THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

京能集团

北京能源國際控股有限公司

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

(1) PROPOSED SHARE CONSOLIDATION;
(2) MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 42.01% EQUITY INTEREST IN BEIED;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out from pages 8 to 20 of this circular.

A notice convening a SGM to be held at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, the PRC) on Wednesday, 30 October 2024 at 11:00 a.m. is set out on pages 145 to 147 of this circular. For the avoidance of doubt, holders of Treasury Shares, if any, shall abstain from voting at the SGM.

A form of proxy for the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

14 October 2024

CONTENTS

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

"ABC Investment"	ABC Financial Asset Investment Co., Ltd.*(農銀金融資產投資有限公司), a company established in the PRC with limited liability and wholly owned by Agricultural Bank of China Limited*(中國農業銀行股份有限公司), which is the vendor under the Equity Transfer Agreement
"Acquisition"	the acquisition of 42.01% of the issued share capital in BEIED by the Company from ABC Investment
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"BEH"	Beijing Energy Holding Co., Ltd.*(北京能源集團有限責任公司), a company established in the PRC with limited liability and a controlling Shareholder holding 7,176,943,498 Shares, representing approximately 32.64% of the voting rights underlying the issued Shares (excluding Shares held by the Company as Treasury Shares)
"BEIED"	BEI Energy Development (Beijing) Co., Ltd.*(京能國際能源發展(北京)有限公司), a company established in the PRC with limited liability and owned as to approximately 57.63% by BEII, approximately 42.01% by ABC Investment and approximately 0.36% by Changzhou New Energy as at the Latest Practicable Date
"BEII"	Beijing Energy International Investment Limited(北京能源國際投資有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"BEJN"	BEJN International Holding Co., Ltd.*(北京京能國際控股有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company, which is the purchaser under the Equity Transfer Agreement
"Board"	the board of Directors
"Bye-laws"	the bye-laws of the Company currently in force

"Capital Increase"	the capital increase by ABC Investment for approximately 42.01% of the enlarged equity interest in BEIED pursuant to the capital increase agreement dated 22 December 2022
"Capital Increase Agreement"	the capital increase agreement dated 22 December 2022 entered into by ABC Investment, BEII, Changzhou New Energy, BEIED and the Company for Capital Increase
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Operational Procedures"	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
"Changzhou New Energy"	Silk Road New Energy (Changzhou) Co., Ltd.*(絲綢之路新能源(常州)有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
"Company"	Beijing Energy International Holding Co., Ltd., a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 686)
"Completion Date"	the date on which completion takes place
"Completion of the Acquisition"	completion of the Acquisition
"Conditions Precedent to the Acquisition"	the conditions precedent to the Completion of the Acquisition set out in the Equity Transfer Agreement
"connected persons"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration receivable by ABC Investment pursuant to the Equity Transfer Agreement
"Consolidated Share(s)"	ordinary share(s) of HK$1.0 each in the share capital of the Company after the Share Consolidation becomes effective
"Director(s)"	director(s) of the Company
"Enlarged Group"	the Group and BEIED

“Equity Transfer Agreement”	the equity transfer agreement dated 20 December 2023 entered into among BEIED, ABC Investment, BEII, Changzhou New Energy and BEJN for the Acquisition
“Existing Share(s)”	ordinary share(s) of HK$0.1 each in the existing share capital of the Company before the Share Consolidation becomes effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“GW”	gigawatt(s)
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	person(s) who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties independent of, and not connected with, the Company and its connected person(s)
“Latest Practicable Date”	8 October 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt(s)
“MWh”	megawatt-hour(s)

"MWp"	mega-watt-peak
"PRC"	the People's Republic of China which, for the purpose of this circular (unless otherwise defined), excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGM"or "Special General Meeting"	the special general meeting of the Company to be convened at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, the PRC) on Wednesday, 30 October 2024 at 11:00 a.m. or any adjournment thereof, and the notice of which is attached to this circular
"Share(s)"	the Existing Share(s) or as the context may require, the Consolidated Share(s)
"Shareholder(s)"	shareholder(s) of the Company
"Share Consolidation"	the proposed consolidation of every ten (10) issued and unissued Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company
"Share Option(s)"	the option(s) to subscribe for new Shares granted under the Share Option Scheme
"Share Option Scheme"	the share option scheme adopted by the Company on 15 June 2022
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules

"Treasury Share(s)"	has the meaning ascribed to it under the Listing Rules
"%"	per cent

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

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is set out below. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.

Event(s)	**Time and Date**
Latest time for lodging transfers of shares in order to qualify for attendance and voting at the SGM	4:30 p.m. on Thursday, 24 October 2024
Closure of register of members for determining the entitlement to attend and vote at the SGM (both days inclusive)	Friday, 25 October 2024 to Wednesday, 30 October 2024
Latest time for lodging forms of proxy for the SGM (not less than 48 hours prior to the time of the SGM)	11:00 a.m. on Monday, 28 October 2024
Date and time of the SGM	11:00 a.m. on Wednesday, 30 October 2024
Publication of the announcement of the results of the SGM	Wednesday, 30 October 2024

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation.

Effective date of the Share Consolidation	Friday, 1 November 2024
First day of free exchange of existing share certificates for new share certificates for Consolidated Shares	Friday, 1 November 2024
Dealing in the Consolidated Shares commences	9:00 a.m. on Friday, 1 November 2024
Original counter for trading in the Existing Shares in board lots of 2,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Friday, 1 November 2024

Event(s)	Time and Date
Temporary counter for trading in the Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Friday, 1 November 2024
Original counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens	9:00 a.m. on Friday, 15 November 2024
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) commences	9:00 a.m. on Friday, 15 November 2024
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Friday, 15 November 2024
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Thursday, 5 December 2024
Temporary counter for trading in the Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Thursday, 5 December 2024
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidated Shares and existing share certificates) ends	4:10 p.m. on Thursday, 5 December 2024
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	4:30 p.m. on Monday, 9 December 2024

北京能源國際控股有限公司
Beijing Energy International Holding Co., Ltd.
(Incorporated in Bermuda with limited liability)
(Stock code: 686)

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

Non-executive Directors:
Mr. Liu Guoxi
Mr. Su Yongjian
Mr. Li Hao
Mr. Lu Xiaoyu
Mr. Wang Cheng

Independent Non-executive Directors:
Ms. Jin Xinbin
Ms. Li Hongwei
Mr. Zhu Jianbiao
Mr. Zeng Ming

Registered Office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business in Hong Kong:
Unit 1012, 10/F.
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

14 October 2024

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED SHARE CONSOLIDATION;
(2) MAJOR TRANSACTION IN RELATION TO ACQUISITION OF 42.01% EQUITY INTEREST IN BEIED;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide you with, among other things, (i) further details of the Share Consolidation; (ii) details of the Equity Transfer Agreement and the Acquisition contemplated thereunder; (iii) financial information of the Group and BEIED; (iv) unaudited pro forma financial information of the Enlarged Group; (v) the notice of SGM; and (vi) other information as required under the Listing Rules, to enable you to make an informed decision on whether to vote for or against those resolutions at the SGM.

2. PROPOSED SHARE CONSOLIDATION

Reference is made to the announcement of the Company dated 25 September 2024 in respect of the proposed Share Consolidation.

The Board proposes that every ten (10) Existing Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share.

Effects of the Share Consolidation

As at the Latest Practicable Date, the authorised share capital of the Company is HK$3,000,000,000 divided into 30,000,000,000 Shares of par value of HK$0.1 each, and there are 22,333,644,432 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the date hereof until the date of the SGM, upon the Share Consolidation becoming effective, there will be 2,233,364,443 Consolidated Shares in issue which are fully paid or credited as fully paid. The authorised share capital of the Company will remain at HK$3,000,000,000 but will be divided into 3,000,000,000 Consolidated Shares of HK$1.0 each.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Company.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

(i) the passing of an ordinary resolution by the Shareholders at the SGM to approve the Share Consolidation;

(ii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and

(iii) the compliance with all relevant procedures and requirements under the applicable laws of Bermuda (where applicable) and the Listing Rules to effect the Share Consolidation.

The Share Consolidation is expected to become effective on Friday, 1 November 2024 subject to the fulfilment of the above conditions.

Listing Application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective and the Consolidated Shares which may be issued pursuant to the exercise of the Share Options which may be granted under the Share Option Scheme.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Based on the closing price of HK$0.187 per Existing Share (equivalent to the theoretical closing price of HK$1.87 per Consolidated Share) as at the Latest Practicable Date, (i) the value per board lot of 2,000 Existing Shares is HK$374; and (ii) the value per board lot of 2,000 Consolidated Shares would be HK$3,740 on the assumption that the Share Consolidation becomes effective.

3. OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares (if any) will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint Computershare Hong Kong Investor Services Limited as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Any Shareholder who wishes to use this matching service should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 6:00 p.m. within such period). Holders of the Consolidated Shares who would like to match odd lots are recommended to make an appointment in advance by dialing the telephone number of Computershare Hong Kong Investor Services Limited set out above.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on Friday, 1 November 2024, Shareholders may on or after Friday, 1 November 2024 and until Monday, 9 December 2024 (both days inclusive), submit their existing share certificates in blue colour for the Existing Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for exchange for new share certificates in orange colour for the Consolidated Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of new share certificates, a fee of HK$2.5 per share certificate (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the share registrar for exchange of new share certificates.

After 4:10 p.m. on Thursday, 5 December 2024, trading will only be in Consolidated Shares which share certificates will be issued in orange colour. Existing share certificates in blue colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

4. PROPOSED ADJUSTMENT TO THE EXISTING SHARE OPTIONS

As at the Latest Practicable Date, there are outstanding Share Options entitling the holders thereof to subscribe for up to an aggregate of 332,617,800 Existing Shares.

Under the conditions of the Share Option Scheme, in the event of any alteration in the capital structure of the Company while any Share Options granted remain exercisable, and such event arises from, among other things, consolidation of the Shares, the Company shall appoint its auditors or an independent financial adviser to certify in writing the adjustment to the existing Share Options including the outstanding number of Share Options and exercise price, and an adjustment as so certified by the calculation agent shall be made.

The expected adjustments to be made in respect of the outstanding Share Options as a result of the Share Consolidation are set out as follows:

Date of Grant	Name of Grantees	Position	Exercise price before adjustment (per Share)	Number of Shares to be issued upon exercise of all Share Options	Adjusted exercise price (per Consolidated Share)	Adjusted number of Consolidated Shares to be issued upon exercise of all Share Options
16 June 2022	Mr. Zhang Ping	Chairman of the Board and an executive Director	HK$0.240	15,840,000	HK$2.400	1,584,000
	Mr. Liu Guoxi	Non-executive Director	HK$0.240	8,580,000	HK$2.400	858,000
	Mr. Zhu Jun	Chief executive officer of the Company	HK$0.240	18,513,000	HK$2.400	1,851,300
	Other employee participants	Senior management of the Company and core management personnel of the Group	HK$0.240	205,114,800	HK$2.400	20,511,480
15 June 2023	Other employee participants	Senior management of the Company and core management personnel of the Group	HK$0.200	84,570,000	HK$2.000	8,457,000
TOTAL				**332,617,800**		**33,261,780**

The Company will engage an independent financial adviser or the auditors of the Company to certify the adjustments to the outstanding Share Options and the Company will make further announcement(s) as and when appropriate in this regard.

Save for the aforesaid, as at the Latest Practicable Date, the Company has no other outstanding options, warrants or securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

5. REASONS FOR THE SHARE CONSOLIDATION

In view of the recent trading price of the Shares, the Board considers that the Share Consolidation will enable the Company to comply with the trading requirements under the Listing Rules and enhance transaction efficiency. Firstly, the Share Consolidation is anticipated to increase the market value of each board lot, where the trading unit remains constant. This increase is expected to reduce the transaction and registration costs incurred by the Shareholders and investors of the Company in dealing in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade. It is expected that such reduction will make investing in the Shares more attractive to a boarder range of investors. In the event that the shareholder base is broadened and there are more investors who are interested in investing the Shares, it may in turn result in more favourable bid-ask spreads, which is beneficial for the trading process. This improvement in spreads is projected to stimulate trading activities, thereby increasing both liquidity and turnover in the market. Moreover, the Share Consolidation is expected to reduce transaction costs, which can become significant when the stock price is low, as certain fees are calculated on a per-share basis. Lastly, certain international financial institutions are often restricted from investing in stocks that are priced below a specific value, typically around HK$1. The Share Consolidation will thus make investing in the Shares more attractive to a broader range of investors, and therefore further broaden the shareholder base of the Company. The Company has considered other alternative ratios for the Share Consolidation but it is of the view that the ratio of every ten (10) Existing Shares in the issued and unissued share capital of the Company to be consolidated into one (1) Consolidated Share would be the most suitable ratio for the purpose of the Share Consolidation.

In determining the ratio for the Share Consolidation, the Board has taken into account various factors including (i) whether the Share Consolidation would achieve the purpose of complying with the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated in June 2024 (in particular, meeting the expected value per board lot of at least HK$2,000); (b) whether the value per board lot of Consolidated Shares would enhance the attractiveness of the Shares; and (c) whether the Share Consolidation ratio would result in the nominal of the Consolidated Shares becoming a fractional number.

Based on the closing price of HK$0.187 per Existing Share (equivalent to the theoretical closing price of HK$1.87 per Consolidated Share) as at the Latest Practicable Date, the value per board lot of 2,000 Consolidated Shares would be HK$3,740 on the assumption that the Share Consolidation becomes effective, which is over the expected value per board lot of at least HK$2,000. The Board considers such Share Consolidation ratio will not make the cost of each board lot too high and this can help maintaining fairness to public investors by not substantially increasing the trading value for each board lot of Consolidated Shares. Besides, given that general investors tend to associate low share price with business non-performance, higher volatility and higher investment risk, the Board believes that such an upward adjustment and maintaining the value of each board lot of Consolidated Shares at a reasonable price will make investing in the Consolidated Shares more appealing to investors. Furthermore, the Board is of the view that the proposed Share Consolidation ratio is suitable in the sense that it can avoid the nominal value of the Consolidated Shares becoming a fractional number (as compared to adopting other alternative ratios), which may raise investors' unnecessary concern and thus defeat the purpose of enhancing the attractiveness of the Shares.

The Board considers that the Share Consolidation is justifiable and essential to achieve the above-mentioned purpose. Taking into account of the potential benefits mentioned above and the potential costs and impact arising from the creation of odd lots to the Shareholders, the Board is of the view that the Share Consolidation is in the best interest of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company has no intention to carry out other corporate actions in the next 12 months which may affect the trading in the Shares, and the Company does not have any concrete plan to conduct any fund-raising activities in the next 12 months.

6. ACQUISITION OF 42.01% EQUITY INTEREST IN BEIED

References are made to (i) the announcement of the Company dated 22 December 2022 in respect of, among other things, the Capital Increase; and (ii) the announcement of the Company dated 20 December 2023 in relation to, among other things, the Acquisition and the Equity Transfer Agreement.

On 20 December 2023, BEIED, ABC Investment, BEII, Changzhou New Energy and BEJN entered into the Equity Transfer Agreement, pursuant to which ABC Investment has conditionally agreed to sell and BEJN has conditionally agreed to purchase 42.01% of the equity interest in BEIED.

Principal terms of the Equity Transfer Agreement

The principal terms of the Equity Transfer Agreement agreed are set out as below:

Date: 20 December 2023

Parties:

(i) BEIED;

(ii) BEII;

(iii) Changzhou New Energy;

(iv) ABC Investment (as the vendor); and

(v) BEJN (as the purchaser).

Subject Matter: ABC Investment has conditionally agreed to sell and BEJN has conditionally agreed to purchase 42.01% of the equity interest in BEIED.

Dividend Distribution:	During the period ABC Investment being a holder of the equity interest in BEIED, ABC Investment shall have dividend payments out of the profits of BEIED available for distribution at the expected annualised rate of return of 5.6% multiplied by the total amount of capital contribution made by ABC Investment to BEIED as at the date of dividend distribution.
Consideration and Payment Terms:	The Consideration is RMB1 billion subject to adjustment. In the event that BEIED has paid the outstanding amount of dividend payment to ABC Investment for the period from 1 July 2023 until the Completion Date, the Consideration will be RMB1 billion. If BEIED fails to make the relevant dividend payment, the Consideration will be RMB1 billion plus an alternative amount receivable by ABC Investment, being the amount of unpaid dividend during the period when ABC Investment being a holder of the equity interest in BEIED divided by 0.75 (after deducting the statutory tax rate of 25% for the PRC Corporate Income Tax). BEJN undertakes that the Consideration shall be paid by BEJN to ABC Investment on or prior to the Completion Date to the designated bank account of ABC Investment.
Conditions Precedent:	The Completion of the Acquisition is conditional on the Company having obtained all required approvals for the Equity Transfer Agreement and the transaction contemplated thereunder, including but not limited to the approvals of its Shareholders and the Stock Exchange, where applicable.
Completion of the Acquisition:	ABC Investment and BEJN must collaborate to complete the filings of changes of BEIED for the industrial and commerce registration of the Acquisition within thirty (30) working days after full payment of the Consideration.

Basis of Determination of the Consideration

The Consideration of RMB1 billion is the same as the consideration of the Capital Increase paid by ABC Investment previously for the 42.01% equity interest in BEIED, which was calculated by reference to, among other things, the amount of the entire equity interest of BEIED as at 30 June 2022. According to the consolidated statement of financial position of BEIED, the amount of owner's equity of BEIED attributable to the Company as at 30 June 2022 was approximately RMB1,380.21 million, based on the total assets of BEIED of approximately RMB26,806 million, after deducting the total liabilities of BEIED (i.e., approximately RMB25,402 million) and the net assets attributable to the minority shareholders of BEIED (i.e., approximately RMB24 million).

After arm's length negotiation between the parties, the Consideration was made at the same consideration of the Capital Increase, as the parties primarily intended that ABC Investment's contribution to BEIED shall be regarded as provision of debt financing to BEIED with limited upside potential on exit.

According to the consolidated statement of financial position of BEIED, the amount of owner's equity of BEIED as at 30 June 2024 was approximately RMB2,912 million, based on the total assets of BEIED of approximately RMB56,843 million, after deducting the total liabilities of BEIED (i.e., approximately RMB50,125 million), the net assets attributable to the minority shareholders (i.e., approximately RMB3,006 million) and the perpetual medium-term notes (i.e., approximately RMB800 million) of BEIED. The proportionate 42.01% minority shareholders' interest in BEIED was approximately RMB1,223 million.

Based on the above and after due and careful consideration of the information relating to BEIED including its financial performance and business prospects and the reasons and and benefits for entering into the Equity Transfer Agreement below, the Directors (including the independent non-executive Directors) are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Financial Effects of the Acquisition

Upon Completion of the Acquisition, the Company's effective interest in BEIED will be increased from 57.99% to 100%. Therefore, the financial results, assets and liabilities of BEIED will remain consolidated into the consolidated financial statements of the Group.

Reasons for and Benefits of Entering into the Equity Transfer Agreement

The Capital Increase brought in low cost financing for the Group's business development and ABC Investment is a reputable institutional investor in the market. In order to further integrate the Group's strategic planning, optimize the assets and liabilities structure and improve the efficiency of operation and management, the Acquisition was made by the Company at the same consideration of the Capital Increase (after the dividend distribution).

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Background Information and Financial Information on BEIED

BEIED is a company established in the PRC with limited liability and owned as to approximately 57.63% by BEII, approximately 42.01% by ABC Investment and approximately 0.36% by Changzhou New Energy as at the Latest Practicable Date. BEIED is principally engaged in the investment, development and operation of solar energy and other clean energy.

Set out below is a summary of the consolidated financial information of BEIED for the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 prepared in accordance with Chinese Accounting Standards:

	Year ended 31 December			**Six months ended 30 June**	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*	*RMB' million*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Profit before taxation	483	341	723	327	561
Profit after taxation	460	287	629	281	483

	As at 31 December			**As at 30 June**
	2021	**2022**	**2023**	**2024**
	RMB' million	*RMB' million*	*RMB' million*	*RMB' million*
	(audited)	(audited)	(audited)	(audited)
Net assets	1,230	2,923	4,569	6,718

Information on the Parties

ABC Investment is a company established in the PRC with limited liability and is principally engaged in the marketisation and legalisation of debt-to-equity and relevant supporting services as well as fundraising from qualified social investors to support the marketisation of debt-to-equity, issuance of financial bonds and financial advisory and consulting services related to debt-to-equity business, etc. ABC Investment is wholly owned by Agricultural Bank of China Limited*(中國農業銀行股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares and A shares of which are listed on the Stock Exchange (stock code: 1288) and the Shanghai Stock Exchange (stock code: 601288), respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, ABC Investment and its ultimate beneficial owner are Independent Third Parties of the Company and its connected persons as at the Latest Practicable Date.

