparable listed companies	12.90	12.12	12.91
Adjusted EV/EBITDA	12.53	11.89	12.41
Mathematic average of the EV/EBITDA of the target company		12.28	

As calculated, the EV/EBITDA of the target company was 12.28.

8. Determination of liquidity discount rate

Since the comparable listed companies selected for the valuation are all listed companies, their shares are highly liquid, while the valuation target is a non-listed company, thus discount for lack of marketability need to be taken into consideration.

The main business of the appraised entity is the operation of new energy power generation project in Australia. Based on the aforesaid relevant analysis and the recent research findings by the research and development department of Beijing China Enterprise Appraisals, the discount for lack of marketability is determined as 25%.

9. Valuation conclusion under the listed company comparison approach

Total value of shareholders' equity of the target company = (EBITDA of the target company for 2023 × EV/EBITDA of the target company – interest-bearing debts) × (1 – liquidity discount rate) + value of surplus assets + net value of non-operating assets and liabilities

= (68.8206 × 12.28 – 237.1658) × (1-25.00%) + 115.2201 – 122.8852

= AUD448.2983 million

VII. VALUATION ASSUMPTIONS

The assumptions adopted for the analysis and estimations in the Asset Valuation Report are as below:

(I) General assumptions

1. It is assumed that the assets being evaluated will continue to be used according to their current purposes and usage methods;

2. It is assumed that there is no major change in PRC's current laws, regulations and policies and PRC's macroeconomic situations and there is no major change in the political, economic and social environment of the regions where the parties to this transaction are located;

3. It is assumed that the entity continues to operate based on the actual status of the assets as at the valuation reference date;

4. It is assumed that there is no major change in the interest rate, exchange rate, tax basis and rate, policy levy fees relevant to the appraised entity after the valuation reference date;

5. It is assumed that the management of the appraised entity is responsible, stable and capable of fulfilling its duties after the valuation reference date;

6. It is assumed that there is no force majeure and unforeseen factors that will have a material adverse effect on the appraised entity after the valuation reference date.

(II) Special assumptions

1. The comparable listed companies involved for the market approach are based on open market assumption and normal trading assumption;

2. The market approach is conditional upon the effectiveness and activity of the capital market and then selecting and determining the comparable listed companies in the market;

3. It is assumed that after the valuation reference date, the appraised entity will maintain the same business scope and methods based on the current management methods and management levels;

4. It is assumed that after the valuation reference date, the cash inflow of the appraised entity is the average inflow and the cash outflow is the average outflow;

5. It is assumed that there is no significant difference between the future electricity price and quantity of the new energy projects of the appraised entity and the level predicted by Australian professional electricity price and quantity forecasting agency;

6. It is assumed that the land leases of the Gullen wind power project and Biala wind power project will be renewed at the current contract price after the current leases expire.

The valuation conclusions set out in this asset valuation report are tenable as of the valuation reference date under the aforesaid assumptions, and in the event of significant changes in the aforesaid assumptions, the signatory asset appraiser and the valuation organization will not assume any responsibility for deriving different valuation conclusions due to changes in the assumptions.

VIII. VALUATION CONCLUSIONS

(I) Valuation results under the income approach

As at the valuation reference date, in terms of the parent company, the carrying amount of total assets of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd was AUD354.5822 million; the liabilities included current liabilities and non-current liabilities, and the carrying amount of total liabilities was AUD182.6352 million; and the carrying amount of net assets was AUD171.9470 million.

The value of the total shareholders' equity of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd under the income approach was AUD457.5238 million, representing an increase of AUD285.5768 million or 166.08% (in terms of the parent company).

As at the valuation reference date, on consolidated basis, the carrying amount of total assets of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd was AUD704.4422 million; the liabilities included current liabilities and non-current liabilities, and the carrying amount of total liabilities was AUD461.6715 million; and the carrying amount of net assets (on consolidated basis and in terms of the parent company) was AUD242.7706 million.

The value of the total shareholders' equity of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd under the income approach was AUD457.5238 million, representing an increase of AUD214.7532 million or 88.46% (on consolidated basis).

(II) Valuation results under the market approach

As at the valuation reference date, in terms of the parent company, the carrying amount of total assets of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd was AUD354.5822 million; the liabilities included current liabilities and non-current liabilities, and the carrying amount of total liabilities was AUD182.6352 million; and the carrying amount of net assets was AUD171.9470 million.

The value of the total shareholders' equity of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd under the market approach was AUD448.2983 million, representing an increase of AUD276.3513 million or 160.72% (in terms of the parent company).

As at the valuation reference date, on consolidated basis, the carrying amount of total assets of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd was AUD704.4422 million; the liabilities included current liabilities and non-current liabilities, and the carrying amount of total liabilities was AUD461.6715 million; and the carrying amount of net assets (on consolidated basis and in terms of the parent company) was AUD242.7706 million.

The value of the total shareholders' equity of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd under the market approach was AUD448.2983 million, representing an increase of AUD205.5277 million or 84.66% (on consolidated basis).