BEJN is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the tender agency for engineering and service projects, technology development and consultancy.

BEII is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company. BEII is principally engaged in investment and development of clean energy projects.

Changzhou New Energy is a company established in the PRC with limited liability and principally engaged in the investment and development of clean energy projects. As of the Latest Practicable Date, Changzhou New Energy is wholly owned by United Photovoltaics (Changzhou) Investment Group Co., Ltd.*(聯合光伏(常州)投資集團有限公司)which is a wholly-owned subsidiary of the Company.

Listing Rules Implications

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the notification, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

7. SPECIAL GENERAL MEETING

A notice convening the SGM is set out on page 145 to 147 of this circular, at which ordinary resolutions will be proposed for the Shareholders to consider and, if thought fit, to approve (i) the Share Consolidation; and (ii) the Equity Transfer Agreement and the Acquisition contemplated thereunder.

For the purpose of determining the entitlement for attending and voting at the SGM, the register of members of the Company will be closed from Friday, 25 October 2024 to Wednesday, 30 October 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 24 October 2024.

A form of proxy for use at the SGM is enclosed to this circular and such form of proxy is also published on websites of the HKEXnews (http://www.hkexnews.hk) and the Company (http://www.bjei.com). In order to be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has any material interest in the resolutions in relation to the Share Consolidation and the Equity Transfer Agreement and the Acquisition contemplated thereunder as at the Latest Practicable Date. Therefore, the Directors confirm that no Shareholder is required to abstain from voting on the relevant resolutions to be proposed at the SGM.

8. VOTE BY WAY OF POLL

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

9. RECOMMENDATION

The Board considers that (i) the resolution in relation to the Share Consolidation; and (ii) the terms and conditions of the Equity Transfer Agreement for the Acquisition are fair and reasonable and the transactions contemplated thereunder are entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions in respect of approving (i) the Share Consolidation; and (ii) the Equity Transfer Agreement and the Acquisition contemplated thereunder to be proposed at the SGM.

10. 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.

11. FURTHER INFORMATION

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

The English text of this circular, the notice of the SGM and the form of proxy for use at the SGM shall prevail over the Chinese text in case of inconsistency.

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2021, 2022 and 2023 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 are disclosed in the following documents, which can be accessed on both the websites of the HKEXnews (http://www.hkexnews.hk) and the Company (http://www.bjei.com).

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

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

(ii) Annual report of the Group for the year ended 31 December 2022 (pages 143-322), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042401355.pdf

(iii) Annual report of the Group for the year ended 31 December 2023 (pages 139-314), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042601654.pdf

(iv) Interim report of the Group for the six months ended 30 June 2024 (pages 21-70), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0919/2024091900880.pdf

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

Indebtedness

As at the close of the business on 31 August 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the borrowings of the Group comprised the following indebtedness.

	RMB' million
Bank borrowings	
Secured with guarantee	5,510
Secured without guarantee	8,793
Unsecured with guarantee	9,017
Unsecured without guarantee	35,599

	RMB' million
Finance lease liabilities	
Secured with guarantee	2,311
Secured without guarantee	6,815
Unsecured without guarantee	1,281
Other borrowings	
Unsecured without guarantee	1,114
	70,440

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or any material outstanding loan capital, bank overdrafts, loans, mortgages, charges or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments, guarantees or any other actual or material contingent liabilities outstanding at the close of business on 31 August 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular.

The Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 31 August 2024 up to and including the Latest Practicable Date.

3. SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources of the Group (including the Group's internal resources, available banking and other borrowing facilities and credit enhancement guarantee from BEH, a controlling Shareholder holding approximately 32.64% of the voting rights underlying the issued Shares as at the Latest Practicable Date (excluding Shares held by the Company as Treasury Shares), in the absence of any unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient working capital for the Group's requirements for at least the next 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL CHANGES

The Directors confirmed that, as at the Latest Practicable Date, there had not been any material change in the financial or operation position or outlook of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND OPERATION PROSPECTS OF THE GROUP

The Group, striving to be the most respected international clean energy ecosystem investor and operator, is primarily engaged in the development, investment, operation and management of power plants and other clean energy projects.

According to the Group's preliminary operation statistics, the 219 power plants beneficially owned by the Group and its associates with an aggregate grid-connected installed capacity of approximately 10,621 MW have generated electricity in an aggregate volume of approximately 4,527,459 MWh in the second quarter of 2024, and the aggregate electricity generation volume for the six months ended 30 June 2024 has amounted to approximately 8,242,187 MWh.

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

The following is the text of reports received from Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

Grant Thornton
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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF BEI ENERGY DEVELOPMENT (BEIJING) CO., LTD. AND ITS SUBSIDIARIES TO THE DIRECTORS OF BEIJING ENERGY INTERNATIONAL HOLDING CO., LTD.

Introduction

We report on the historical financial information of BEI Energy Development (Beijing) Co., Ltd.*（京能國際能源發展(北京)有限公司） (the "**Target Company**") and its subsidiaries (together, the "**Target Group**") set out on pages 27 to 114, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2021, 2022 and 2023 and 30 June 2024, the statements of financial position of the Target Company as at 31 December 2021, 2022 and 2023 and 30 June 2024, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024 (the "**Relevant Periods**"), and a summary of material accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages 27 to 114 forms an integral part of this report, which has been prepared for inclusion in the circular of Beijing Energy International Holding Co., Ltd. (the "**Company**") dated 14 October 2024 (the "**Circular**") in connection with the proposed acquisition of the 42.01% equity interests in the Target Company by the Company.

Directors' Responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of this Circular in which the Historical Financial Information of the Target Group is included, and such information is prepared based on the accounting policies materially consistent with those of the Company.

* *For identification purpose only*

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Group's and Target Company's financial position as at 31 December 2021, 2022 and 2023 and 30 June 2024, and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of stub period corresponding historical financial information

We have reviewed the stub period corresponding historical financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2023 and other explanatory information (together the "Stub Period Corresponding Historical Financial Information"). The directors of the Target Company are responsible for the preparation of the Stub Period Corresponding Historical Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period

Corresponding Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Historical Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "LISTING RULES")

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 27 have been made.

Dividends

We refer to note 10 to the Historical Financial Information which states that dividends have been declared by the Target Company in respect of the Relevant Periods.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

14 October 2024

Chiu Wing Ning
Practising Certificate No.: P04920

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Grant Thornton Hong Kong Limited in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest million (RMB'million) except when otherwise indicated.

(A) Consolidated Statements of Profit or Loss and Other Comprehensive Income

		Year ended 31 December			Six months ended 30 June	
		2021	2022	2023	2023	2024
	Notes	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million* (unaudited)	*RMB'million*
Sales of electricity		384	1,200	1,366	687	962
Tariff adjustment		601	978	1,188	607	636
Revenue	*4*	985	2,178	2,554	1,294	1,598
Other income	*5*	213	50	433	53	18
Employee benefits expenses		(38)	(37)	(51)	(20)	(25)
Maintenance costs		(67)	(96)	(145)	(108)	(71)
Professional fees		(29)	(69)	(68)	(9)	(1)
Tax and surcharges		(7)	(12)	(15)	(10)	(7)
Other expenses		(228)	(121)	(147)	(6)	(4)
EBITDA#		829	1,893	2,561	1,194	1,508
Acquisition costs arising from business combinations		(6)	(7)	(2)	–	–
Depreciation of property, plant and equipment	*11*	(255)	(664)	(842)	(399)	(510)
Depreciation of right-of-use assets	*12*	(22)	(35)	(49)	(23)	(36)
Bargain purchase gains arising from business combinations	*25*	244	7	79	–	–
Finance income	*6*	32	10	24	16	12
Finance costs	*7*	(339)	(865)	(892)	(467)	(418)
Impairment charge on property, plant and equipment	*11*	–	–	(163)	–	–
Share of profits of investments accounted for using equity method	*14*	–	2	7	6	5

		Year ended 31 December			Six months ended 30 June	
		2021	**2022**	**2023**	**2023**	**2024**
	Notes	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
					(unaudited)	
Profit before income tax		483	341	723	327	561
Income tax expense	*9*	(23)	(54)	(94)	(46)	(78)
Profit and total comprehensive income for the year/period		460	287	629	281	483
Profit and total comprehensive income for the year/period attributable to						
Shareholders of the Target Company		452	284	552	263	379
Non-controlling interests		8	3	77	18	104
		460	287	629	281	483

\# EBITDA represents earnings before acquisition costs arising from business combinations, depreciation, bargain purchase gains arising from business combination, finance income, finance costs, impairment charge on property, plant and equipment, share of profits of investments accounted for using equity method and income tax expense. EBITDA is not a measure of performance under Hong Kong Financial Reporting Standards, but is widely used by management for monitoring business performance of a company from operational perspective. It may not be comparable to similar measures presented by the other companies.

(B) Consolidated Statements of Financial Position

		As at 31 December			As at 30 June
		2021	2022	2023	2024
	Notes	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
ASSETS					
Non-current assets					
Property, plant and equipment	*11*	14,512	19,774	33,476	38,331
Right-of-use assets	*12*	785	1,112	1,123	1,430
Intangible assets	*13*	101	295	295	295
Investments accounted for using equity method	*14*	–	431	424	429
Other receivables, deposits and prepayments	*16*	1,184	4,557	2,325	2,862
Deferred tax assets	*21*	16	25	20	20
Total non-current assets		16,598	26,194	37,663	43,367
Current assets					
Trade and tariff adjustment receivables	*15*	2,903	3,007	3,217	4,731
Other receivables, deposits and prepayments	*16*	2,713	3,447	5,888	5,529
Cash and cash equivalents	*17*	967	3,085	536	3,216
Total current assets		6,583	9,539	9,641	13,476
Total assets		23,181	35,733	47,304	56,843
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the Target Company					
Paid-in capital	*18*	135	1,396	1,396	1,396
Reserves		1,073	1,502	1,526	1,516
		1,208	2,898	2,922	2,912
Perpetual medium-term notes	*19*	–	–	–	800
Non-controlling interests		22	25	1,647	3,006
Total equity		1,230	2,923	4,569	6,718

		As at 31 December			As at 30 June
		2021	**2022**	**2023**	**2024**
	Notes	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
LIABILITIES					
Non-current liabilities					
Lease liabilities	*12*	544	781	519	615
Bank and other borrowings	*20*	12,220	17,409	21,672	26,807
Deferred income		–	–	1	1
Deferred tax liabilities	*21*	186	313	407	400
Other payables and accruals	*22*	57	69	69	38
Total non-current liabilities		13,007	18,572	22,668	27,861
Current liabilities					
Other payables and accruals	*22*	6,397	8,184	8,995	12,531
Lease liabilities	*12*	29	58	33	44
Bank and other borrowings	*20*	2,518	5,996	11,039	9,689
Total current liabilities		8,944	14,238	20,067	22,264
Total liabilities		21,951	32,810	42,735	50,125
Total equity and liabilities		23,181	35,733	47,304	56,843

(C) Consolidated Statements of Changes in Equity

	Attributable to shareholders of the Target Company								
	Paid-in capital	**Capital reserve***	**Other reserve***	**Statutory reserve***	**(Accumulated losses)/ Retained earnings***	**Sub-total**	**Non-controlling interests**	**Perpetual medium-term notes**	**Total equity**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
	(Note 18(a))	*(Note 18(b))*		*(Note 18(c))*				*(Note 19)*	
At 1 January 2021	5	656	–	41	(19)	683	30	–	713
Profit and total comprehensive income for the year	–	–	–	–	452	452	8	–	460
Transactions with equity holders									
Transfer to statutory reserve	–	–	–	9	(9)	–	–	–	–
Capital injection	130	77	–	–	–	207	–	–	207
Capital reduction from non-controlling interests	–	–	–	–	–	–	(16)	–	(16)
Dividend declared	–	–	–	–	(134)	(134)	–	–	(134)
Total transactions with equity holders	130	77	–	9	(143)	73	(16)	–	57
At 31 December 2021 and 1 January 2022	135	733	–	50	290	1,208	22	–	1,230
Profit and total comprehensive income for the year	–	–	–	–	284	284	3	–	287
Total transactions with equity holders									
Transfer to statutory reserve	–	–	–	10	(10)	–	–	–	–
Capital injection	1,118	414	–	–	–	1,532	–	–	1,532
Capital injection – transfer from capital reserve	143	(143)	–	–	–	–	–	–	–
Dividend declared	–	–	–	–	(119)	(119)	–	–	(119)
Other	–	–	–	–	(7)	(7)	–	–	(7)
Total transactions with equity holders	1,261	271	–	10	(136)	1,406	–	–	1,406
At 31 December 2022 and 1 January 2023	1,396	1,004	–	60	438	2,898	25	–	2,923
Profit and total comprehensive income for the year	–	–	–	–	552	552	77	–	629
Total transactions with equity holders									
Capital injection from non-controlling interests	–	–	–	–	–	–	1,701	–	1,701
Capital reduction	–	(417)	–	–	–	(417)	–	–	(417)
Transfer to statutory reserve	–	–	–	38	(38)	–	–	–	–
Other reserve	–	–	3	–	–	3	(1)	–	2
Dividend declared	–	–	–	–	(114)	(114)	(162)	–	(276)
Acquisitions of subsidiaries (note 25)	–	–	–	–	–	–	7	–	7
Total transactions with equity holders	–	(417)	3	38	(152)	(528)	1,545	–	1,017
At 31 December 2023 and 1 January 2024	1,396	587	3	98	838	2,922	1,647	–	4,569
Profit and total comprehensive income for the period	–	–	–	–	379	379	104	–	483

	Attributable to shareholders of the Target Company								
	Paid-in capital *RMB'million* *(Note 18(a))*	Capital reserve* *RMB'million* *(Note 18(b))*	Other reserve* *RMB'million*	Statutory reserve* *RMB'million* *(Note 18(c))*	(Accumulated losses)/ Retained earnings* *RMB'million*	Sub-total *RMB'million*	Non-controlling interests *RMB'million*	Perpetual medium-term notes *RMB'million* *(Note 19)*	Total equity *RMB'million*
Total transactions with equity holders									
Capital injection from non-controlling interests	–	–	–	–	–	–	1,324	–	1,324
Capital reduction	–	(375)	–	–	–	(375)	–	–	(375)
Issue of perpetual medium-term notes	–	–	–	–	–	–	–	800	800
Other reserve	–	–	14	–	–	14	–	–	14
Dividend declared	–	–	–	–	(28)	(28)	(81)	–	(109)
Acquisition of a subsidiary *(note 25)*	–	–	–	–	–	–	12	–	12
Total transactions with equity holders	–	(375)	14	–	(28)	(389)	1,255	800	1,666
At 30 June 2024	1,396	212	17	98	1,189	2,912	3,006	800	6,718
(Unaudited)									
At 31 December 2022 and 1 January 2023	1,396	1,004	–	60	438	2,898	25	–	2,923
Profit and total comprehensive income for the period	–	–	–	–	263	263	18	–	281
Transactions with equity holders									
Transfer to statutory reserve	–	–	–	35	(35)	–	–	–	–
Capital injection from non-controlling interests	–	–	–	–	–	–	1,532	–	1,532
Other reserve	–	–	1	–	–	1	–	–	1
Dividend declared	–	–	–	–	(29)	(29)	–	–	(29)
Total transactions with equity holders	–	–	1	35	(64)	(28)	1,532	–	1,504
At 30 June 2023	1,396	1,004	1	95	637	3,133	1,575	–	4,708

* These reserve accounts comprise the Target Group's reserves in the statement of financial position.

(D) Consolidated Statements of Cash Flows

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
				(unaudited)	
Cash flows from operating activities					
Profit before income tax	483	341	723	327	561
Adjustments for:					
Bargain purchase gain arising from business combinations	(244)	(7)	(79)	–	–
Depreciation of property, plant and equipment	255	664	842	399	510
Depreciation of right of use assets	22	35	49	23	36
Finance income	(32)	(10)	(24)	(16)	(12)
Finance costs	339	865	892	467	418
Impairment charge on property, plant and equipment	–	–	163	–	–
Share of profits of investments accounted for using equity method	–	(2)	(7)	(6)	(5)
Operating profit before working capital changes	823	1,886	2,559	1,194	1,508
(Increase)/decrease in trade and tariff adjustment receivables	(348)	685	105	(127)	(1,509)
(Increase)/decrease in other receivables, deposits and prepayments	(921)	(3,998)	(158)	2,021	(148)
(Decrease)/increase in other payables and accruals	(243)	27	(804)	3,500	3,271
Cash (used in)/generated from operations	(689)	(1,400)	1,702	6,588	3,122
Income tax paid	(24)	(38)	(83)	(39)	(65)
Net cash (used in)/generated from operating activities	(713)	(1,438)	1,619	6,549	3,057
Cash flows from investing activities					
(Payments)/cash acquired for acquisitions of subsidiaries, net of cash acquired	(2,004)	(1,155)	(203)	11	4
Capital injections	207	1,118	–	–	–
Capital reductions	(16)	–	(417)	–	(375)
Interest received	32	10	24	16	12
Capital expenditures	(376)	(2,059)	(10,845)	(2,437)	(5,018)
Net cash used in investing activities	(2,157)	(2,087)	(11,441)	(2,410)	(5,377)

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
				(unaudited)	
Cash flows from financing activities					
Capital injections from non-controlling interests	–	–	1,701	1,532	1,324
Net proceeds from issue of perpetual medium-term notes	–	–	–	–	800
Principal elements of lease payments	(1)	(32)	(100)	(40)	(76)
Interest paid on lease liabilities	(2)	(36)	(42)	(9)	(12)
Interests paid on bank and other borrowings	(337)	(829)	(850)	(458)	(406)
Proceeds from/(repayment for) bank borrowings, net	4,098	7,786	(977)	(10,479)	1,266
Proceeds from/(repayment for) loans from financial institutions, net	49	(1,127)	(2,992)	(1,992)	(1,329)
(Repayment for)/proceeds from other loans	(167)	–	10,809	5,809	3,542
Dividend paid	(134)	(119)	(276)	(29)	(109)
Net cash generated from/(used in) financing activities	3,506	5,643	7,273	(5,666)	5,000
Net increase/(decrease) in cash and cash equivalents	636	2,118	(2,549)	(1,527)	2,680
Cash and cash equivalent at beginning of the year/period	331	967	3,085	3,085	536
Cash and cash equivalent at end of year/period	967	3,085	536	1,558	3,216

(E) Statements of Financial Position of the Target Company

	Notes	As at 31 December 2021 RMB'million	As at 31 December 2022 RMB'million	As at 31 December 2023 RMB'million	As at 30 June 2024 RMB'million
ASSETS					
Non-current assets					
Property, plant and equipment		163	162	155	80
Right-of-use assets		10	6	4	3
Interests in subsidiaries		3,376	5,829	8,932	9,558
Investments accounted for using equity method		–	431	424	757
Other receivables, deposits and prepayments		1	317	334	301
Total non-current assets		3,550	6,745	9,849	10,699
Current assets					
Trade and tariff adjustment receivables		228	257	311	1,026
Other receivables, deposits and prepayments		4,662	9,624	14,244	4,073
Cash and cash equivalents		759	2,656	251	2,451
Total current assets		5,649	12,537	14,806	7,550
Total assets		9,199	19,282	24,655	18,249
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the Target Company					
Paid-in capital	*18*	135	1,396	1,396	1,396
Reserves	*30*	44	188	669	548
		179	1,584	2,065	1,944
Perpetual medium-term notes		–	–	–	800
Total equity		179	1,584	2,065	2,744
LIABILITIES					
Non-current liabilities					
Lease liabilities		8	5	2	3
Bank and other borrowings		3,501	5,565	7,017	12,019
Other payables and accruals		–	60	–	–
Total non-current liabilities		3,509	5,630	7,019	12,022
Current liabilities					
Other payables and accruals		4,470	8,742	7,488	1,052
Lease liabilities		3	2	3	1
Bank and other borrowings		1,038	3,324	8,080	2,430
Total current liabilities		5,511	12,068	15,571	3,483
Total liabilities		9,020	17,698	22,590	15,505
Total equity and liabilities		9,199	19,282	24,655	18,249

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP

1. General Information

BEI Energy Development (Beijing) Co., Ltd. (formerly known as Beijing United Rongbang New Energy Technology Co., Ltd., the "**Target Company**") was incorporated in the People's Republic of China (the "**PRC**"). The address of its registered office No. 5 Pinggu Park Logistics Base, Zhongguancun Science and Technology Park, Pinggu District, Beijing.

The Target Company and its subsidiaries (together referred to as the "**Target Group**") are principally engaged in generation and sales of electricity in the PRC, including investment, development, operation and management of solar power and wind power plants. Its businesses are located in various major power grid regions of the PRC.

In the opinion of the directors of the Target Company, the immediate holding company is Beijing Energy International Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, and the ultimate holding company of the Target Company is Beijing Energy Holding Co., Ltd, a company incorporated in the PRC with limited liability, respectively.

The Historical Financial Information is presented in Renminbi ("**RMB**"), rounded to the nearest million (RMB'million), which is also the functional currency of the Target Company.

2. Summary of Material Accounting Policies

2.1 Basis of preparation

The Historical Financial Information set out in this report has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the accounting principles generally accepted in Hong Kong and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Stub Period Corresponding Historical Financial Information has been prepared in accordance with the same basis of preparation adopted in respect of the Historical Financial Information.

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Group has consistently applied all HKFRSs which are effective during the Relevant Periods, except for any new standards or interpretations that are not yet effective during the Relevant Periods. The material accounting policies that have been used in the preparation of the Historical Financial Information have been consistently applied throughout the Relevant Periods. The adoption of new or amended HKFRSs that are issued but not yet effective and their impact on Historical Financial Information, if any, are disclosed below.

The Historical Financial Information has been prepared on the historical cost basis. The measurement bases are fully described in the accounting policies below.

Issued but not yet effective HKFRSs

The Target Group has not early adopted the following new and amended HKFRSs which have been issued but are not yet effective for the Relevant Periods.

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 Effective date not yet determined

The directors of the Target Group anticipate that all of the pronouncements will be adopted in the Target Group's accounting policy for the first period beginning after the effective date of the pronouncement, and these are not expected to have a material impact on the Target Group's consolidated financial statements.

2.2 *Basis of consolidation*

(a) Subsidiaries

A subsidiary is an entity (including a structured entity) over which the Target Group has control. The Target Group controls an entity when the Target Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Target Group. They are deconsolidated from the date that control ceases.

Business combinations

The Target Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Target Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at acquisition date, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Business combinations under common control

Merger accounting for business combination involves entities under common control.

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The Target Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. All other components of non-controlling interests are measured at their fair values at acquisition date, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss or other comprehensive income, as appropriate.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value at acquisition date of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Target Group's accounting policies.

Non-controlling interests in subsidiaries are presented separately from the Target Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(b) Associates

Associates are entities over which the Target Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and other comprehensive income of the investee after the date of acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Target Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss.

The Target Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Target Group's share of losses in an associate equals or exceeds its interest in the associate, the Target Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Target Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Target Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the consolidated income statement. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Profits and losses resulting from upstream and downstream transactions between the Target Group and its associates are recognised in the Target Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

Gains or losses on dilution of equity interests in associates are recognised in the consolidated income statement.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive Directors and certain senior managements who make strategic decisions.

2.4 Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and subsequent impairment losses. Cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the period in which they are incurred.

Depreciation of property, plant and equipment (other than construction in progress) is calculated using the straight-line method to allocate their costs less accumulated impairment losses over their estimated useful lives to their residual values.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7). Such impairment losses are recognised in the consolidated income statement.

Gains or losses on disposals are determined by comparing the net sales proceeds with the carrying amount of the relevant assets and are recognised in the consolidated income statement.

2.5 Construction in progress

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the costs of plant and machinery, direct labour costs and overheads and, for qualifying assets, borrowing costs capitalised in accordance with the Target Group's accounting policy. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for the intended use. When the assets concerned are brought into use, the costs are transferred to the appropriate categories of property, plant and equipment and depreciated in accordance with the policy as stated in note 2.4 above.

2.6 Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Target Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Target Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Target Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Target Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

The Target Group as a lessee

Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to leases of offices and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Target Group; and
- an estimate of costs to be incurred by the Target Group in dismantling and removing an underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Target Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Target Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the carrying amount of the relevant right-of-use asset is transferred to property, plant and equipment.

The Target Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Lease liabilities

At the commencement date of a lease, the Target Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Target Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Target Group under residual value guarantees;
- the exercise price of a purchase option if the Target Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Target Group exercising an option to terminate the lease.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Target Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;

- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Target Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Target Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Target Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Target Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional leases or non-lease components, the Target Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.7 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amounts of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Target Group estimates the recoverable amount of the cash-generating unit ("**CGU**") to which the asset belongs.

In addition, the Target Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGU, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Target Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the Target Group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the Target Group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the Target Group of CGUs. An impairment loss is recognised immediately in profit or loss.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.8 Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial assets is held within a business model whose objective is to collect contractual cash flows; and
- the contractual term give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**"), except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Target Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Target Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Target Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(a) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(b) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI are recognised in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowance are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve, and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Target Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in "other gains and losses, net" in the consolidated income statement.

Impairment of financial assets

The Target Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including accounts receivable, deposits and other receivables, restricted deposits and cash and cash equivalents) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ("**12m**") ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Target Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Target Group always recognises lifetime ECL for accounts receivable other than accounts receivable with significant financing components which is included in non-current portion of accounts receivables. The ECL on these assets are assessed individually.

For accounts receivable with significant financing component and all other instruments, the Target Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition or the financial instrument is not determined to have low credit risk at the reporting date, the Target Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instruments external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Target Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Target Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

The Target Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Target Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group).

Irrespective of the above, the Target Group considers that default has occurred when a financial asset is more than 90 days past due (except for clean energy power price premium) unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off policy

The Target Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Target Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally the ECL is the difference between all contractual cash flows that are due to the Target Group in accordance with the contract and the cash flows that the Target Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e., the Target Group's other receivables are assessed as a separate group. Amounts due from related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for debt instruments that are measured at FVTOCI, the Target Group recognises an impairment loss or reversal in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of accounts receivable where the corresponding adjustment is recognised through a loss allowance account. For debt instruments that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the FVTOCI reserve without reducing the carrying amounts of these debt instruments. Such amount represents the changes in the FVTOCI reserve in relation to accumulated loss allowance.

Derecognition of financial assets

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Target Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

2.9 *Financial liabilities and equity*

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

Perpetual securities

Perpetual securities are classified as equity if they are non-redeemable, or redeemable only at the issuer's option, and any interest and distributions are discretionary. Interest and distributions on perpetual securities classified as equity are recognised as distributions within equity.

The perpetual notes and other perpetual instruments issued by the Target Company are recognised as "Other equity instruments".

Financial liabilities

All financial liabilities including bank borrowings, other borrowings, lease liabilities, other payables and accrued charges, accounts and bills payables, and other non-current liabilities are subsequently measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Target Group or the counterparty.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and with other financial institutions and other short-term highly liquid investments with original maturities of three months or less. Restricted deposits are separately disclosed from cash and cash equivalents.

2.11 Inventories

Inventories comprise consumable supplies and spare parts held for consumption and usage and are stated at the lower of cost and net realisable value after provision for obsolete items, and are expensed to repairs and maintenance expense when used/ consumed, or capitalised to property, plant and equipment when installed, as appropriate using weighted average method. Cost comprises purchase price and other costs incurred in bringing the inventories to their present location and condition and excludes borrowing costs.

2.12 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as these assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.13 Current and deferred income tax

The tax expense for the year/period comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the places where the Target Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

In assessing any uncertainty over income tax treatments, the Target Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Target Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Target Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Target Group the ability to control the reversal of the temporary difference that deferred income tax liability is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there are sufficient taxable profits available against which the temporary difference can be utilised.

For the purposes of measuring deferred tax for leasing transactions in which the Target Group recognises the right-of-use assets and the related lease liabilities, the Target Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Target Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable rights to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied to the same taxable entity by the same taxation authority.

2.14 Employee benefits

(a) Pension obligations

The Target Group contributes on a monthly basis to various defined contribution plans organised by the relevant municipal and provincial governments in the PRC based on certain percentage of the relevant employees' monthly salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Target Group has no further constructive obligation for any post-retirement benefits beyond the contributions made.

Contributions to these plans are expensed as incurred.

All contributions to pension plans are fully and immediately vested and the Target Group had no unvested benefits available to reduce its future contributions.

(b) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Target Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities of bonus plan are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.15 Provisions

Provisions (including provisions for inundation compensation) are recognised when the Target Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

2.16 Government grants

Grants and subsidies from the government are recognised at their fair values for monetary asset where there is a reasonable assurance that the grant or subsidy will be received and the Target Group will comply with all attached conditions.

Government grants and subsidies relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants and subsidies relating to property, plant and equipment and other environmental improvement projects are included in non-current liabilities as deferred income and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets and projects.

Non-monetary assets transferred from the government are recognised at nominal amount.

2.17 Revenue from contracts with customers

The Target Group recognises revenue from sales of electricity to regional and provincial power grid companies, provision of power generation, subcontracting services and sales of energy storage equipment.

The Target Group recognises revenue when (or as) a performance obligation is satisfied, i.e., when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and services (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;

- the Target Group's performance creates and enhances an asset that the customer controls as the Target Group performs; or

- the Target Group's performance does not create an asset with alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Existence of significant financing component

In determining the transaction price, the Target Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Target Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Target Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For contracts where the Target Group transferred the associated goods or services before payments from customers in which the Target Group adjusts for the promised amount of consideration for significant financing components, the Target Group applies a discount rate that would be reflected in a separate financing transaction between the Target Group and the customer at contract inception. The Target Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Further details of revenue and income recognition policies are as follows:

(i) Sales of electricity to regional and provincial power grid companies, and provision of power generation

Revenue is recognised upon transmission of electricity to the power grid when the control of the electricity is transferred at the same time.

(ii) Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Target Group and the amount of the dividend can be measured reliably.

(iii) Interest income

Interest income is recognised over time using the effective interest method.

2.18 Related parties

For the purposes of these financial statements, a party is considered to be related to the Target Group if:

(a) the party, is a person or a close member of that person's family and if that person,

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group.

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Target Group are members of the same group.

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) the entity and the Target Group are joint ventures of the same third party.

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) the entity is controlled or jointly controlled by a person identified in (a).

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the parent of the Target Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. Critical Accounting Estimates and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.1 Critical accounting judgements

Apart from those involving estimations (see below), the following are the critical judgements which Management has made in the process of applying the Target Group's accounting policies and which have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Revenue recognition on tariff adjustment on sales of electricity

During the Relevant Periods, the Target Group recognised tariff adjustment of RMB601 million, RMB978 million, RMB1,188 million and RMB636 million, respectively in the sales of electricity. As disclosed in Note 15, certain power plants of the Target Group were still pending to be enlisted in the List (as defined in Note 15) as of 31 December 2021, 2022 and 2023 and 30 June 2024, which was an on-going process as the List was opened for registration on a batch-by-batch basis under the prevailing nationwide government policies. Accordingly, the tariff adjustment of certain power plants to be enlisted in the List were only recognised to the extent that it is highly probable that such recognition would not result in significant revenue reversal in the future on the basis that these power plants had been qualified for and had met all the requirements and conditions for the entitlement of the tariff subsidy under the prevailing nationwide government policies on renewable energy for power plants. Hence, the Target Group's operating power plants are able to be enlisted in the List subsequent to the six months ended 30 June 2024 and the accrued revenue on tariff subsidy are fully recoverable.

(b) Business combinations

Accounting for acquisitions require the Target Group to allocate the cost of acquisition to specific assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The Target Group has undertaken processes to identify all assets and liabilities acquired, including acquired intangible assets. Judgements made in identifying all acquired assets, determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset's useful lives, could materially impact the calculation of goodwill, bargain purchase gain and depreciation and amortization charges in subsequent periods. Estimated fair values are based on information available near the acquisition date and on expectations and assumptions that have been deemed reasonable by Management. Determining the estimated useful lives of tangible and intangible assets acquired also requires judgement.

Different conclusions around these judgements may materially impact how these investments presented and measured in the consolidated statements of financial position of the Target Group.

3.2 Estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Impairment of property, plant and equipment and intangible assets

Assets that have an indefinite useful life are tested annually for impairment; or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on the higher of value in use calculations or fair value less costs of disposal. These calculations require the use of judgements and estimates. The Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs of disposal and value in use (i.e. net present value of future cash flows which are estimated based upon the continued use of the asset in the business); and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by the Management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment assessment and as a result affect the Target Group's financial condition and results of operations. As at 31 December 2021, 2022 and 2023 and 30 June 2024, the carrying amount of property, plant and equipment were approximately RMB14,512 million (net of impairment of approximately RMB65 million), RMB19,774 million (net of impairment of approximately RMB65 million), RMB33,476 million (net of impairment of approximately RMB227 million) and RMB38,331 million (net of impairment of approximately RMB227 million), respectively. As at 31 December 2021, 2022 and 2023 and 30 June 2024, the carrying amount of intangible assets were approximately RMB101 million, RMB295 million, RMB295 million and RMB295 million, respectively.

(b) Impairment of trade and tariff adjustment receivables, other receivables and deposits

The Target Group makes provision for impairment of trade and tariff adjustment receivables, other receivables and deposits based on assumptions about risk of default and ECL rate. The Target Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Target Group's past records, existing market conditions as well as forward-looking estimates at the end of each reporting period. Note 3.1(b) provides the basis of the calculation of the loss allowance. As at 31 December 2021, the aggregate carrying amounts of trade and tariff adjustment receivables, other receivables and deposits amounted to approximately RMB2,903 million and RMB2,713 million, respectively. As at 31 December 2022, the aggregate carrying amounts of trade and tariff adjustment receivables, other receivables and deposits amounted to approximately RMB3,007 million and RMB3,447 million, respectively. As at 31 December 2023, the aggregate carrying amounts of trade and tariff adjustment receivables, other receivables and deposits amounted to approximately RMB3,217 million and RMB5,888 million, respectively. As at 30 June 2024, the aggregate carrying amounts of trade and tariff adjustment receivables, other receivables and deposits amounted to approximately RMB4,731 million and RMB5,529 million, respectively.

(c) Useful lives of property, plant and equipment

The Target Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. As at 31 December 2021, 2022 and 2023 and 30 June 2024, the carrying amount of the property, plant and equipment was approximately RMB14,512 million, RMB19,774 million, RMB33,476 million and RMB38,331 million, respectively.

4. Revenue and Segment Information

The chief operating decision maker has been identified as the executive Directors and certain senior management (collectively referred to as the "**CODM**") who make strategic decisions. The CODM reviews the internal reporting of the Target Company and its subsidiaries in order to assess performance and allocate resources. The Management has determined the operating segments based on these reports.

The CODM assesses the performance of the operating segments based on a measure of profit or loss before taxation. Other information provided to the CODM is measured in a manner consistent with that in the consolidated financial statements.

	Year ended 31 December 2021		
	Solar power business	**Wind power business**	**Total**
	RMB'million	*RMB'million*	*RMB'million*
Revenue	942	43	985
Segment results	527	25	552
Unallocated other gains and losses			
Bargain purchase gains arising from business combinations			244
Acquisition costs arising from business combinations			(6)
Finance income			32
Finance costs			(339)
Profit before income tax			483
Income tax expenses			(23)
Profit after income tax			460
Other segment information			
Additions to non-current assets (including property, plant and equipment and right-of-use assets)	534	115	649
Depreciation of property, plant and equipment	(210)	(45)	(255)
Depreciation of right-of-use assets	(22)	–	(22)

	As at 31 December 2021			
	Solar power business	**Wind power business**	**Unallocated**	**Total**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Segment assets	17,667	3,214	2,300	23,181
Segment liabilities	14,275	2,536	5,140	21,951

	Year ended 31 December 2022		
	Solar power business	**Wind power business**	**Total**
	RMB'million	*RMB'million*	*RMB'million*
Revenue	1,686	492	2,178
Segment results	927	269	1,196
Unallocated other gains and losses			
Bargain purchase gains arising from business combinations			7
Acquisition costs arising from business combinations			(7)
Finance income			10
Finance costs			(865)
Profit before income tax			341
Income tax expenses			(54)
Profit after income tax			287
Other segment information			
Additions to non-current assets (including property, plant and equipment and right-of-use assets)	961	1,376	2,337
Depreciation of property, plant and equipment	(504)	(160)	(664)
Depreciation of right-of-use assets	(35)	–	(35)

	As at 31 December 2022			
	Solar power business	**Wind power business**	**Unallocated**	**Total**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Segment assets	22,356	8,930	4,447	35,733
Total assets including:				
Investments in associates	–	431	–	431
Segment liabilities	17,404	7,386	8,020	32,810

	Year ended 31 December 2023		
	Solar power business	**Wind power business**	**Total**
	RMB'million	*RMB'million*	*RMB'million*
Revenue	1,697	857	2,554
Segment results	1,021	493	1,514
Unallocated other gains and losses			
Bargain purchase gains arising from business combinations			79
Acquisition costs arising from business combinations			(2)
Finance income			24
Finance costs			(892)
Profit before income tax			723
Income tax expenses			(94)
Profit after income tax			629
Other segment information			
Additions to non-current assets (including property, plant and equipment and right-of-use assets)	6,481	8,388	14,869
Depreciation of property, plant and equipment	(557)	(285)	(842)
Depreciation of right-of-use assets	(49)	–	(49)

	As at 31 December 2023			
	Solar power business	**Wind power business**	**Unallocated**	**Total**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Segment assets	20,580	21,528	5,196	47,304
Total assets including:				
Investments in associates	–	424	–	424
Segment liabilities	15,532	17,526	9,677	42,735

	Six months ended 30 June 2024		
	Solar power business	**Wind power business**	**Total**
	RMB'million	*RMB'million*	*RMB'million*
Revenue	955	643	1,598
Segment results	582	385	967
Unallocated other gains and losses			
Bargain purchase gains arising from business combinations			–
Finance income			12
Finance costs			(418)
Profit before income tax			561
Income tax expenses			(78)
Profit after income tax			483
Other segment information			
Additions to non-current assets (including property, plant and equipment and right-of-use assets)	2,399	2,802	5,201
Depreciation of property, plant and equipment	(354)	(156)	(510)
Depreciation of right-of-use assets	(36)	–	(36)

	As at 30 June 2024			
	Solar power business	**Wind power business**	**Unallocated**	**Total**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Segment assets	14,667	21,757	20,419	56,843
Total assets including:				
Investments in associates	–	429	–	429
Segment liabilities	27,805	3,766	18,554	50,125

	Six months ended 30 June 2023		
	Solar power business	**Wind power business**	**Total**
	RMB'million	*RMB'million*	*RMB'million*
	(unaudited)	(unaudited)	(unaudited)
Revenue	873	421	1,294
Segment results	544	234	778
Unallocated other gains and losses			
Bargain purchase gains arising from business combinations			–
Finance income			16
Finance costs			(467)
Profit before income tax			327
Income tax expenses			(46)
Profit after income tax			281
Other segment information			
Additions to non-current assets (including property, plant and equipment and right-of-use assets)	1,777	660	2,437
Depreciation of property, plant and equipment	(351)	(48)	(399)
Depreciation of right-of-use assets	(23)	–	(23)

All revenue from external customers is generated from the PRC.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Target Group's assets, liabilities and capital expenditure were located or utilised in the PRC.

5. Other Income

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* (unaudited)	*RMB'million*
Interest income on deposits for investments *(Note (i))*	–	8	366	41	–
Reversal of other payables *(Note (ii))*	–	17	18	–	–
Government grant	1	1	2	–	–
Compensation income	–	5	8	–	–
Others	212	19	39	12	18
	213	50	433	53	18

Notes:

(i) During the development stage of power plants or merger and acquisition plans, the Target Group had made deposits for investments to the potential partners. Interest on deposits for investments would be recognised together with the return of the deposits for investments upon the completion or the termination of the relevant projects.

(ii) The amount represents reversal of over provision of a compensation to a government authority.

6. Finance Income

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* (unaudited)	*RMB'million*
Interest income on bank balances and deposits	32	10	24	16	12

7. Finance Costs

	Year ended 31 December			Six months ended 30 June	
	2021	2022	2023	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* (unaudited)	*RMB'million*
Interest expenses on bank and other borrowings	306	822	796	414	404
Loan facilities fees on bank and other borrowings	31	7	54	44	2
Interest expenses on lease liabilities	2	36	42	9	12
	339	865	892	467	418

8. Directors' Emoluments and Five Highest Paid Individuals

8.1 Directors' emoluments

No emolument was paid or payable to the directors of the Target Group during the Relevant Periods.

During the Relevant Periods, there was no amount paid or payable by the Target Group to the directors as an inducement to join or upon joining the Target Group as compensation for loss of office. There was no arrangement under which any director or five highest paid individuals waived or agreed to waive any remuneration during the Relevant Periods.

8.2 Five highest paid individuals

The five highest paid individuals in the Target Group during the Relevant Periods did not include any director. The emoluments of these five highest individuals for the Relevant Periods are below RMB1 million and their emoluments were within the band of Nil to HK$1,000,000 (equivalent to Nil to RMB905,349).