(III) Valuation conclusions

The value of the total shareholders' equity under the income approach and the market approach was AUD457.5238 million and AUD448.2983 million, respectively, representing a difference of AUD9.2255 million or 2.02%.

The difference in the valuation results under the income approach and the market approach was mainly due to their different perspectives. Under the market approach, reference objects are identified in the market to conduct evaluation of the valuation target. The income approach involved in enterprise valuation is a valuation method in which the expected income of the appraised entity will be capitalized or discounted to determine the value of the valuation target, i.e. the valuation results under the income approach were arrived from the perspective of future profitability of a company,

Under the market approach, the value of the valuation target is derived by way of comparison, the result of which is subject to various factors such as the regional market in which the comparable companies operate and the business operation of the comparable companies, and the adjustment factors are not able to give a comprehensive presentation of the differences between the comparable factors, thus there are some uncertainties in the valuation results under the market approach. Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd owns two wind power projects and one solar power project which have been put into operation, and the electricity price of the power generation projects in the future are forecasted by an Australian professional agency with detailed operation cost items, thus the costs can be reasonably quantified and the forecast of future revenue and risks can be determined. Therefore, the income approach can better reflect the market value of the consolidated assets of the enterprise and can present a more comprehensive picture of the market value of the valuation target as at the valuation reference date.

Based on the above analysis, the valuation conclusion of this asset valuation report is the valuation result under the income approach, i.e., the appraised value of total shareholders' equity of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd being AUD457.5238 million.

Based on the exchange rate of AUD1 = RMB4.5934 as published by the Bank of China as at the valuation reference date, the appraised value of the total shareholders' equity of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd was RMB2,101.5898 million.

This asset valuation report did not take into consideration the impact of premium or discount that may arise due to entitlement of control or lack of control over the value of the valuation target.

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF 40% EQUITY INTEREST IN BEIJING JINGNENG CLEAN ENERGY (AUSTRALIA) HOLDING PTY LTD

TO THE DIRECTORS OF BEIJING JINGNENG CLEAN ENERGY CO., LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Beijing China Enterprise Appraisals Co., Ltd. dated 1 August 2024, of a 40% equity interest in Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd ("Target Company") as at 30 September 2023 (the "Valuation") is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and will be included in an announcement dated 10 September 2024 to be issued by Beijing Jingneng Clean Energy Co., Limited (the "Company") in connection with the disposal of 40% equity interest in Target Company (the "Announcement").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the "Assumptions"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of Target Company.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
10 September 2024

Beijing Jingneng Clean Energy Co., Limited
北京京能清潔能源電力股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00579)

Listing Department
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

10 September 2024

Dear Sirs,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF 40% EQUITY INTEREST IN BJCE AUSTRALIA

We refer to the valuation report dated 1 August 2024 prepared by Beijing China Enterprise Appraisals Co., Ltd. (北京中企華資產評估有限責任公司) in relation to the valuation of BJCE Australia, which constitutes profit forecasts under Rule 14.61 of the Listing Rules. Terms defined in the announcement of the Company dated 20 August 2024 in respect of the disposal of 40% equity interest in BJCE Australia shall have the same meanings in this letter unless the context otherwise requires.

We have reviewed the bases and assumptions based upon which the valuation of BJCE Australia has been prepared by Beijing China Enterprise Appraisals Co., Ltd. for which Beijing China Enterprise Appraisals Co., Ltd. is responsible. We have also considered the report from the reporting accountants regarding whether the discounted cash flows, so far as the calculation are concerned, have been properly compiled, in all material respects, in accordance with their respective bases and assumptions.

On the basis of the foregoing, we are of the opinion that the valuation prepared by Beijing China Enterprise Appraisals Co., Ltd. has been made after due and careful enquiries.

By Order of the Board
Beijing Jingneng Clean Energy Co., Limited
CHEN Dayu
Chairman

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, none of the Directors, supervisors or members of the senior management of the Company had any interest or short position in the Shares and underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Hong Kong Stock Exchange.

Save for Mr. Zhou Jianyu holding position in BEH and Mr. Song Zhiyong holding position in BSCOMC, as at the Latest Practicable Date, none of the Directors was a director or an employee of any shareholders of the Company or a company which has an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

BEH, BDHG, BEI (HK) and BSCOMC, are required to abstain from voting on the resolution in relation to the Sale and Purchase Agreement and the transaction contemplated thereunder at the EGM.

3. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Group were made up to.