9. Income Tax (Credit)/Expense

The Target Group's operations in the PRC are subject to the corporate income tax law of the PRC (the "**PRC Corporate Income Tax**"). The standard PRC Corporate Income Tax rate is 25% on the estimated assessable profits for the year/period under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law except that certain subsidiaries were either exempted from PRC Corporate Income Tax or entitled to the preferential tax rate of 12.5%.

The Target Group engaged in solar power and wind power projects, under the EIT Law and its relevant regulations, is entitled tax holidays of first 3-year full exemption followed by 3-year 50% exemption.

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
				(unaudited)	
Current income tax					
– Current year/period	35	57	109	50	86
– Under-provision in prior years/period	–	2	–	–	–
Deferred income tax *(Note 21)*	(12)	(5)	(15)	(4)	(8)
	23	54	94	46	78

10. Dividends

The Target Company declared and paid dividends of RMB134,000,000, RMB119,000,000, RMB57,375,000, RMB29,148,000 and RMB28,420,000 during the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024 respectively.

11. Property, Plant and Equipment

	Buildings *RMB'million*	Others *RMB'million*	Power generating modules and equipment *RMB'million*	Plant and machinery *RMB'million*	Furniture, fixtures and office equipment *RMB'million*	Transportation facilities *RMB'million*	Construction in progress *RMB'million*	Total *RMB'million*
At 1 January 2021								
Cost	32	–	3,166	–	2	–	–	3,200
Accumulated depreciation	–	–	(528)	–	(1)	–	–	(529)
Accumulated impairment	–	–	(65)	–	–	–	–	(65)
Net book amount	32	–	2,573	–	1	–	–	2,606
Year ended 31 December 2021								
Opening net book amount	32	–	2,573	–	1	–	–	2,606
Acquisition of subsidiaries	–	–	7,661	–	–	–	4,122	11,783
Additions	293	3	2	3	1	4	286	592
Written-off	–	–	(214)	–	–	–	–	(214)
Depreciation	(11)	(1)	(241)	–	(1)	(1)	–	(255)
Closing net book amount	314	2	9,781	3	1	3	4,408	14,512
At 31 December 2021								
Cost	325	3	10,615	3	2	5	4,408	15,361
Accumulated depreciation	(11)	(1)	(769)	–	(1)	(2)	–	(784)
Accumulated impairment	–	–	(65)	–	–	–	–	(65)
Net book amount	314	2	9,781	3	1	3	4,408	14,512
Year ended 31 December 2022								
Opening net book amount	314	2	9,781	3	1	3	4,408	14,512
Acquisition of subsidiaries	–	–	3,900	–	–	–	–	3,900
Additions	193	28	553	4	1	5	1,273	2,057
Written-off	–	–	(31)	–	–	–	–	(31)
Transfer	–	–	3,628	–	–	–	(3,628)	–
Depreciation	(27)	(8)	(626)	(2)	–	(1)	–	(664)
Closing net book amount	480	22	17,205	5	2	7	2,053	19,774
At 31 December 2022								
Cost	518	31	18,651	7	4	12	2,052	21,275
Accumulated depreciation	(38)	(9)	(1,381)	(2)	(2)	(4)	–	(1,436)
Accumulated impairment	–	–	(65)	–	–	–	–	(65)
Net book amount	480	22	17,205	5	2	8	2,052	19,774
Year ended 31 December 2023								
Opening net book amount	480	22	17,205	5	2	8	2,052	19,774
Acquisition of subsidiaries	–	–	3,862	–	–	–	–	3,862
Additions	55	5	2,001	1	1	3	12,439	14,505
Written-off	(119)	–	(3,541)	–	–	–	–	(3,660)
Depreciation	(16)	(5)	(818)	(1)	(1)	(1)	–	(842)
Impairment loss	–	–	(163)	–	–	–	–	(163)
Closing net book amount	400	22	18,546	5	2	10	14,491	33,476
At 31 December 2023								
Cost	433	36	20,879	8	5	16	14,491	35,868
Accumulated depreciation	(33)	(14)	(2,106)	(3)	(3)	(6)	–	(2,165)
Accumulated impairment	–	–	(227)	–	–	–	–	(227)
Net book amount	400	22	18,546	5	2	10	14,491	33,476

	Buildings	Others	Power generating modules and equipment	Plant and machinery	Furniture, fixtures and office equipment	Transportation facilities	Construction in progress	Total
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
Six months ended 30 June 2024								
Opening net book amount	400	22	18,546	5	2	10	14,491	33,476
Acquisition of subsidiaries	–	–	567	–	–	–	13	580
Additions	–	–	24	–	1	5	4,834	4,864
Written-off	(79)	–	–	–	–	–	–	(79)
Transfer	–	1	3,210	–	–	–	(3,211)	–
Depreciation	(9)	(1)	(497)	(1)	(1)	(1)	–	(510)
Closing net book amount	312	22	21,850	4	2	14	16,127	38,331
At 30 June 2024								
Cost	355	37	24,680	8	6	20	16,127	41,233
Accumulated depreciation	(43)	(15)	(2,603)	(4)	(4)	(6)	–	(2,675)
Accumulated impairment	–	–	(227)	–	–	–	–	(227)
Net book amount	312	22	21,850	4	2	14	16,127	38,331

Note: As at 31 December 2021, 2022 and 2023 and 30 June 2024, power generating modules and equipment with carrying values of approximately RMB5,194 million, RMB5,456 million, RMB6,516 million and RMB5,007 million, and construction-in-progress with carrying value of Nil, Nil, approximately RMB839 million and approximately RMB14,414 million respectively were pledged as security for the Target Group's bank and other borrowings of approximately RMB2,053 million, RMB3,353 million, RMB3,317 million and RMB4,320 million (Note 20(a)).

Property, plant and equipment and right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

During the year ended 31 December 2023, the Management performed impairment assessment on property, plant and equipment with an impairment indicator as at 31 December 2023 and had reflected the latest market conditions and other relevant parameters in the assessment. The relevant power plant is identified as a cash generating unit. The estimated recoverable amount of the power plant is determined based on the value-in-use calculations using discount cash flow approach. The calculation uses cash flow projections covering the useful lives of those property, plant and equipment in relation to the power plant. The Target Group engaged an external independent valuer to assess the recoverable amount of property, plant and equipment. As a result of the impairment assessment, the Target Group recognised an impairment charge on property, plant and equipment of approximately RMB163 million for year ended 31 December 2023.

There were no impairment assessment on property, plant and equipment performed during the years ended 31 December 2021 and 2022 and the six months ended 30 June 2024 since the Management considered no impairment indicator existed as at 31 December 2021 and 2022 and 30 June 2024. As a result, no impairment charge was recognised.

The key assumptions used for the cash flow projections are as follows:

	As at 31 December 2023
Capacity	50MW
Utilisation/insolation hours	1,795MWh/MWp
Degradation factor	0.5% per annum
FITs	RMB0.23/kWh
Discount rate	6.04%
Operating expenses per watt	RMB76,738

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Target Group had 42, 52, 76 and 79 solar power plants, 7, 16, 22 and 27 wind power plants with aggregated grid-connected installed capacity of approximately 1,851MW, 2,736MW, 4,000MW and 5,331MW. During the Relevant Periods, there was no substantial change in the operating conditions for most of the Target Group's power plants and there was no indication for further impairment. Therefore, no further impairment test was required for the Relevant Periods.

12. Leases

This note provides information for leases where the Target Group is a lessee.

The Target Group's right-of-use assets arise from land use rights for solar and wind power plant projects with typically lease term of 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

The consolidated statements of financial position shows the following amounts relating to leases:

	As at 31 December			**As at 30 June**
	2021	**2022**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Right-of-use assets				
Land use rights	725	1,038	1,048	1,359
Buildings	60	74	75	71
	785	1,112	1,123	1,430
Lease liabilities				
Non-current	544	781	519	615
Current	29	58	33	44
	573	839	552	659

Information in respect of the remaining contractual maturities of the Target Group's lease liabilities are set out in Note 3.1(c) to the consolidated financial statements.

The movements of right-of-use assets are analysed as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
At 1 January	79	785	1,112	1,123
Additions	57	280	364	337
Acquisitions of subsidiaries *(Note 25)*	671	102	106	6
Depreciation	(22)	(35)	(49)	(36)
Termination of leases	–	(20)	(410)	–
At 31 December/30 June	785	1,112	1,123	1,430
At 31 December/30 June				
Cost	817	1,239	1,249	1,599
Accumulated depreciation	(32)	(127)	(126)	(169)
Net book amount	785	1,112	1,123	1,430

The movements of lease liabilities are analysed as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
At 1 January	21	573	839	552
Additions	107	247	149	183
Interest expenses	2	36	42	12
Acquisitions of subsidiaries *(Note 25)*	446	71	74	–
Termination of leases	–	(20)	(410)	–
Lease payments	(3)	(68)	(142)	(88)
At 31 December/30 June	573	839	552	659

During the Relevant Periods, the total cash outflow in relation to lease liabilities was approximately RMB3 million, RMB68 million, RMB142 million and RMB88 million, which included expenses for lease payments of approximately RMB2 million, RMB36 million, RMB42 million and RMB12 million.

13. Intangible Assets

	Goodwill *RMB'million*
At 1 January 2021	
Cost	–
Accumulated impairment	–
Net book amount	–
Year ended 31 December 2021	
Opening net book amount	–
Acquisition of subsidiaries	101
Closing net book amount	101
At 31 December 2021	
Cost and net book amount	101
Year ended 31 December 2022	
Opening net book amount	101
Acquisition of subsidiaries	194
Closing net book amount	295
At 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	
Cost and net book amount	295
Year ended 31 December 2023 and six months ended 30 June 2024	
Opening and closing net book amount	295

During the Relevant Periods, goodwill was resulted from the acquisitions of subsidiaries in the PRC. The carrying amount of goodwill was allocated to the Target Group's cash-generating units of power plants. The recoverable amount for the cash-generating unit was determined based on value-in-use calculations covering a detailed five-year budget plan followed by an extrapolation of expected cash flows at the utilisation hours. The utilization hours reflect the long-term average utilisation hours for the product lines of the cash-generating unit. The key assumptions used for value-in-use calculations include utilisation hours ranging from 2,209 to 2,718MWh/MWp, 2,171 to 2,473MWh/MWp, 1,190 to 2,886MWh/MWp and 1,190 to 2,886MWh/MWp, and discount rates ranging from 6.68% to 8.97%, 6.70% to 11.4%, 7.00% to 7.75% and 7.00% to 7.75%, respectively. The Management is not currently aware of any other probable changes that would necessitate changes in its key estimates and could cause the cash-generating units' amount exceed their recoverable amounts. During the Relevant Periods, the Management determined that no impairment on the respective cash-generating units.

14. Investments Accounted for Using Equity Method

The amounts recognised in the consolidated statements of financial position are as follows:

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Cost of investment in an associate	–	429	417	417
Share of undistributed post-acquisition reserves	–	2	7	12
	–	431	424	429

Investment in an associate

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
At 1 January	–	–	431	424
Acquisition of an associate	–	429	–	–
Dividend declared by an associate	–	–	(14)	–
Share of profits from an associate	–	2	7	5
At 31 December/30 June	–	431	424	429

Set out below are the associates which, in the opinion of the Board, are material to the Target Group as at 31 December 2021, 2022 and 2023 and 30 June 2024.

Name of entity	Place of establishment and operation	Proportion of ownership held by subsidiaries: As at 31 December 2021	2022	2023	As at 30 June 2024	Principal activities
Xiyang Sineng New Energy Co., Ltd. # (“**Xiyang New Energy**”) 昔陽縣斯能新能源有限公司	The PRC	–	49%	49%	49%	Operation and management of a wind power plant

The English translation of the name of the company established in the PRC is for reference only. The official name of this company is in Chinese.

Set out below are the summarised financial information for the material associates for the Relevant Periods.

	Xiyang Sineng New Energy Co., Ltd. As at 31 December 2021 *RMB'million*	2022 *RMB'million*	2023 *RMB'million*	As at 30 June 2024 *RMB'million*
Assets and liabilities				
Current assets	–	515	529	407
Non-current assets	–	1,296	1,192	1,270
Current liabilities	–	(133)	(156)	(151)
Non-current liabilities	–	(799)	(700)	(650)
Profit or loss for the year/period				
Revenue	–	147	153	72
Profit and total comprehensive income for the year/period	–	23	16	11
Dividend declared by an associate	–	–	14	–
Reconciliation to carrying amounts				
Opening net assets	–	427	879	865
Capital injection	–	429	–	–
Dividend	–	–	(30)	–
Share of profit	–	23	16	11
Closing net assets	–	879	865	876
Target Group's % of ownership	–	49%	49%	49%
Target Group's share (RMB)	–	431	424	429

15. Trade and Tariff Adjustment Receivables

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Trade receivables	173	329	180	309
Tariff adjustment receivables	2,730	2,678	3,037	4,422
Trade and tariff adjustment receivables	2,903	3,007	3,217	4,731

As at 31 December 2021, 2022 and 2023 and 30 June 2024, trade receivables of approximately RMB173 million, RMB329 million, RMB180 million and RMB309 million respectively represented receivables from sales of electricity and are usually settled within one to six months. Tariff adjustment receivables mainly represented the central government subsidies on renewable energy projects to be received from the State Grid and Inner Mongolia Power based on the respective electricity sale and purchase agreements for each of the Target Group's solar power plants and prevailing nationwide government policies.

During the Relevant Periods, the Target Group received tariff adjustment subsidies of approximately RMB275 million, RMB1,088 million, RMB649 million and RMB57 million. The Target Group expected that new development on the national policy on the outstanding amount of the renewable energy subsidies will be announced, and this development is expected to improve the outstanding situation of subsidies to be received by the Target Group.

The ageing analysis of trade and tariff adjustment receivables by invoice date was as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Unbilled *(Note)*	2,816	2,925	3,190	4,696
1-30 days	79	58	9	26
31-60 days	8	3	7	2
61-90 days	–	3	1	2
91-180 days	–	8	2	2
181-365 days	–	1	2	3
Over 365 days	–	9	6	–
	2,903	3,007	3,217	4,731

Note: The amount represents unbilled trade and tariff adjustment receivables. The ageing analysis of the unbilled trade and tariff receivables, which is based on revenue recognition date, are as follows:

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
1-30 days	145	239	255	372
31-60 days	96	118	122	147
61-90 days	69	102	106	132
91-180 days	238	318	483	338
181-365 days	465	650	780	683
Over 365 days	1,803	1,498	1,444	3,024
	2,816	2,925	3,190	4,696

The maximum exposure to credit risk at the reporting date was the carrying value of each of the receivable mentioned above. The Target Group did not hold any collateral as security. Trade and tariff adjustment receivables are mainly denominated in RMB.

Pursuant to Caijian [2012] No. 102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission ("**NDRC**"), and the National Energy Administration in March 2012, tariff adjustment receivables will be settled upon successful registration in the Renewable Energy Tariff Subsidy Catalogue ("**Catalogue**"). Caijian [2013] No.390 Notice issued in July 2013 further simplified the procedures of settlement of the tariff adjustment.

Pursuant to Guo Neng Xin Neng [2015] No. 73 Notice on the Implementation Plan for Photovoltaic Power Generation Construction (光伏發電建設實施方案) issued by the National Energy Administration in March 2015, the approval process for solar power plant projects was delegated to the local government level from the Central Government. Such projects require only regional filings with regional power authorities authorised to administer the application process. Once the application has been submitted and approved, the local grid companies will install grid connections and such projects will be eligible for tariff adjustment.

In January 2020, the Ministry of Finance, the NDRC, and the National Energy Administration jointly issued Caijian [2020] No. 4 Notice on Several Opinions of Promoting the Healthy Development of the Power Generation of Non-Water Renewable Energy (關於促進非水可再生能源發電健康發展的若干意見). Pursuant to Caijian [2020] No. 4 Notice, the Central Government will no longer publish the Catalogue. On the other hand, the procedures for settlement of tariff adjustment is intended to be further simplified whereby it is indicated in Caibanjian [2020] No.6 Office of Ministry of Finance's Procedures in relation to Commencement of Approval Procedures of Renewable Energy Tariff Subsidy Project List (財政部辦公廳關於開展可再生能源發電補貼項目清單審核有關工作的通知) that all qualified renewable energy power plants (存量項目) (the "**Qualified Power Plants**") which fulfil certain requirements are eligible to be enlisted in the Tariff Subsidy Project List (the "**List**") (補貼項目清單). The Qualified Power Plants include all 1st to 7th batch Catalogue power plants, which will be automatically enlisted in the List.

According to the published information, there are 33, 5, 5 and 1 power plants newly enlisted in the List respectively during the Relevant Periods. The Target Group's Management is of the opinion that the registration is an administrative procedure and the tariff adjustment receivables will be settled in accordance with prevailing government policies and prevalent payment trends of Ministry of Finance. There is no due date for settlement. The tariff adjustment receivables are fully recoverable considering that the background of customers are mainly state-owned enterprises and such tariff adjustment is only subject to timing of allocation of funds by the PRC government.

Given the track record of regular repayment of receivables from sales of electricity, all trade receivables from sales of electricity were expected to be recoverable. For tariff adjustment receivables, they are settled in accordance with prevailing government policies and prevalent payment trends of the Ministry of Finance.

The Ministry of Finance does not set out a rigid timetable for the settlement of tariff adjustment receivables. However, given the collection of tariff adjustment receivables is well supported by the government policy, all tariff adjustment receivables were expected to be recoverable. As the collection of tariff adjustment receivables is expected in the normal operating cycle of the business, they are classified as current assets. Consequently, no additional loss allowance of trade receivables was recognised as at 31 December 2021, 2022 and 2023 and 30 June 2024.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, all trade receivables were expected to be recoverable. The carrying amounts of trade receivables approximate their fair values.

16. Other Receivables, Deposits and Prepayments

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Non-current				
Value-added tax recoverable	920	983	1,668	2,255
Prepayment	15	330	391	170
Prepayment for property, plant and equipment	249	3,244	266	437
	1,184	4,557	2,325	2,862
Current				
Deposits for investments	1,879	2,376	720	444
Value-added tax recoverable	175	218	266	359
Other receivables, deposits and prepayments	659	853	4,902	4,726
	2,713	3,447	5,888	5,529
Total	3,897	8,004	8,213	8,391

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the amounts due from associates were unsecured, interest-free and repayable on demand.

17. Cash Deposits

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Restricted cash	52	988	91	102
Cash and bank balances	915	2,097	445	3,114
Cash and cash equivalents	967	3,085	536	3,216

Notes:

(a) As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Target Group's bank balances were deposited with banks or other financial institutions in the PRC. The remittance of these funds out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Target Group's cash at banks are interest bearing from 0.25% to 0.385% per annum.

18. Capital and Reserves

(a) Paid-in capital

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
At the beginning of year/period	5	135	1,396	1,396
Capital injection	130	1,261	–	–
At the end of year/period	135	1,396	1,396	1,396

(b) Other reserve

Other reserve mainly represents the paid-in capital of Hubei Jingtai Photovoltaics Power Co., Ltd.*（湖北晶泰光伏電力有限公司）and Ningxia Zhongzi Photovoltaics Co., Ltd.*（寧夏中自太陽能光伏發電有限公司）. The deductions during the year ended 31 December 2023 and the six months ended 30 June 2024 represent the acquisitions of the interests in the subsidiaries from the controlling shareholder for business combinations under common control.

(c) Statutory reserve

In accordance with the relevant laws and regulations for the Target Group, it is required to transfer at least 10% of its annual net profit determined in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of PRC, after offsetting any prior years' losses, to the statutory reserve. When the balance of such a reserve reaches 50% of the registered capital of the respective company, any further appropriation is at the discretion of shareholders. The statutory reserve can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing share holding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the reserve after such an issue is not less than 25% of registered capital. The statutory reserve is non-distributable.

19. Perpetual Medium-term Notes

	As at 31 December 2021 RMB'million	2022 RMB'million	2023 RMB'million	As at 30 June 2024 RMB'million
At 1 January	–	–	–	–
Issue of perpetual medium-term notes	–	–	–	800
At 31 December/30 June	–	–	–	800

During the six months ended 30 June 2024, the Target Company entered into an investment contract (the "**Contract**") with Zhongyuan Trust Co., Ltd.*（中原信托有限公司）, according to which the perpetual trust funds under the Contract enable the Target Group to expand its financing channels and enhance its cash flow and adequacy. The Target Group has received an amount of RMB800 million at a fixed distribution rate of 3.69% per annum in the form of privately-offered perpetual medium-term notes up to 30 June 2024 by entering into the Contract.

The perpetual medium-term notes have no maturity dates and the instruments can only be redeemed at the option of the Target Company. The payments of distributions can be deferred into perpetuity at the discretion of the Target Company, except for compulsory distribution payment events, including declaration or payment of any discretionary dividends to the shareholders has occurred over the past 12 months before the payment date of each distribution.

20. Bank and Other Borrowings

	As at 31 December 2021 RMB'million	2022 RMB'million	2023 RMB'million	As at 30 June 2024 RMB'million
Non-current				
Bank borrowings *(Note (b))*	5,603	11,428	10,556	12,392
Loans from financial institutions *(Note (c))*	6,617	5,981	5,376	4,600
Other loans *(Note (d))*	–	–	5,740	9,815
	12,220	17,409	21,672	26,807
Current				
Bank borrowings *(Note (b))*	1,710	4,095	3,990	3,726
Loans from financial institutions *(Note (c))*	808	1,901	1,980	1,427
Other loans *(Note (d))*	–	–	5,069	4,536
	2,518	5,996	11,039	9,689
Total	14,738	23,405	32,711	36,496

The Target Group's bank and other borrowings were repayable as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Bank borrowings				
Within 1 year	1,710	4,095	3,990	3,726
1-2 years	348	6,238	3,774	2,090
2-5 years	4,931	2,538	2,302	3,090
Over 5 years	324	2,652	4,480	7,212
	7,313	15,523	14,546	16,118
Other borrowings				
Within 1 year	808	1,901	7,049	5,963
1-2 years	2,845	1,224	3,851	5,287
2-5 years	3,515	1,207	2,914	6,280
Over 5 years	257	3,550	4,351	2,848
	7,425	7,882	18,165	20,378
Total	14,738	23,405	32,711	36,496

Notes:

(a) As at 31 December 2021, 2022 and 2023 and 30 June 2024, bank borrowings, loans from financial institutions and other loans were secured by the following:

(i) power generating modules and equipment, plant and machinery and construction-in-progress (Note 11);

(ii) pledge of the fee collection rights in relation to the sales of electricity; and

(iii) mortgage over the equity interest in certain subsidiaries.

(b) As at 31 December 2021, 2022 and 2023 and 30 June 2024, the bank borrowings bore interest rates ranging from 4.20% to 6.00%, 3.30% to 6.00%, 2.60% to 3.95% and 2.60% to 3.95% per annum during the Relevant Periods.

(c) As at 31 December 2021, 2022 and 2023 and 30 June 2024, loans from financial institutions included loans from subsidiaries of a controlling shareholder. The loans bore interest rates ranging from 4.05% to 5.39%, 2.85% to 4.50%, 2.50% to 3.40% and 2.85% to 4.65% per annum during the Relevant Periods.

(d) As at 31 December 2023 and 30 June 2024, other loans represented loans from subsidiaries of a controlling shareholder. The loans were unsecured, bore interest rate ranging from 2.50% to 3.90% and 2.50% to 4.30% per annum during the year ended 31 December 2023 and the six months ended 30 June 2024 and were repayable on demand.

(e) The principal of bank borrowings and loans from financial institutions which bore floating interest rates were as follows:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Bank borrowings	2,090	7,703	9,948	13,467
Loans from financial intuitions	7,425	7,567	5,712	6,926
	9,515	15,270	15,660	20,393

21. Deferred Tax

Deferred tax assets and liabilities are netted off when the taxes relate to the same tax authority and where offsetting is legally enforceable. The following amounts, determined after appropriate offsetting, are shown separately on the consolidated statements of financial position:

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Deferred tax assets	16	25	20	20
Deferred tax liabilities	(186)	(313)	(407)	(400)

The movement during the years in the deferred tax assets/liabilities is as follows:

Deferred tax assets

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
At 1 January	–	16	25	20
Acquisitions of subsidiaries *(Note 25)*	3	7	1	–
Recognition of property, plant and equipment	1	2	–	–
Credit/(charge) to the consolidated statements of profit or loss	12	–	(6)	–
At 31 December/30 June	16	25	20	20

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Target Group has unrecognised deferred tax assets of approximately RMB34 million, RMB150 million, RMB472 million and RMB190 million respectively in respect of tax losses of approximately RMB142 million, RMB602 million, RMB1,890 million and RMB761 million, respectively that can be carried forward against future taxable income. As at 31 December 2021, 2022 and 2023 and 30 June 2024, these tax losses of approximately RMB142 million, RMB602 million, RMB1,890 million and RMB761 million respectively will expire at various dates up to and including 2029.

Deferred tax liabilities

Deferred taxation, representing fair value adjustment, is calculated in full on temporary differences under the liability method using taxation rates enacted or substantively enacted by the end of the reporting period in the respective jurisdictions. The movements in deferred income tax liabilities are as follows:

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
At 1 January	(53)	(186)	(313)	(407)
Acquisitions of subsidiaries *(Note 25)*	(137)	(131)	(110)	–
Credit to the consolidated statements of profit or loss	4	4	16	7
At 31 December/30 June	(186)	(313)	(407)	(400)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC for the Relevant Periods. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Target Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, deferred tax liabilities of approximately RMB26 million, RMB18 million, RMB23 million and RMB28 million, respectively, have not been recognised for the withholding tax that would be payable on the remittance of earnings of PRC subsidiaries. As at 31 December 2021, 2022 and 2023 and 30 June 2024, the related unremitted earnings totalled approximately RMB512 million, RMB363 million, RMB460 million and RMB551 million, respectively, and the Target Group did not intend to remit these unremitted earnings from the relevant subsidiaries to the Company in the foreseeable future.

22. Other Payables and Accruals

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Construction cost payables	562	974	2,536	3,970
Consideration payables in relation to acquisitions	411	785	442	394
Value-added tax payables	6	9	9	26
Amounts due to related parties *(Note)*	2,885	4,450	4,356	7,227
Dividend payable	314	433	–	–
Other payables and accruals	2,276	1,602	1,721	952
	6,454	8,253	9,064	12,569
Less: Non-current portion of other payables and accruals	(57)	(69)	(69)	(38)
	6,397	8,184	8,995	12,531

Note: The amounts due were unsecured, interest-free and repayable on demand.

23. Financial Instruments by Category

The Target Group held the following financial instruments:

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Financial assets at amortised cost				
Trade and tariff adjustment receivables	2,903	3,007	3,217	4,731
Other financial assets at amortised cost	621	1,128	5,216	4,742
Cash deposits	967	3,085	536	3,216
	4,491	7,220	8,969	12,689
Financial liabilities at amortised cost				
Bank and other borrowings	14,738	23,405	32,711	36,496
Other payables	6,418	8,220	9,005	12,481
Lease liabilities	573	839	552	659
	21,729	32,464	42,268	49,636

The Target Group's exposure to various risks associated with the financial instruments is discussed in Note 3.1. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

24. Reconciliation of Liabilities Arising from Financing Activities

	Bank borrowings *RMB'million*	Loans from financial institutions *RMB'million*	Other loans *RMB'million*	Lease liabilities *RMB'million*
At 1 January 2021	1,877	414	–	21
Cash flows				
– Principal and related arrangement fees	4,098	49	(167)	(1)
– Interest paid	–	–	–	(2)
Non-cash flows				
– Acquisitions of subsidiaries	1,338	6,962	167	446
– Addition of leases	–	–	–	107
– Finance costs	–	–	–	2
At 31 December 2021 and 1 January 2022	7,313	7,425	–	573
Cash flows				
– Principal and related arrangement fees	7,786	(1,127)	–	(32)
– Interest paid	–	–	–	(36)
Non-cash flows				
– Acquisitions of subsidiaries	424	1,584	–	71
– Addition of leases	–	–	–	247
– Finance costs	–	–	–	36
– Termination of leases	–	–	–	(20)
At 31 December 2022 and 1 January 2023	15,523	7,882	–	839
Cash flows				
– Principal and related arrangement fees	(977)	(2,992)	10,809	(100)
– Interest paid	–	–	–	(42)
Non-cash flows				
– Acquisitions of subsidiaries	–	2,466	–	74
– Addition of leases	–	–	–	149
– Finance costs	–	–	–	42
– Termination of leases	–	–	–	(410)
At 31 December 2023 and 1 January 2024	14,546	7,356	10,809	552

	Bank borrowings *RMB'million*	Loans from financial institutions *RMB'million*	Other loans *RMB'million*	Lease liabilities *RMB'million*
Cash flows				
– Principal and related arrangement fees	1,266	(1,329)	3,542	(76)
– Interest paid	–	–	–	(12)
Non-cash flows				
– Acquisitions of subsidiaries	306	–	–	–
– Addition of leases	–	–	–	183
– Finance costs	–	–	–	12
At 30 June 2024 (Unaudited)	16,118	6,027	14,351	659
At 31 December 2022 and 1 January 2023	15,523	7,882	–	839
Cash flows				
– Principal and related arrangement fees	(10,479)	(1,992)	5,809	(40)
– Interest paid	–	–	–	(9)
Non-cash flows				
– Acquisitions of subsidiaries	–	840	–	1
– Addition of leases	–	–	–	56
– Finance costs	–	–	–	9
– Termination of leases	–	–	–	(400)
At 30 June 2023	5,044	6,730	5,809	456

25. Acquisitions of Subsidiaries

It is the Target Group's strategy to identify suitable investment opportunity to acquire renewable energy projects with good prospects and potential for stable returns.

(a) Business Combinations

During the Relevant Periods, the Target Group completed the acquisitions of 31, 7, 5 and nil power plants respectively in the PRC from independent third parties through its subsidiaries. The acquisitions have immediately enabled to supplement the Target Group's existing renewable power plant portfolio and further expand its scale of business in the renewable energy sector in order to enhance return to the shareholders of the Company.

The key assumptions used for the post-tax cash flow projections for the purchase price allocation, which are based on experience of the Target Group and external sources of market information, are as follows:

	2021	2022	2023
Capacity (subject to impairment)	913.72MW	472.12MW	439.50MW
Utilisation/insolation hours	1,120 to 2,718MWh/MWp	1,065 to 2,800MWh/MWp	1,635 to 3,476MWh/MWp
Degradation factor	0% to 0.75% per annum	0% to 0.7% per annum	0% to 0.45% per annum
FITs	RMB0.4 to RMB0.9/kWh	RMB0.49 to RMB0.9/kWh	RMB0.25 to RMB0.6/kWh
Discount rate	6.68% to 12.34%	8.11% to 11.4%	7.26% to 7.75%
Construction costs per watt	RMB4.5 to RMB8.6	RMB5.54 to RMB7.64	RMB4.6 to RMB9.78
Operating expenses per watt	RMB0.21 to RMB0.46 with annual growth rate of 1%	RMB0.33 to RMB0.42 with annual growth rate of 1%	RMB0.23 to RMB0.63 with annual growth rate of 1%

(b) Acquisitions of Assets

During the Relevant Periods, the Target Group acquired the equity interests of certain companies in the PRC from independent third parties through its subsidiaries. These acquisitions are considered as acquisitions of assets as the fair values of the gross assets acquired are concentrated in a group of similar identifiable assets. All these companies have also been consolidated into the consolidated financial statements of the Target Group.

The following table summarises the details of the subsidiaries acquired.

Name of the company	Month of acquisition	Equity interest acquired	Consideration *RMB'million*	Power plants acquired: Type	Location	Number of plants	Grid-connected installed capacity *(MW)*
Year ended 31 December 2021							
Accounted for as business combinations							
Jinzhong Jinhe New Energy Limited* 晉中晉合新能源有限公司	January 2021	100%	–^	Solar	Shanxi	1	–
Inner Mongolia Minghua New Energy Co., Ltd.* ("**Inner Mongolia Minghua**") 內蒙古明華新能源股份有限公司	February 2021	100%	267	Solar	Inner Mongolia	6	115.00
Zhenglanqi State Power Photovoltaic Co., Ltd.* 正藍旗國電光伏發電有限公司	March 2021	100%	210	Solar	Inner Mongolia	1	50.00
Dezhou City Lincheng Qu Qianchao Brothers Energy Technology Co., Ltd.* 德州市陵城區乾超兄弟能源科技有限公司	April 2021	100%	26	Solar	Shandong	1	20.00
Changji Yijing Photovoltaics Technology Co., Ltd.* 昌吉億晶光伏科技有限公司	April 2021	100%	2	Solar	Xinjiang	1	200.00
Yulin City Jiangshan Yongchen New Energy Limited* ("**Yulin Yongchen**") 榆林市江山永宸新能源有限公司	April 2021	100%	1,178	Solar	Shaanxi	1	300.00
Xinjiang Xinyou New Energy Power Co., Ltd.* ("**Xinjiang Xinyou**") 新疆信友新能源發電有限公司	June 2021	100%	–^	Wind	Xinjiang	1	50.00
Wulate Houqi Yuanhai New Energy Co., Ltd.* ("**Wulate Houqi**") 烏拉特後旗源海新能源有限責任公司	June 2021	100%	47	Solar	Inner Mongolia	4	50.00
Pingshan County Tianhui Energy Technology Co., Ltd.* 平山縣天匯能源科技有限公司	December 2021	100%	34	Solar	Hebei	1	20.00
Pianguan County Sineng Wind Power Co., Ltd.* ("**Pianguan County Sineng**") 偏關縣斯能風電有限公司	December 2021	100%	193	Wind	Shanxi	1	50.00
Yangqu County Weilan New Energy Co., Ltd.* ("**Yangqu County Weilan**") 陽曲縣蔚藍新能源有限公司	December 2021	100%	262	Wind	Shanxi	1	46.80
Heshun County Sineng Wind Power Co., Ltd.* ("**Heshun County Sineng**") 和順縣斯能風電有限公司	December 2021	100%	234	Wind	Shanxi	1	50.00
Hunyuan Sineng New Energy Co., Ltd.* ("**Hunyuan Sineng**") 渾源斯能新能源有限公司	December 2021	100%	212	Wind	Shanxi	1	50.00

Name of the company	Month of acquisition	Equity interest acquired	Consideration	Power plants acquired: Type	Location	Number of plants	Grid-connected installed capacity
			RMB'million				*(MW)*
Year ended 31 December 2021							
Accounted for as business combinations							
Baicheng City Huaru New Energy Development Co., Ltd.* 白城市華儒新能源開發有限公司	December 2021	100%	1	Solar	Jilin	1	15.00
Zhejiang Apoxilun Photovoltaic Technology Co., Ltd.* 浙江阿波溪崙光伏科技有限公司	December 2021	100%	124	Solar	Zhejiang	1	29.60
Beijing Tongli Risheng New Energy Technology Co., Ltd.* 北京通力日昇新能源科技有限公司	December 2021	100%	–^	Solar	Hebei	8	35.02
Accounted as acquisitions of assets							
Mulei County Tongchuan Fengguang New Energy Co., Ltd.* 木壘縣通川風光新能源有限公司	October 2021	100%	–^	Wind	Xinjiang	1	49.50
Wulian County Pengguang New Energy Co., Ltd.* 五蓮縣鵬光新能源有限公司	November 2021	100%	–^	Solar	Shandong	1	–
Nangong City Guolong New Energy Technology Co., Ltd.* 南宮市國隆新能源科技有限公司	December 2021	100%	–^	Solar	Hebei	1	170.00
Nangong City Guorui New Energy Technology Co., Ltd.* 南宮市國瑞新能源科技有限公司	December 2021	100%	–^	Solar	Hebei	1	30.00
Qinghai Sixun New Energy Co., Ltd.* 青海思迅新能源有限公司	December 2021	100%	–^	Wind	Qinghai	1	40.00
Nangong City Guoshun New Energy Technology Co., Ltd.* 南宮市國順新能源科技有限公司	December 2021	100%	–^	Solar	Hebei	1	130.00
Longyao County Guochang New Energy Technology Co., Ltd.* 隆堯縣國昌新能源科技有限公司	December 2021	100%	–^	Solar	Hebei	1	181.00
Guangzong County Guorui Energy Co., Ltd.* 廣宗縣國瑞能源有限公司	December 2021	100%	–^	Solar	Hebei	1	213.80
Year ended 31 December 2022							
Accounted for as business combinations							
Ningxia Yanchi Kaineng Photovoltaic Power Generation Co., Ltd.* 寧夏鹽池凱能光伏發電有限公司	May 2022	100%	57	Solar	Ningxia	1	20.00
Shenzhen City Qianhai Yuhua Clean Energy Investment Co., Ltd.* 深圳市前海毓華清潔能源投資有限公司	July 2022	100%	162	Wind	Shanxi	1	50.00

Name of the company	Month of acquisition	Equity interest acquired	Consideration	Power plants acquired: Type	Location	Number of plants	Grid-connected installed capacity
			RMB'million				*(MW)*
Xiyang County Sineng Wind Power Co., Ltd.* ("**Xiyang Wind Power**") 昔陽縣斯能風電有限公司	July 2022	100%	180	Wind	Shanxi	1	30.00
Shuozhou City Pinglu District Honggou Wind Power Co., Ltd.* ("**Shouzhou Wind Power**") 朔州市平魯區紅溝風電有限公司	July 2022	100%	511	Wind	Shanxi	1	100.00
Youyu County Sineng Wind Power Co., Ltd.* ("**Youyu Wind Power**") 右玉縣斯能風電有限公司	July 2022	100%	328	Wind	Shanxi	1	99.50
Xizang (Jiangda County) New Energy Co., Ltd.* (Formerly known as: Changdu City China Power Construction New Energy Development Co., Ltd.) 西藏(江達縣)新能源有限公司(前稱：昌都市中電建新能源開發有限公司)	July 2022	100%	23	Solar	Xizang	1	20.00
Fengtai County Shengyang New Energy Power Generation Co., Ltd.* 鳳台縣晟陽新能源發電有限公司	December 2022	100%	412	Solar	Anhui	1	150.00
Accounted for as acquisitions of assets							
Huoqiu County Huaqin New Energy Co., Ltd.* 霍邱縣華欽新能源有限公司	April 2022	100%	85	Solar	Anhui	1	107.86
Mingshui County Hongda New Energy Co., Ltd.* 明水縣虹達新能源有限公司	September 2022	100%	2	Wind	Heilongjiang	1	2.00
Qingan County Xuyuan New Energy Co., Ltd.* 慶安縣旭源新能源有限公司	September 2022	100%	–^	Wind	Heilongjiang	1	18.00
Anda City Yufeng New Energy Co., Ltd.* 安達市御風新能源有限公司	September 2022	100%	–^	Wind	Heilongjiang	1	6.00
Hailun City Hongda New Energy Technology Co., Ltd.* 海倫市虹達新能源科技有限公司	September 2022	100%	6	Wind	Heilongjiang	1	11.00
Suihua City Xuyuan New Energy Co., Ltd.* 綏化市旭源新能源有限公司	September 2022	100%	4	Wind	Heilongjiang	1	8.00

Name of the company	Month of acquisition	Equity interest acquired	Consideration *RMB'million*	Power plants acquired — Type	Location	Number of plants	Grid-connected installed capacity *(MW)*
Year ended 31 December 2023							
Accounted for as business combinations							
Asia New Energy (Jinhu) Wind Power Co., Ltd.* 亞洲新能源(金湖)風力發電有限公司	September 2023	51%	6	Wind	Jiangsu	1	100.00
Beitun City Fengyu Wind Energy Development Co., Ltd.* 北屯市楓煜風能開發有限公司	October 2023	100%	199	Wind	Xinjiang	1	49.50
Jingxin (Hami) Wind Power Co., Ltd.* (Formerly known as: Sany Hami New Energy Co., Ltd.) 京新(哈密)風力發電有限公司(前稱：三一哈密新能源有限公司)	December 2023	100%	6	Wind	Xinjiang	1	50.00
Tianjin Renhui New Energy Technology Co., Ltd.* 天津仁匯新能源科技有限公司	December 2023	100%	84	Solar	Liaoning	1	100.00
Daqing City Shengbu Electric Power Co., Ltd.* 大慶市盛步電力有限公司	December 2023	100%	101	Solar	Liaoning	1	100.00
Accounted for as acquisitions of assets							
Asia New Energy (Baoying) Wind Power Co., Ltd.* 亞洲新能源(寶應)風力發電有限公司	April 2023	51%	–^	Wind	Jiangsu	1	100.00
Jiangda County Yingli Jinma New Energy Development Co., Ltd.* 江達縣英利金碼新能源開發有限公司	December 2023	100%	1	Solar	Xizang	1	20.00
Six months ended 30 June 2024							
Accounted for as acquisitions of assets							
Pingquan City Bangcheng New Energy Technology Co., Ltd.* 平泉市邦誠新能源科技有限公司	March 2024	85%	69	Solar	Hebei	1	100.00

^ It represents the amount below RMB1 million.