4. MATERIAL LITIGATION

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

5. QUALIFICATIONS AND CONSENT OF EXPERT

The qualifications of the experts who have given the opinion or advice in this circular with the inclusion of their letters, reports, and/or opinions or statements and references to their names and logos in the form and context in which they are included are as follows:

Name	Qualification
BaoQiao Partners	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Beijing China Enterprise Appraisals	an independent valuer qualified in the PRC
Deloitte	reporting accountants

As of the Latest Practicable Date, each of the experts mentioned above: (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion and the references to its names included herein in the form and context in which it is respectively included; (ii) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (iii) has no direct or indirect interests in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

7. INTERESTS IN THE ASSETS OR CONTRACTS OF THE GROUP

As at the Latest Practicable Date, none of the Directors, the supervisors of the Company and the above experts had any interest, direct or indirect in any asset which have been, since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors and the supervisors of the Company was materially interested, directly or indirectly, in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

8. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save for Mr. Zhou Jianyu holding position in BEH and Mr. Song Zhiyong holding position in BSCOMC, in so far as the Directors are aware, as at the Latest Practicable Date, none of the Directors or their respective close associates (as defined in the Listing Rules) had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder of the Company).

9. MISCELLANEOUS

Joint Company Secretaries

Mr. Zhang Wei and Mr. Leung Chi Kit are the joint company secretaries of the Company.

Mr. Zhang Wei holds a bachelor's degree in economics and holds the professional technical qualifications of senior economist and accountant. Mr. Leung Chi Kit ("**Mr. Leung**") is a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider), has more than 10 years of experience in company secretarial field. Mr. Leung is also an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Registered Office

The registered office of the Company is situated at Room 118, No. 1 Ziguang East Road, Badaling Economic Development Zone, Yanqing District, Beijing, the PRC. The principal place of business of the Company is situated at 7/8/9 Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC.

10. DOCUMENTS ON DISPLAY

Copies of the Sale and Purchase Agreement will be available on display on the website of the Hong Kong Stock Exchange at (http://www.hkexnews.hk) and the website of the Company (https://www.jncec.com) for a period of not less than 14 days from the date of this circular.

Beijing Jingneng Clean Energy Co., Limited
北京京能清潔能源電力股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00579)

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING OF 2024

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Beijing Jingneng Clean Energy Co., Limited (the "**Company**") will be held at 10:00 a.m. on Monday, 30 September 2024 at Meeting Room 802, 8th Floor, No. 6 Xibahe Road, Chaoyang District, Beijing, the PRC, for the purposes of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

1. To consider and approve the proposed disposal of 40% equity interest in Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd to Beijing Energy International (Australia) Holding Pty Ltd.

By Order of the Board
Beijing Jingneng Clean Energy Co., Limited
CHEN Dayu
Chairman

Beijing, the PRC
12 September 2024

As at the date of this notice, the executive Directors of the Company are Mr. Chen Dayu, Mr. Li Minghui and Mr. Zhang Wei; the non-executive Directors are Mr. Zhou Jianyu, Mr. Song Zhiyong and Ms. Zhang Yi; the independent non-executive Directors are Ms. Zhao Jie, Mr. Wang Hongxin, Mr. Qin Haiyan and Ms. Hu Zhiying.

Notes:

Details of the ordinary resolution are set out in the circular of the Company dated 12 September 2024 (the "**Circular**"). Unless otherwise defined, capitalized terms shall have the same meanings as defined in the Circular.

1. CLOSURE OF REGISTER FOR H SHARES, ELIGIBILITY FOR ATTENDING THE EGM

Holders of H shares of the Company are advised that the share register for H shares of the Company will be closed from Wednesday, 25 September 2024 to Monday, 30 September 2024 (both days inclusive). The shareholders whose names appear on the register of members of the Company on the close of business on Tuesday, 24 September 2024 are entitled to attend and vote at the EGM.

Holders of H shares of the Company who wish to attend the EGM but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Tuesday, 24 September 2024 for registration.

2. PROXY

Shareholders entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote in their stand. A proxy needs not be a shareholder of the Company.

The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorized in writing. If the shareholder is a corporate body, the proxy form must be either executed under its common seal or under the hand of its director(s) or duly authorized attorney(s). If the proxy form is signed by an attorney of the shareholder, the power of attorney authorizing that attorney to sign or other authorization documents must be notarized.

For holders of H shares of the Company, the proxy form together with the power of attorney or other authorization document (if any) must be lodged at the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in person or by post not less than 24 hours before the time fixed for holding the EGM (i.e. by no later than 10:00 a.m. on Sunday, 29 September 2024) or any adjournment thereof (as the case may be) in order to be valid. Shareholders can still attend and vote at the EGM upon completion and return of the proxy form.

3. ADDRESS AND TELEPHONE NUMBER OF THE COMPANY'S PRINCIPAL PLACE OF BUSINESS IN THE PRC

Address: 7/8F, No. 6 Xibahe Road,
Chaoyang District,
Beijing,
the PRC

Telephone: (86 10) 8740 7010/(86 10) 8740 7065

4. PROCEDURES FOR VOTING AT THE EGM

Any vote of shareholders at the EGM must be taken by poll.

5. OTHER BUSINESS

Shareholders (in person or by proxy) attending the EGM are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the EGM shall produce their identity documents.

6. References to time and dates in this notice are to Hong Kong time and dates.