The following table summarises the consideration paid, the fair value of identifiable assets acquired, liabilities assumed and the non-controlling interests as at the respective acquisition date:

For the year ended 31 December 2021

	Business combinations *RMB'million*	Acquisitions of assets *RMB'million*	Total *RMB'million*
Consideration			
Cash	2,805	–^	2,805
Recognised amounts of fair value of identifiable assets acquired, liabilities assumed and non-controlling interests			
Property, plant and equipment	6,863	4,920	11,783
Right-of-use assets	184	487	671
Value-added tax recoverable, net	419	563	982
Trade and tariff adjustment receivables	1,753	110	1,863
Other receivables, deposits and prepayments	493	174	667
Cash and cash equivalents	170	9	179
Other payables and accruals	(2,630)	(1,505)	(4,135)
Bank and other borrowings	(5,266)	(3,201)	(8,467)
Lease liabilities	(13)	(433)	(446)
Deferred tax assets	3	–	3
Deferred tax liabilities	(137)	–	(137)
Income tax payable	(5)	–	(5)
Total identifiable net assets	1,834	1,124	2,958
Non-controlling interests	(10)	–	(10)
Bargain purchase gains recognised in the consolidated statements of profit or loss	(244)	–	(244)
Goodwill recognised in the consolidated statements of financial position	101	–	101
	1,681	1,124	2,805
Net cash (outflow)/inflow arising from the acquisitions			
Offsetting with other receivables	234	–	234
Other payables (including consideration payables in relation to acquisitions)	388	–	388
Cash and cash equivalents acquired	170	9	179
Less: cash consideration	(2,805)	–^	(2,805)
	(2,013)	9	(2,004)

For the year ended 31 December 2022

	Business combinations *RMB'million*	Acquisitions of assets *RMB'million*	Total *RMB'million*
Consideration			
Cash	1,673	98	1,771
Recognised amounts of fair value of identifiable assets acquired, liabilities assumed and non-controlling interests			
Property, plant and equipment	3,119	781	3,900
Right-of-use assets	75	27	102
Value-added tax recoverable, net	138	47	185
Trade and tariff adjustment receivables	774	14	788
Other receivables, deposits and prepayments	50	–	50
Cash and cash equivalents	100	14	114
Other payables and accruals	(914)	(438)	(1,352)
Bank and other borrowings	(1,681)	(327)	(2,008)
Lease liabilities	(51)	(20)	(71)
Deferred tax assets	7	–	7
Deferred tax liabilities	(131)	–	(131)
Total identifiable net assets	1,486	98	1,584
Bargain purchase gains recognised in the consolidated statements of profit or loss	(7)	–	(7)
Goodwill recognised in the consolidated statements of financial position	194	–	194
	1,673	98	1,771
Net cash (outflow)/inflow arising from the acquisitions			
Offsetting with deposits for investments	25	85	110
Other payables (including consideration payables in relation to acquisitions)	383	9	392
Cash and cash equivalents acquired	100	14	114
Less: cash consideration	(1,673)	(98)	(1,771)
	(1,165)	10	(1,155)

For the year ended 31 December 2023

	Business combinations *RMB'million*	Acquisitions of assets *RMB'million*	Total *RMB'million*
Consideration			
Cash	396	1	397
Recognised amounts of fair value of identifiable assets acquired, liabilities assumed and non-controlling interests			
Property, plant and equipment	2,856	1,006	3,862
Right-of-use assets	89	17	106
Value-added tax recoverable, net	152	75	227
Trade and tariff adjustment receivables	263	51	314
Other receivables, deposits and prepayments	10	17	27
Cash and cash equivalents	36	12	48
Other payables and accruals	(1,132)	(320)	(1,452)
Bank and other borrowings	(1,626)	(840)	(2,466)
Lease liabilities	(57)	(17)	(74)
Deferred tax assets	1	–	1
Deferred tax liabilities	(110)	–	(110)
Total identifiable net assets	482	1	483
Non-controlling interests	(7)	–	(7)
Bargain purchase gains recognised in the consolidated statements of profit or loss	(79)	–	(79)
	396	1	397
Net cash (outflow)/inflow arising from the acquisitions			
Other payables (including consideration payables in relation to acquisitions)	145	1	146
Cash and cash equivalents acquired	36	12	48
Less: cash consideration	(396)	(1)	(397)
	(215)	12	(203)

^ It represents the amount below RMB1 million.

For the six months ended 30 June 2024

	Business combinations *RMB'million*	Acquisitions of assets *RMB'million*	Total *RMB'million*
Consideration			
Cash	–	69	69
Recognised amounts of fair value of identifiable assets acquired, liabilities assumed and non-controlling interests			
Property, plant and equipment	–	580	580
Right-of-use assets	–	6	6
Value-added tax recoverable, net	–	23	23
Trade and tariff adjustment receivables	–	4	4
Other receivables, deposits and prepayments	–	22	22
Cash and cash equivalents	–	4	4
Other payables and accruals	–	(252)	(252)
Bank and other borrowings	–	(306)	(306)
Total identifiable net assets	–	81	81
Non-controlling interests	–	(12)	(12)
	–	69	69
Net cash inflow arising from the acquisitions			
Offsetting with deposits for investments	–	14	14
Other payables (including consideration payables in relation to acquisitions)	–	55	55
Cash and cash equivalents acquired	–	4	4
Less: cash consideration	–	(69)	(69)
	–	4	4

Notes:

(i) Revenue and profit contribution

The table below illustrates the revenue and the profit included in the consolidated statements of profit or loss since acquisition dates contributed by the acquisitions during the Relevant Periods.

	Year ended 31 December			Six months ended
	2021	**2022**	**2023**	**30 June 2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Revenue	452	190	50	18
Profit contributed to the Target Group	167	102	21	17

Had the consolidation taken place at 1 January 2021, 2022, 2023 and 2024, the consolidated statements of profit or loss would show proforma revenue from sales of electricity and tariff adjustment of approximately RMB1,441 million, RMB2,540 million, RMB2,762 million and RMB1,617 million, and profit of approximately RMB612 million, RMB384 million, RMB631 million and RMB495 million, respectively.

(ii) Acquired receivables

During the Relevant Periods, the gross contractual amount of these trade and tariff adjustment receivables due in aggregate was approximately RMB1,863 million, RMB788 million, RMB315 million and RMB4 million respectively, which approximate to their fair value. Management of the Target Group considered the ECL is insignificant.

(iii) Provisional fair value of acquired identifiable assets under business combinations during the Relevant Periods

The fair value of the acquired identifiable assets under business combinations during the Relevant Periods was provisional pending receipt of the final valuations of those assets. Deferred tax has been provided in relation to these fair value adjustments. Target Group's management performed retrospective review of the fair value of the acquired identifiable assets under business combinations during the Relevant Periods and considered no retrospective adjustment was required.

(iv) Non-controlling interests

The non-controlling interests were recognised at their proportionate share of the recognised amounts of acquirees' identifiable net assets.

(v) Goodwill

During the year ended 31 December 2022, goodwill was recognised in the acquisitions of the equity interests of Shenzhen City Qianhai Yuhua Clean Energy Investment Co., Ltd., Xiyang County Sineng Wind Power Co., Ltd., Youyu County Sineng Wind Power Co., Ltd., Shuozhou City Pinglu District Honggou Wind Power Co., Ltd. and Fengtai County Shengyang New Energy Power Generation Co., Ltd. for amounts of RMB18 million, RMB83 million, RMB16 million, RMB71 million and RMB6 million, respectively. The Management of the Target Company were in the opinion that these acquisitions created synergy benefits with the Target Group's existing operations and enhanced the renewable power plant portfolio of the Target Group.

26. Capital Commitments

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Contracted but not provided for in respect of				
– property, plant and equipment	1,143	1,725	5,971	6,747

27. Material Related Party Transactions

(a) Names and relationships with related parties

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control.

The following companies are related parties of the Target Group that had material balances and/or material transactions with the Target Group during the Relevant Periods.

Name of related parties	**Relationship with the Target Group**
Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司)	A controlling shareholder
Shenzhen Jingneng Financial Leasing Co., Ltd.* (深圳京能融資租賃有限公司)	A subsidiary of a controlling shareholder
United Photovoltaic (Changzhou) Investment Group Co., Ltd.* (聯合光伏(常州)投資集團有限公司)	A fellow subsidiary
United Photovoltaic (Shenzhen) Co., Ltd.* (聯合光伏(深圳)有限公司)	A fellow subsidiary
Beijing Jingneng International Comprehensive Smart Energy Co., Ltd.* (北京京能國際綜合智慧能源有限公司)	A fellow subsidiary
Junyao New Energy (Changzhou) Co., Ltd.* (駿耀新能源(常州)有限公司)	A fellow subsidiary
Guangxi Xincheng Jingneng New Energy Co., Ltd.* (廣西忻城京能新能源有限公司)	A fellow subsidiary

Name of related parties	Relationship with the Target Group
Beijing Jingneng Financial Leasing Co., Ltd.*（北京京能融資租賃有限公司）	A subsidiary of a controlling shareholder
Jingneng (Decheng District) New Energy Technology Co., Ltd.*（京能（德城區）新能源科技有限公司）	A fellow subsidiary
Jinglin (Yishui) New Energy Co., Ltd.*（京臨（沂水）新能源有限公司）	A fellow subsidiary
Jingneng (Anshan) New Energy Co., Ltd.*（京能（鞍山）新能源有限公司）	A fellow subsidiary
Jingneng (Laizhou) New Energy Co., Ltd.*（京能（萊州）新能源有限公司）*(Note (i))*	A fellow subsidiary
Jingneng (Xingcheng) New Energy Co., Ltd.*（京能（興城）新能源有限公司）*(Note (ii))*	A fellow subsidiary
Jinghan (Yangzhou) Photovoltaic Power Generation Co., Ltd.*（京邗（揚州）光伏發電有限公司）	A fellow subsidiary
Jingneng (Rushan) New Energy Co., Ltd.*（京能（乳山）新能源有限公司）*(Note (i))*	A fellow subsidiary
Lvlian New Energy (Changzhou) Co., Ltd.*（綠聯新能源（常州）有限公司）	A fellow subsidiary
Zhaolian (Zhuhai) Clean Energy Investment Co., Ltd.*（招聯（珠海）清潔能源投資有限公司）	A fellow subsidiary
Beijing Jingneng International Holdings Co., Ltd.*（北京京能國際控股有限公司）	A fellow subsidiary
Beijing Energy International Holding Co., Ltd.（北京能源國際控股有限公司）	The intermediate holding company
Longyao County Guochang New Energy Technology Co., Ltd.*（隆堯縣國昌新能源科技有限公司）	A fellow subsidiary
BEH Finance Co., Ltd.*（京能集團財務有限公司）	A subsidiary of a controlling shareholder
Jingneng Shengke (Hainan) International Energy Co., Ltd.*（京能勝科（海南）國際能源有限公司）	A fellow subsidiary

Name of related parties	Relationship with the Target Group
Haiyang-Xin Shunfeng Photovoltaic Technology Co., Ltd.*（海陽鑫順風光電科技有限公司）	A fellow subsidiary
Newlai (Weihai) New Energy Co., Ltd.*（紐萊（威海）新能源有限公司）	A fellow subsidiary
Xizang Shunji New Energy Technology Co., Ltd.*（西藏順吉新能源科技有限公司）	A fellow subsidiary
Silk Road Investment Promotion New Energy (Changzhou) Co., Ltd.*（絲綢之路招商新能源（常州）有限公司）	A fellow subsidiary
Jingneng (Rongcheng) New Energy Co., Ltd.*（京能（榮成）新能源有限公司）	A fellow subsidiary
Xizang Changdu Zangneng New Energy Development Co., Ltd.*（西藏昌都藏能新能源開發有限公司）	A fellow subsidiary
Jingneng (Jiaxing) Photovoltaic Power Generation Co., Ltd.*（京能（嘉興）光伏發電有限公司）	A fellow subsidiary
Jingyao (Linzhou) New Energy Co., Ltd.*（京姚（林州）新能源有限公司）	A fellow subsidiary
Yanling Jingneng Xiayang New Energy Co., Ltd.*（炎陵京能霞陽新能源有限公司）	A fellow subsidiary
Dezhou Jusheng New Energy Technology Co., Ltd.*（德州聚盛新能源科技有限公司）	A fellow subsidiary
Jingneng International (Gaoyou) New Energy Co., Ltd.*（京能國際（高郵）新能源有限公司）	A fellow subsidiary
Jingneng (Laiyang) New Energy Co., Ltd.*（京能（萊陽）新能源有限公司）	A fellow subsidiary
Party School of the Committee of CPC Beijing Energy Group Co., Ltd.*（中國共產黨北京能源集團有限責任公司委員會黨校）	A subsidiary of a controlling shareholder
Guangzong County Guorui Energy Co., Ltd.*（廣宗縣國瑞能源有限公司）	A fellow subsidiary
Nangong City Guoshun New Energy Technology Co., Ltd.*（南宮市國順新能源科技有限公司）	A fellow subsidiary

Name of related parties	Relationship with the Target Group
China Merchants Bonded Logistics Co., Ltd.*（招商局保稅物流有限公司）	An associate of a substantial shareholder
Beijing Jingneng Real Estate Leasing and Operation Co., Ltd.*（北京京能房產租賃經營有限責任公司）	A subsidiary of a controlling shareholder

Notes:

(i) Deregistered on 29 June 2023.

(ii) Deregistered on 29 December 2023.

(b) *Significant related parties transactions*

In addition to those disclosed elsewhere in the Historical Financial Information, the following is a summary of the significant transactions carried out between the Target Group and its related parties in the ordinary course of business during the Relevant Periods.

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* (unaudited)	*RMB'million*
Operating services expense made to subsidiaries of a controlling shareholder	20	155	192	92	10
Procurement made to a subsidiary of a controlling shareholder	7	1	1	–	–
Building management fees received from a subsidiary of a controlling shareholder	–	17	27	11	–

(c) *Cash and cash equivalents balances placed with a subsidiary of a controlling shareholder*

	As at 31 December			As at 30 June
	2021	**2022**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
BEH Finance Co., Ltd.*（京能集團財務有限公司）	602	1,734	261	1,755

(d) Significant related party balances

	As at 31 December			As at 30 June
	2021	2022	2023	2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Amounts due from related parties				
Other receivables				
– subsidiaries of a controlling shareholder *(Note)*	524	1,029	4,930	4,511
Amounts due to related parties				
Other payables				
– subsidiaries of a controlling shareholder *(Note)*	3,114	5,135	4,383	7,139
Other borrowings				
– a controlling shareholder	3,548	7,613	10,915	9,855
– subsidiaries of a controlling shareholder	1,011	3,162	6,721	8,036
	4,559	10,775	17,636	17,891

Note: The amounts due are non-trade nature, unsecured, interest-free, repayable on demand and denominated in RMB.

28. Financial Risk Management and Fair Value Measurements

The Target Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

28.1 Interest rate risk

The Target Group is exposed to foreign exchange risk primarily through financing, capital expenditure and expenses transactions that are denominated in a currency other than RMB, which is the functional currency of the major subsidiaries of the Target Group. The Target Group manages its exposures to foreign currency transactions by monitoring the level of foreign currency receipts and payments. The Target Group ensures that the net exposure to foreign exchange risk is kept to an acceptable level from time to time. The Target Group is presently not using any forward exchange contract to hedge against foreign exchange risk as Management considers its exposure is not significant.

The Target Group is exposed to cash flow interest rate risk through the impact of changes in rates on interest-bearing borrowings which mainly bear floating interest rates. In addition, the Target Group is exposed to fair value interest rate risk through the fixed rates applied to lease liabilities.

The Target Group monitors closely its interest rate exposure by maintaining an appropriate mix of fixed and floating rate borrowings and considers hedging significant interest rate exposure should the need arise. The position is regularly monitored and evaluated by reference of anticipated changes in market interest rate.

At 31 December 2021, 2022 and 2023 and 30 June 2024, if interest rates on bank and other borrowings had been 50 basis points higher/lower with all other variables held constant, profit before income tax would have been approximately RMB48 million, RMB76 million, RMB78 million and RMB102 million lower/higher mainly because of higher/lower interest expenses on floating rate borrowings.

28.2 Credit risk

Credit risk arises if a customer or other counterparty fails to meet its contractual obligations. The credit risk of the Target Group mainly arises from trade and tariff adjustment receivables and contract assets, other receivables and deposits and cash deposits.

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the Target Group has concentration of credit risk as 40%, 51%, 40% and 43% respectively of its trade and tariff adjustment receivables were due from three largest customers, which were mainly state-owned enterprises. To measure the ECL, trade and tariff adjustment receivables have been grouped based on shared credit risk characteristics and days past due. Considering the track record of regular settlement of trade receivables and based on the Target Group's experience with respect to the collection of trade and tariff adjustment receivables, which are well supported by the government policy, the Board of Directors are of the opinion that the risk of default by these customers is not significant.

The Target Group has policies that limit the amount of credit exposure to any financial institutions. Substantially all the deposits in banks are held in reputable financial institutions located in the PRC, which Management believes are of high credit quality and Management does not expect any losses arising from non-performance by these counterparties.

Impairment of financial assets

The Target Group has three types of assets that are subject to the ECL model:

- Trade and tariff adjustment receivables and contract assets
- Other receivables and deposits
- Cash deposits (including cash at banks and restricted cash)

(i) Trade and tariff adjustment receivables

The trade and tariff adjustment receivables of the Target Group were arising from sales of electricity and were mainly due from state-owned enterprises. As described in Note 15, except for those power plants pending to be enlisted, the rest of the Target Group's power plants that are entitled to tariff adjustment receivables were successfully enlisted in the List (as defined in Note 15). The Management is of the opinion that the tariff adjustment receivables will be settled in accordance with prevailing government policies and prevalent payment trends of Ministry of Finance. There is no due date for settlement. Given the track record of settlements of receivables from sales of electricity and the collection of tariff adjustment receivables are well supported by the government policy, the Management is of the opinion that the risk of default by these customers is not significant.

(ii) Other receivables and deposits

Impairment charge on other receivables and deposits are measured as either 12-month ECL or lifetime ECL on individual basis, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment charge is measured as lifetime ECL. The Management considered there is no significant increase in credit risk on these balances.

(iii) Cash deposits

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the deposits are placed in reputable banks and financial institutions in the PRC. The credit quality of cash at banks and restricted cash has been assessed by reference to external credit ratings or to historical information about the counterparty default rates. The existing counterparties do not have defaults in the past. Therefore, ECL rate of cash at banks and restricted cash is assessed to be close to zero and no provision was made as at 31 December 2021, 2022 and 2023 and 30 June 2024.

28.3 Liquidity risk

Cash flow forecasts are prepared by the Target Group's management. The Target Group's management monitors rolling forecasts on the liquidity requirements to ensure the Target Group maintains sufficient liquidity reserve to support sustainability and growth of the Target Group's business. Currently, the Target Group finances its working capital requirements through funds generated from operations and obtaining bank and other borrowings.

The Target Company's management monitors rolling forecasts of the Target Group's liquidity reserve on the basis of expected cash flows. The Target Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

The table below analyses the Target Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	On demand or within 1 year	2nd year	3-5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
At 31 December 2021						
Other payables	6,418	–	–	–	6,418	6,418
Bank and other borrowings and corresponding interests	2,652	3,486	8,355	609	15,102	14,738
Lease liabilities	45	206	496	149	896	573
	9,115	3,692	8,851	758	22,416	21,729
At 31 December 2022						
Other payables	8,220	–	–	–	8,220	8,220
Bank and other borrowings and corresponding interests	6,976	7,907	4,606	7,777	27,266	23,405
Lease liabilities	85	358	209	583	1,235	839
	15,281	8,265	4,815	8,360	36,721	32,464
At 31 December 2023						
Other payables	9,005	–	–	–	9,005	9,005
Bank and other borrowings and corresponding interests	11,002	9,132	7,059	11,812	39,005	32,711
Lease liabilities	48	186	144	417	795	552
	20,055	9,318	7,203	12,229	48,805	42,268
At 30 June 2024						
Other payables	12,481	–	–	–	12,481	12,481
Bank and other borrowings and corresponding interests	10,730	8,180	10,764	11,219	40,893	36,496
Lease liabilities	65	66	144	662	937	659
	23,276	8,246	10,908	11,881	54,311	49,636

28.4 Fair values

All other current financial instruments are carried at amounts not materially different from their fair values as at 31 December 2021, 2022 and 2023 and 30 June 2024.

29. Particulars of Principal Subsidiaries

Name of subsidiaries	Place of establishment and operation	Registered/paid up capital	As at 31 December 2021 Proportion of ownership interest held by the Target Company	As at 31 December 2022 Proportion of ownership interest held by the Target Company	As at 31 December 2023 Proportion of ownership interest held by the Target Company	As at 30 June 2024 Proportion of ownership interest held by the Target Company	Type of legal entity	Principal activities
Changji Yijing Photovoltaics Technology Co., Ltd.* 昌吉億晶光伏科技有限公司	The PRC	Registered RMB200,000,000 Paid up RMB191,000,000	100%	100%	100%	100%	Limited liability company	Operation and management of a solar power plant
Fengtai County Shengyang New Energy Power Generation Co., Ltd.* 鳳台縣晟陽新能源發電有限公司	The PRC	Registered and paid up RMB286,053,187	–	100%	100%	100%	Limited liability company	Operation and management of a solar power plant
Hejin City Lu'an Yuhua Wind Power Co., Ltd.* 河津市潞安毓華風力發電有限公司	The PRC	Registered and paid up RMB71,000,000	–	100%	100%	100%	Limited liability company	Operation and management of a wind power plant
Hohhot City United New Energy Development Co., Ltd.* 呼和浩特市聯合新能源開發有限公司	The PRC	Registered and paid up RMB139,100,000	–	95%	95%	95%	Limited liability company	Operation and management of solar power plants
Hubei Jingtai Photovoltaics Power Co., Ltd.* 湖北晶泰光伏電力有限公司	The PRC	Registered RMB250,000,000 Paid up RMB130,000,000	100%	100%	51%	51%	Limited liability company	Operation and management of solar power plants
Nangong City Guolong New Energy Technology Co., Ltd.* 南宮市國隆新能源科技有限公司	The PRC	Registered and paid up RMB146,000,000	100%	100%	100%	100%	Limited liability company	Operation and management of solar power plants
Shuozhou City Pinglu District Honggou Wind Power Co., Ltd.* 朔州市平魯區紅溝風電有限公司	The PRC	Registered and paid up RMB230,000,000	–	100%	100%	100%	Limited liability company	Operation and management of a wind power plant
Xinjiang Xinyou New Energy Power Co., Ltd.* 新疆信友新能源發電有限公司	The PRC	Registered and paid up RMB93,000,000	100%	100%	100%	100%	Limited liability company	Operation and management of a wind power plant
Yangqu County Weilan New Energy Co., Ltd.* 陽曲縣蔚藍新能源有限公司	The PRC	Registered and paid up RMB120,000,000	100%	100%	100%	100%	Limited liability company	Operation and management of a wind power plant
Youyu County Sineng Wind Power Co., Ltd.* 右玉縣斯能風電有限公司	The PRC	Registered and paid up RMB220,000,000	–	100%	100%	100%	Limited liability company	Operation and management of a wind power plant
Yulin City Jiangshan Yongchen New Energy Limited* 榆林市江山永宸新能源有限公司	The PRC	Registered and paid up RMB620,000,000	100%	100%	51%	51%	Limited liability company	Operation and management of a solar power plant
Zhenglanqi State Power Photovoltaic Co., Ltd.* 正藍旗國電光伏發電有限公司	The PRC	Registered RMB125,000,000 Paid up RMB124,000,000	100%	100%	100%	100%	Limited liability company	Operation and management of a solar power plant
Tongliao City Minglong New Energy Co., Ltd.* 通遼市銘龍新能源有限公司	The PRC	Registered RMB1,000,000,000 Paid up RMB1,656,000,000	–	90%	90%	90%	Limited liability company	Operation and management of a wind power plant
Tongliao City Xintong Wind Power Co., Ltd.* 通遼市新通風能有限公司	The PRC	Registered RMB100,000,000 Paid up RMB80,000,000	–	80%	80%	80%	Limited liability company	Operation and management of a wind power plant
Zhaoqing City Lai Te Si New Energy Co., Ltd.* 肇慶市萊特斯新能源有限公司	The PRC	Registered RMB292,960,000 Paid up RMB274,202,000	–	100%	100%	100%	Limited liability company	Operation and management of solar power plants
Jingjiang (Shuangbai) New Energy Co., Ltd.* 京江(雙柏)新能源有限公司	The PRC	Registered RMB347,348,000 Paid up RMB279,797,000	–	–	66%	66%	Limited liability company	Operation and management of solar power plants
Lanxi Chenghui Power Generation Co., Ltd.* 蘭西晟暉發電有限公司	The PRC	Registered RMB20,000,000	–	65%	100%	100%	Limited liability company	Operation and management of a wind power plant
Ningxia Zhongzi Photovoltaics Co., Ltd.* 寧夏中自太陽能光伏發電有限公司	The PRC	Registered and paid up RMB340,000,000	100%	100%	100%	20%	Limited liability company	Operation and management of solar power plants

Notes:

(i) The English names of the subsidiaries represent the best effort by the management of the Target Group to translate their Chinese names, as these subsidiaries do not have official English names.

(ii) The above table lists the subsidiaries of the Target Company which, in the opinion of the management of the Target Group, principally affected the results or assets of the Target Group. To give details of other subsidiaries would, in the opinion of the management of the Target Group, result in particulars excessive length.

30. Statements of Reserves of the Target Company

	Capital reserve *RMB'million*	**Statutory reserve** *RMB'million*	**(Accumulated losses)/ Retained earnings** *RMB'million*	**Total** *RMB'million*
At 1 January 2021	–	–	(17)	(17)
Loss and total comprehensive expense for the year	–	–	(82)	(82)
Transaction with equity holders				
Capital injection	143	–	–	143
At 31 December 2021 and 1 January 2022	143	–	(99)	44
Loss and total comprehensive expense for the year	–	–	(126)	(126)
Transaction with equity holders				
Capital injection – transfer to share capital	(143)	–	–	(143)
Capital injection	413	–	–	413
Total transaction with equity holders	270	–	–	270
At 31 December 2022 and 1 January 2023	413	–	(225)	188
Profit and total comprehensive income for the year	–	–	538	538
Transaction with equity holders				
Transfer to statutory reserve	–	31	(31)	–
Dividend declared	–	–	(57)	(57)
Total transaction with equity holders	–	31	(88)	(57)
At 31 December 2023 and 1 January 2024	413	31	225	669

	Capital reserve *RMB'million*	Statutory reserve *RMB'million*	(Accumulated losses)/ Retained earnings *RMB'million*	Total *RMB'million*
Loss and total comprehensive expense for the period	–	–	(92)	(92)
Transaction with equity holders				
Dividend declared	–	–	(29)	(29)
At 30 June 2024	413	31	104	548

31. Capital Risk Management

The Target Group's objectives when managing capital are to safeguard the Target Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Target Group manages the capital structure and makes adjustments to it in the light of changes in economic condition. In order to maintain or adjust the capital structure, the Target Group may obtain bank and other borrowings, issue of convertible bonds, issue of senior notes, medium-term notes and corporate bonds or placing of new shares. The Target Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debts divided by total capital. Net debts are calculated as total borrowings (including current and non-current bank and other borrowings and convertible bonds as shown in the consolidated statements of financial position) less cash deposits (including cash and cash equivalents and restricted cash as shown in the consolidated statements of financial position). Total capital is calculated as "total equity" as shown in the consolidated statements of financial position plus net debts.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group in respect of any period subsequent to 30 June 2024 and up to the date of this report.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(i) Introduction to Unaudited Pro Forma Financial Information

The following is a summary of the unaudited pro forma consolidated statement of financial position, (the "**Unaudited Pro Forma Financial Information**") of Enlarged Group as if the proposed acquisition of the 42.01% equity interest in BEIED (the "**Acquisition**") had been completed on 30 June 2024 in respect of the unaudited pro forma statement of financial position of the Enlarged Group.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the actual results of financial position, operations or cash flows of the Enlarged Group that would have been attained had the proposed Acquisition been completed on the dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future results of financial position, operations or cash flows.

The Unaudited Pro Forma Financial Information is prepared based on (i) the unaudited consolidated statement of financial position of the Group as at 30 June 2024 as extracted from the published interim report of the Group for the six months ended 30 June 2024; and (ii) after giving effect to the unaudited pro forma adjustments as described in the accompanying notes.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information of the Group as set out in the published interim report of the Group for the six months ended 30 June 2024 as set out in Appendix I to this circular and the accountants' report on BEIED set out in Appendix II to this circular.

(ii) Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group

	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2024	Pro forma adjustment	Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2024
	RMB'million	*RMB'million*	*RMB'million*
	Note 1	*Note 3*	
ASSETS			
Non-current assets			
Property, plant and equipment	70,682		70,682
Right-of-use assets	2,788		2,788
Intangible assets	1,166		1,166
Investments accounted for using equity method	1,037		1,037
Other financial assets at amortised costs	2,808		2,808
Pledged deposits	117		117
Deferred tax assets	69		69
	78,667		78,667
Current assets			
Financial assets at fair value through profit or loss	57		57
Trade, bills and tariff adjustment receivables	10,328		10,328
Other receivables, contract assets, deposits and prepayments	4,187		4,187
Pledged deposits	24		24
Cash and cash equivalents	8,539	(1,001)	7,538
	23,135		22,134
Total assets	101,802		100,801

	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2024	Pro forma adjustment	Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2024
	RMB'million	*RMB'million*	*RMB'million*
	Note 1	*Note 3*	
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	1,915		1,915
Reserves	3,544	(19)	3,525
	5,459		5,440
Perpetual medium-term notes	5,788		5,788
Non-controlling interests	9,191	(982)	8,209
Total equity	20,438		19,437
LIABILITIES			
Non-current liabilities			
Lease liabilities	1,410		1,410
Contingent consideration payables	3		3
Bank and other borrowings	46,849		46,849
Deferred income	15		15
Deferred tax liabilities	1,117		1,117
Other payables and accruals	165		165
	49,559		49,559
Current liabilities			
Other payables and accruals	8,880		8,880
Lease liabilities	106		106
Contingent consideration payables	2		2
Bank and other borrowings	22,817		22,817
	31,805		31,805
Total liabilities	81,364		81,364
Net assets	20,438		19,437

(iii) Notes to the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group

Note 1 The unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2024 was extracted from the published interim report of the Group for the six months ended 30 June 2024.

Note 2 On 20 December 2023, BEIED, ABC Investment, BEII, Changzhou New Energy and BEJN entered into the Equity Transfer Agreement, pursuant to which ABC Investment has conditionally agreed to sell and BEJN has conditionally agreed to purchase 42.01% of the equity interest in BEIED.

Note 3 The adjustment represents:

(i) the consideration of approximately RMB1,000 million for the acquisition of 42.01% equity interest in BEIED. For the purpose of this Unaudited Pro Forma Financial Information, the consideration is expected to be paid by cash in full on the Completion Date;

(ii) the derecognition of the carrying value of non-controlling interest of BEIED for approximately RMB982 million;

(iii) the difference between (i) and (ii) above amounting to approximately RMB18 million to be derecognised as reserve in equity since BEIED is a subsidiary of the Company both before and after the Acquisition; and

(iv) the estimated transaction costs of approximately RMB1 million to be paid by the Group in connection with the Acquisition.

Note 4 Apart from the Acquisition, no other adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Enlarged Group subsequent to 30 June 2024.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

GrantThornton
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To the Directors of Beijing Energy International Holding Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Beijing Energy International Holding Co., Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**"), and BEI Energy Development (Beijing) Co., Ltd. (the "**Target Company**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2024 and related notes as set out in Part A of Appendix III to the circular dated 14 October 2024 (the "**Circular**") issued by the Company (the "**Unaudited Pro Forma Financial Information**") in connection with the proposed acquisition of 42.01% equity interests in the Target Company (the "**Acquisition**") by the Group. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Part A of Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's financial position as at 30 June 2024 as if the Acquisition had taken place at 30 June 2024. As part of this process, the information about the Group's financial position as at 30 June 2024 has been extracted by the Directors from the published interim report of the Group for the six months ended 30 June 2024.

Directors' responsibilities for the unaudited pro forma financial information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

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 HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance and 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 accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2023 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

14 October 2024

Chiu Wing Ning
Practising certificate number: P04920

Set out below is the management discussion and analysis on the BEIED for the three years ended 31 December 2023 and the six months ended 30 June 2024 (the "**Reporting Period**") based on the financial information set out in Appendix II to this circular.

OUTLOOK FOR THE CLEAN ENERGY INDUSTRY

With the further adjustment of the global energy landscape, energy transformation, technological innovation and industry chain optimization have become the key opportunities and great challenges for the future high-quality development of the energy industry. 2024 is a critical year for China to implement the "14th Five-Year Plan". China has clearly proposed that by 2030, China's carbon dioxide emissions per unit of GDP will be reduced by more than 65% compared with 2005, the proportion of non-fossil energy in primary energy consumption will reach about 25%, and the total installed capacity of wind power and solar power generation will reach more than 1.2 billion kilowatts. In the process of implementing China's carbon emission peak and carbon neutrality targets and realising the transformation of China's energy structure, the vigorous development of wind power and solar power generation is the way to go.

The scale of China's solar industry ranks first in the world. China is a major producer and applicator of solar water heaters, and an important producer of solar photovoltaic cells. Solar photovoltaic cells include crystalline silicon cells and thin-film cells, with crystalline silicon cells accounting for the majority of the market share, accounting for more than 90%. China's photovoltaic power generation industry chain is relatively mature, with a prominent position in the global market. In 2023, there has been accelerated technological computation and upgrade in China's photovoltaic industry, and expedited integration and innovation of industry applications, achieving further growth in the industry scale. According to the photovoltaic industry standardized announcement of enterprise information and the measurement of industry associations, the national polycrystalline silicon, silicon wafers, batteries, components production hit a new high, with the output exceeding 1.43 million tons, 622GW, 545GW, and 499GW respectively. The price of the main photovoltaic products throughout the year declined significantly, and the export in general showed a trend of "volume increase and price reduction".

In recent years, China's wind power has ranked first in the world in terms of new installations for consecutive years, making China become the world's first wind power country. Wind power has surpassed nuclear power and become the third largest power source in China after thermal power and hydropower. China has become the world's largest manufacturing supply chain base of wind power components. Domestically, China's wind power started in the "Three Norths" region and has experienced the rapid development of "construction of large bases and connection to large-scale electricity grids". Outside of the wind power resource areas, China has innovated and developed the low-speed wind power industry in the international arena. The development of low-speed wind power has led the world's wind power industry to develop in the direction of longer blades, higher towers, customized design, and full lifecycle. In the Central, East and South China, low-speed wind power resources can reach up to 1 billion kilowatts, but the current development amount is less than 20%, so there is huge room for expansion in the future.

During the "14th Five-Year Plan" period, the wind power industry will have more room for development. The development scale of wind power is expected to achieve an increase in newly installed capacity of more than 0.25 billion kilowatts, with an annual average of no less than 50 million kilowatts, which is the minimum requirement for realising the dual-carbon target. Among them, the "Three Norths" market requires 0.1 billion to 0.125 billion kilowatts of new wind power installations, with an annual average of 20 million to 25 million kilowatts; offshore wind power requires 40 million to 80 million kilowatts of new installations, with an annual average of 8 million to 16 million kilowatts; and the Central, East and South China market requires 75 million to 0.1 billion kilowatts of new wind power installations, with an annual average of 15 million to 20 million kilowatts. By 2025, China's cumulative installed wind power capacity will reach 0.58 billion kilowatts, by 2030 it will reach 1 billion kilowatts, and by 2060 it will reach at least 3 billion kilowatts.

At present, the world is in an important historical period of transition from high-carbon to low-carbon and net-zero carbon, and a round of competition for new technologies and new industries will be initiated around carbon neutrality. Carbon neutrality will promote the recovery of the green economy, and at the same time facilitate the restructuring of the value chain of various industries, including energy, manufacturing, technology, and consumption. In view of the current global situation, realising clean and low-carbon development is both an urgent need for current development and an inevitable requirement for the future.

With current unprecedented changes come unprecedented opportunities. Under the guidance of the blueprint of the "14th Five-Year Plan", the Company will follow the national "dual-carbon" strategy, take root in the energy field, plant the concept of green development, and continue to enrich the layout of the clean energy industry. In the area of wind and photovoltaic power generation, the Company will focus on its main business of wind and photovoltaic power, and continue to pursue its "dual-circle, one-center and one-focus" strategy, focusing on the development of large base projects and high-yield synergistic projects, and striving for further rapid increase in installed capacity and resource reserves within the year.

Business review

BEIED was incorporated in the Zhongguancun Science Park, Pinggu District, Beijing and is principally engaged in the operation, maintenance and management of the solar power plants and the wind power plants in the PRC. As at 30 June 2024, BEIED had approximately 133 subsidiaries within the scope of consolidation.

In 2021, BEIED recognised the revenue of wind power generation and solar power generation of RMB43 million and RMB942 million, respectively; in 2022, BEIED recognised the revenue of wind power generation and solar power generation of RMB492 million and RMB1,686 million, respectively; in 2023, BEIED recognised the revenue of wind power generation and solar power generation of RMB857 million and RMB1,697 million, respectively; for the six months ended 30 June 2023, BEIED recognised the revenue of wind power generation and solar power generation of RMB421 million and RMB873 million, respectively; and for the six months ended 30 June 2024, BEIED recognised the revenue of wind power generation and solar power generation of RMB643 million and RMB955 million, respectively.

	Year ended 31 December			**Six months ended 30 June**	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million* (unaudited)	*RMB'million*
Sales of electricity	384	1,200	1,366	687	962
Tariff adjustment	601	978	1,188	607	636
	985	2,178	2,554	1,294	1,598

For the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2023 and 2024, BEIED operated two reportable and operating segments. The details are as follows:

	Year ended 31 December 2021		
	Solar power business *RMB'million*	**Wind power business** *RMB'million*	**Total** *RMB'million*
Revenue	942	43	985
Segment results	527	25	552
Unallocated other gains and losses			
Bargain purchase gains arising from business combinations			244
Acquisition costs arising from business combinations			(6)
Finance income			32
Finance costs			(339)
Profit before income tax			483
Income tax expenses			(23)
Profit after income tax			460
Other segment information			
Additions to non-current assets (including property, plant and equipment and right-of-use assets)	534	115	649
Depreciation of property, plant and equipment	(210)	(45)	(255)
Depreciation of right-of-use assets	(22)	–	(22)

	As at 31 December 2021			
	Solar power business	**Wind power business**	**Unallocated**	**Total**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Segment assets	17,667	3,214	2,300	23,181
Segment liabilities	14,275	2,536	5,140	21,951

	Year ended 31 December 2022		
	Solar power business	**Wind power business**	**Total**
	RMB'million	*RMB'million*	*RMB'million*
Revenue	1,686	492	2,178
Segment results	927	269	1,196
Unallocated other gains and losses			
Bargain purchase gains arising from business combinations			7
Acquisition costs arising from business combinations			(7)
Finance income			10
Finance costs			(865)
Profit before income tax			341
Income tax expenses			(54)
Profit after income tax			287
Other segment information			
Additions to non-current assets (including property, plant and equipment and right-of-use assets)	961	1,376	2,337
Depreciation of property, plant and equipment	(504)	(160)	(664)
Depreciation of right-of-use assets	(35)	–	(35)

	As at 31 December 2022			
	Solar power business	**Wind power business**	**Unallocated**	**Total**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*
Segment assets	22,356	8,930	4,447	35,733
Total assets including:				
Investments in associates	–	431	–	431
Segment liabilities	17,404	7,386	8,020	32,810

	Year ended 31 December 2023		
	Solar power business	**Wind power business**	**Total**
	RMB'million	*RMB'million*	*RMB'million*
Revenue	1,697	857	2,554
Segment results	1,021	493	1,514
Unallocated other gains and losses			
Bargain purchase gains arising from business combinations			79
Acquisition costs arising from business combinations			(2)
Finance income			24
Finance costs			(892)
Profit before income tax			723
Income tax expenses			(94)
Profit after income tax			629
Other segment information			
Additions to non-current assets (including property, plant and equipment and right-of-use assets)	6,481	8,388	14,869
Depreciation of property, plant and equipment	(557)	(285)	(842)
Depreciation of right-of-use assets	(49)	–	(49)

	As at 31 December 2023			
	Solar power business *RMB'million*	**Wind power business** *RMB'million*	**Unallocated** *RMB'million*	**Total** *RMB'million*
Segment assets	20,580	21,528	5,196	47,304
Total assets including:				
Investments in associates	–	424	–	424
Segment liabilities	15,532	17,526	9,677	42,735

	Six months ended 30 June 2024		
	Solar power business *RMB'million*	**Wind power business** *RMB'million*	**Total** *RMB'million*
Revenue	955	643	1,598
Segment results	582	385	967
Unallocated other gains and losses			
Bargain purchase gains arising from business combinations			–
Finance income			12
Finance costs			(418)
Profit before income tax			561
Income tax expenses			(78)
Profit after income tax			483
Other segment information			
Additions to non-current assets (including property, plant and equipment and right-of-use assets)	2,399	2,802	5,201
Depreciation of property, plant and equipment	(354)	(156)	(510)
Depreciation of right-of-use assets	(36)	–	(36)

	As at 30 June 2024			
	Solar power business *RMB'million*	**Wind power business** *RMB'million*	**Unallocated** *RMB'million*	**Total** *RMB'million*
Segment assets	14,667	21,757	20,419	56,843
Total assets including:				
Investments in associates	–	429	–	429
Segment liabilities	27,805	3,766	18,554	50,125

	Six months ended 30 June 2023		
	Solar power business *RMB'million* (unaudited)	**Wind power business** *RMB'million* (unaudited)	**Total** *RMB'million* (unaudited)
Revenue	873	421	1,294
Segment results	544	234	778
Unallocated other gains and losses			
Bargain purchase gains arising from business combinations			–
Finance income			16
Finance costs			(467)
Profit before income tax			327
Income tax expenses			(46)
Profit after income tax			281
Other segment information			
Additions to non-current assets (including property, plant and equipment and right-of-use assets)	1,777	660	2,437
Depreciation of property, plant and equipment	(351)	(48)	(399)
Depreciation of right-of-use assets	(23)	–	(23)

Property, plant and equipment

As at 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, the net book amounts of BEIED's property, plant and equipment were approximately RMB14,512 million, RMB19,774 million, RMB33,476 million and RMB38,331 million, respectively.

Liquidity and financial resources

As at 31 December 2021, the current assets of BEIED were approximately RMB6,583 million. The current assets were mainly comprised of receivables and tariff adjustment receivables of approximately RMB2,903 million, other receivables and prepayments of approximately RMB2,713 million and cash and cash equivalents of approximately RMB967 million. In addition, BEIED had current liabilities of approximately RMB8,944 million, non-current assets of approximately RMB16,598 million and non-current liabilities of approximately RMB13,007 million.

As at 31 December 2022, the current assets of BEIED were approximately RMB9,539 million. The current assets were mainly comprised of receivables and tariff adjustment receivables of approximately RMB3,007 million, other receivables and prepayments of approximately RMB3,447 million and cash and cash equivalents of approximately RMB3,085 million. In addition, BEIED had current liabilities of approximately RMB14,238 million, non-current assets of approximately RMB26,194 million and non-current liabilities of approximately RMB18,572 million.

As at 31 December 2023, the current assets of BEIED were approximately RMB9,641 million. The current assets were mainly comprised of receivables and tariff adjustment receivables of approximately RMB3,217 million, other receivables and prepayments of approximately RMB5,888 million and cash and cash equivalents of approximately RMB536 million. In addition, BEIED had current liabilities of approximately RMB20,067 million, non-current assets of approximately RMB37,663 million and non-current liabilities of approximately RMB22,668 million.

As at 30 June 2024, the current assets of BEIED were approximately RMB13,476 million. The current assets were mainly comprised of receivables and tariff adjustment receivables of approximately RMB4,731 million, other receivables and prepayments of approximately RMB5,529 million and cash and cash equivalents of approximately RMB3,216 million. In addition, BEIED had current liabilities of approximately RMB22,264 million, non-current assets of approximately RMB43,367 million and non-current liabilities of approximately RMB27,861 million.

	Year ended 31 December			Six months ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
				(unaudited)	
Net cash (used in)/generated from operating activities	(713)	(1,438)	1,619	6,549	3,057
Net cash used in investing activities	(2,157)	(2,087)	(11,441)	(2,410)	(5,377)
Net cash generated from/(used in) financing activities	3,506	5,643	7,273	(5,666)	5,000
Net increase/(decrease) in cash and cash equivalents	636	2,118	(2,549)	(1,527)	2,680

Capital structure and cash management

The registered and paid up capital of BEIED was RMB880 million and RMB135 million as at 31 December 2021, respectively; the registered and paid up capital of BEIED was RMB6,000 million and RMB1,396 million as at 31 December 2022, respectively; the registered and paid up capital of BEIED was RMB6,586 million and RMB1,396 million as at 31 December 2023 and 30 June 2024, respectively.

In June 2024, BEIED entered into an investment contract (the "**Contract**") with Zhongyuan Trust Co., Ltd.*(中原信托有限公司), according to which the perpetual trust funds under the Contract enable the Group to expand its financing channels and enhance its cash flow and adequacy. BEIED has received an amount of RMB800 million at a fixed distribution rate of 3.69% per annum in the form of privately-offered perpetual medium-term notes up to 30 June 2024 by entering into the Contract. The net proceeds from the privately-offered perpetual medium-term notes after deducting the issue expenses have been fully applied towards the repayment of borrowings of BEIED and its subsidiaries in the PRC.

The cash and bank balances were held in the form of bank deposits in RMB. BEIED's management monitors rolling forecasts on the liquidity requirements to ensure BEIED maintains sufficient liquidity reserve to support sustainability and growth of BEIED's business.

The borrowings bear at floating and fixed interest rates, and the amount of the fixed interest rate loans was RMB5,223 million, RMB8,135 million, RMB17,051 million and RMB16,103 million in 31 December 2021, 31 December 2022, 31 December 2023 and 30 June 2024, respectively. The loan from BEIED is repayable before 16 October 2043.

BEIED did not have any financial instruments for hedging purpose.

Gearing ratio

As at 31 December 2021, 2022 and 2023 and 30 June 2024, the gearing ratio of BEIED was approximately 95%, 92%, 90% and 88%, respectively. The gearing ratio was defined as total liabilities divided by total assets.

Treasury policy

As at 31 December 2021, 2022 and 2023 and 30 June 2024, BEIED had no treasury policy in place.

Capital commitment

As at 31 December 2021, 2022 and 2023 and 30 June 2024, BEIED had capital commitments in respect of property, plant and equipment of approximately RMB1,143 million, RMB1,725 million, RMB5,971 million and RMB6,747 million, respectively.

Significant investments, material acquisitions and disposals

Material acquisitions:

In February 2021, BEIED completed the acquisition of 100% of the equity interests in the 115MW photovoltaic project of Inner Mongolia Minghua.

In April 2021, BEIED completed the acquisition of equity interests in the 300MW photovoltaic project of Yulin Yongchen in Yuyang District, Yulin, Shaanxi.

In June 2021, BEIED completed the acquisition of equity interests in the 50MW wind power project of Xinjiang Xinyou.

In December 2021, BEIED completed the acquisition of the entire equity interests in the projects of Yangqu County Weilan, Hunyuan Sineng, Pianguan County Sineng and Heshun County Sineng at an aggregate consideration of the acquisitions of approximately RMB901 million.

In July 2022, BEIED completed the acquisition of the entire equity interests in the projects of Shuozhou Wind Power, Xiyang Wind Power and Youyu Wind Power.

In April 2023, BEIED completed the acquisition of 51% of the equity interests in Asia New Energy (Baoying) Wind Power Co., Ltd.*（亞洲新能源（寶應）風力發電有限公司）.

In September 2023, BEIED completed the acquisition of 51% of the equity interests in Asia New Energy (Jinhu) Wind Power Co., Ltd.*（亞洲新能源（金湖）風力發電有限公司）at the consideration of approximately RMB6 million.

In October 2023, BEIED completed the acquisition of the entire equity interests in Beitun City Fengyu Wind Energy Development Co., Ltd.*(北屯市楓煜風能開發有限公司)at the consideration of approximately RMB199 million.

In December 2023, BEIED completed the acquisition of the equity interests in Fuxin Shengbu Solar Energy Generation Co., Ltd.*(阜新市盛步太陽能發電有限公司)and Fuxin Hongsheng Solar Energy Generation Co., Ltd.*(阜新鴻昇太陽能發電有限公司).

Material disposals:

In December 2021, BEIED disposed of its 100% equity interest in Yantai Jishun Photovoltaic Power Technology Co., Ltd.*(煙台吉順光電科技有限公司).

In March 2023, BEIED disposed of its entire equity interest in three companies, namely Guangzong County Guorui Energy Co., Ltd.*(廣宗縣國瑞能源有限公司), Longyao County Guochang New Energy Technology Co., Ltd.*(隆堯縣國昌新能源科技有限公司)and Nangong City Guoshun New Energy Technology Co., Ltd.*(南宮市國順新能源科技有限公司)to Beijing Energy Sembcorp (Hainan) International Renewables Company Limited*(京能勝科(海南)國際能源有限公司), a company held as to 51% by BEII, being a shareholder of BEIED, at the consideration of disposal of approximately RMB15 million.

Introduction of ABC Investment as minority shareholder:

On 22 December 2022, BEIED, ABC Investment, BEII, Changzhou New Energy and the Company entered into a capital increase agreement, pursuant to which ABC Investment conditionally agreed to inject RMB1 billion into BEIED by way of cash contribution in return for approximately 42.01% of the enlarged equity interest in BEIED.

Issuance of two phases of asset-backed commercial papers ("ABCP"):

On 29 December 2022 and 30 May 2023, BEIED and China Industrial International Trust Limited*(興業國際信託有限公司)("**China Industrial International Trust**") entered into a trust contract, pursuant to which, BEIED has conditionally agreed to entrust China Industrial International Trust with the underlying assets and China Industrial International Trust has conditionally agreed to be the trustee and administration agency of the trust for the benefit of the beneficiaries for the purpose of the ABCP issuance. The ABCP backed by the underlying assets are to be issued by China Industrial International Trust on NAFMII to qualified investors in the PRC, with an aggregate size of approximately RMB2 billion for the two phases.

Issuance of real estate investment trusts ("REITs"):

On 14 March 2023, BEIED set up an asset-backed securities ("**ABS**") program to launch a photovoltaics REITs business by way of a proposed spin-off. The power stations of Yulin City Jiangshan Yongchen New Energy Limited*（榆林市江山永宸新能源有限公司）and Hubei Jingtai Photovoltaic Power Co., Ltd.*（湖北晶泰光伏電力有限公司）, key domestic project companies, serve as underlying assets. BEIED retained a 51% stake in the REITs, while the remaining 49% was offered publicly to investors in the market, raising approximately RMB1.4 billion.

Issuance of ABS:

On 31 May 2023 and 25 December 2023, BEIED launch an ABS program on the Shanghai Stock Exchange, pursuant to which, the ABS will be issued and managed by China Merchants Securities Assets Management Co., Ltd.*（招商證券資產管理有限公司）and Ping An Securities Co., Ltd.*（平安證券股份有限公司）, with an aggregate size of approximately RMB1.4 billion for the two phases.

Issuance of quasi-REITs:

In September 2023, BEIED, Beijing Guodian Shengtang Technology Development Co., Ltd.*（北京國電盛唐科技發展有限公司）and Huadian Gaintime (Beijing) Investment Fund Management Co., Ltd.*（華電金泰（北京）投資基金管理有限公司）entered into a limited partnership agreement to establish a limited partnership. Pursuant to the limited partnership agreement, the first investment target of the limited partnership is Ningxia Zhongzi Photovoltaics Co., Ltd.*（寧夏中自太陽能光伏發電有限公司）("**Ningxia Zhongzi**"), a non wholly-owned subsidiary of the Company, which owns and operates the 200MWp photovoltaic power generation project in Hongsibao District（紅寺堡區200MWp光伏發電項目）, Ningxia. The limited partnership acquired 99.99% of the equity interests in Ningxia Zhongzi by way of entering an equity transfer agreement. In addition, the limited partnership shall engage a third-party trust institution to set up a single fund trust with the paid-in capital contributions by the partners in the limited partnership. The third-party trust institution shall serve as the trustee of the trust, and grant a loan using the capital of the trust to Ningxia Zhongzhi for repayment of its subsisting debt.

Prospect of new business

As at 30 June 2024, BEIED will expand its business through self-construction or mergers and acquisitions.

Future plans for significant investments or capital assets

As at 30 June 2024, BEIED did not have any plans for new investment.

Charge on assets

As at 31 December 2021, assets of BEIED used as pledge for borrowings included: power generation equipment of approximately RMB5,194 million.

As at 31 December 2022, assets of BEIED used as pledge for borrowings included: power generation equipment of approximately RMB5,456 million.

As at 31 December 2023, assets of BEIED used as pledge for borrowings included: (1) power generation equipment of approximately RMB6,516 million and (2) construction in progress of approximately RMB839 million.

As at 30 June 2024, assets of the company used as pledge for borrowings included: (1) power generation equipment of approximately RMB5,007 million and (2) construction in progress of approximately RMB14,414 million.

Remuneration policies and employee information

For the three years ended 31 December 2023 and the six months ended 30 June 2024, BEIED has 124, 157, 214 and 196 direct employees, respectively, and has not adopted any share option scheme.

The average number of employees of BEIED for the three years ended 31 December 2023 and the six months ended 30 June 2024 was approximately 196, 159, 219 and 205, respectively. BEIED provides all new employees with induction training as well as specific training related to the nature of their work. The remuneration package adopted by BEIED consists of basic wages, supplements and statutory contributions. BEIED determines the remuneration of its employees based on the responsibilities, qualifications and performance of the relevant employees as well as market rates. For the three years ended 31 December 2023 and the six months ended 30 June 2024, the total staff costs of BEIED amounted to approximately RMB38 million, RMB37 million, RMB51 million and RMB25 million, respectively. The fluctuation in staff costs was mainly due to the increase in the number of employees as a result of the construction of new projects and the increase in per capita wages arising from the increase in the average level of employees. BEIED has not adopted any share option scheme.

There is no variation regarding the aggregate remuneration payable to and benefits in kind receivable by the directors of BEIED in consequence of the Acquisition.

Foreign exchange risk

BEIED's assets, liabilities and business transactions are denominated in RMB, and no financial arrangement has been made in respect of BEIED for hedging purposes during the years ended 31 December 2021, 2022 and 2023 and the six months ended 30 June 2024.

Contingent liabilities

As at 31 December 2021, 2022 and 2023 and 30 June 2024, BEIED had no contingent liability.

* *For identification purpose only*

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(a) Long positions in the Shares and Underlying Shares

Name of Director(s) or the chief executive(s) of the Company	Capacity/ Nature of interest	Number of Shares/ underlying Shares held	Total number of Shares/ underlying Shares held	Approximate percentage of the issued Shares[(1)]
Mr. Zhang Ping	Beneficial owner	7,000,000 15,840,000[(2)]	22,840,000	0.10%
Mr. Liu Guoxi	Beneficial owner	8,580,000[(2)]	8,580,000	0.04%
Mr. Zhu Jun	Beneficial owner	1,200,000 18,513,000[(2)]	19,713,000	0.09%

Notes:

1. These percentages are calculated based on 22,333,644,432 listed Shares in issue (including Shares held as Treasury Shares) as at the Latest Practicable Date.

2. These are the Shares underlying the share options were granted by the Company on 16 June 2022 under the share option scheme adopted by the Company on 15 June 2022.

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

Mr. Lu Zhenwei, an executive Director, is a director and the chairman of the board of directors of China Merchants New Energy Group Limited, which is a non wholly-owned subsidiary of China Merchants Group Limited, the Company's substantial Shareholder, and the director of New Energy Exchange Limited, which is a party acting in concert with China Merchants New Energy Group Limited. Mr. Su Yongjian, a non-executive Director, is the head of energy investment department of BEH, the indirect controlling Shareholder. Mr. Lu Xiaoyu, a non-executive Director, is a member of the party committee and the deputy general manager of Qingdao Chengtou New Energy Group Co., Ltd.*(青島城投新能源集團有限公司), which is a subsidiary of the substantial Shareholder, Qingdao City Construction Investment (Group) Co., Ltd.*(青島城市建設投資(集團)有限責任公司). Mr. Wang Cheng, a non-executive Director, is the deputy general manager of Asset Preservation Department II of China CITIC Financial Asset Management Co., Ltd., a substantial Shareholder, and the deputy general manager (spearheading business operations) of China CITIC Financial AMC International Holdings Ltd., which is a subsidiary of China CITIC Financial Asset Management Co., Ltd..

3. MATERIAL LITIGATION

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

4. DIRECTORS' SERVICE CONTRACTS

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

5. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group and no Director was interested in any assets which have been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2023 (being the date of which the latest published audited financial statements of the Group were made up).

6. DIRECTORS' COMPETING INTERESTS

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

7. MATERIAL ADVERSE CHANGES

The Directors confirm that, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MATERIAL CONTRACTS

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

(a) the conditional scheme implementation agreement dated 28 March 2024 entered into between Wollar Solar Holding Pty Ltd and TPC Consolidated Limited ("**TPC**") in respect of the acquisition of the entire issued share capital of TPC by Wollar Solar Holding Pty Ltd by means of a scheme of arrangement at an aggregate consideration of no more than AUD150 million;

(b) the conditional equity transfer agreements dated 29 December 2023 entered into among BEIED, Beijing Energy (Shenzhen) Energy Investment Co., Ltd.*（京能（深圳）能源投資有限責任公司）, Shenzhen Ping An Phase I Infrastructure Industry Fund Partnership (Limited Partnership)*（深圳市平安一期基礎設施產業基金合夥企業（有限合夥））and each of the Wulate Houqi Yuanhai New Energy Co., Ltd.*（烏拉特後旗源海新能源有限責任公司）, Youyu County Sineng Wind Power Co., Ltd.*（右玉縣斯能風電有限公司）, Changji Yijing Photovoltaics Technology Co., Ltd.*（昌吉億晶光伏科技有限公司）, Mulei County Tongchuan Fengguang New Energy Co., Ltd.*（木壘縣通川風光新能源有限公司）and Xinjiang Xinyou New Energy Power Co., Ltd.*（新疆信友新能源發電有限公司）(collectively as the "**Target Companies**") in relation to the disposals of the entire equity interest in each of the Target Companies at an aggregate consideration of RMB790 million;

(c) the conditional equity transfer agreement dated 29 December 2023 entered into among BEIED, Beijing Energy (Shenzhen) Energy Investment Co., Ltd.*（京能（深圳）能源投資有限責任公司）, Shenzhen Ping An Phase I Infrastructure Industry Fund Partnership (Limited Partnership)*（深圳市平安一期基礎設施產業基金合夥企業（有限合夥））, Haidong Ledu District Rongzhi New Energy Development Co., Ltd. *（海東市樂都區融智新能源開發有限公司）and Qinghai Sixun New Energy Co., Ltd.*（青海思迅新能源有限公司）in relation to the disposal of the entire equity interest in Haidong Ledu District Rongzhi New Energy Development Co., Ltd.*（海東市樂都區融智新能源開發有限公司）at a consideration of RMB63 million;

(d) the Equity Transfer Agreement dated 20 December 2023 entered into among BEIED, ABC Investment, BEII, Changzhou New Energy and BEJN in relation to the Acquisition;

(e) the sale and purchase agreement dated 14 December 2023 entered into among Wollar Solar Holding Pty Ltd, WSH Ludy Holding Pty Ltd, Beijing Energy International (Australia) Holding Pty Ltd and BJEI Ludy Holding Pty Ltd (collectively as the buyers), the Company (as the buyer guarantor), Lightsource Asset Holdings (Australia) Limited, West Wyalong HoldCo 1 Limited, Woolooga HoldCo 1 Limited and Lightsource Australia FinCo Holdings Limited (collectively as the sellers) and Lightsource Holdings 1 Limited (as the seller guarantor) in relation to the acquisition of the entire issued share capital in each of the LS Australia HoldCo 1 Pty Ltd, West Wyalong HoldCo 2 Pty Ltd, Woolooga HoldCo 2 Pty Ltd and LS Australia FinCo 2 Pty Ltd at a consideration of no more than AUD813 million;

(f) the notice of exercise of call options executed by MNS Wind Finance Pty Ltd ("**MNSWF**") and issued to the Goldwind International Moorabool Limited ("**Vendor (North)**") on 29 June 2023 and the sale and purchase agreement to be entered into between MNSWF and Vendor (North) in relation to the exercise of call options in respect of the acquisition of 26% of the issued share capital in Moorabool Wind Farm (Holding) Pty Ltd ("**Target Company (North)**") at a consideration of AUD94.4 million;

(g) the notice of exercise of call options executed by MNSWF and issued to the Goldwind International Moorabool South Limited ("**Vendor (South)**") on 29 June 2023 and the sale and purchase agreement to be entered into between MNSWF and Vendor (South) in relation to the exercise of call options in respect of the acquisition of 26% of the issued share capital in Moorabool South Wind Farm (Holding) Pty Ltd ("**Target Company (South)**") at a consideration of AUD102.1 million;

(h) the trust contract dated 10 March 2023 entered into between BEIED and China Industrial International Trust, in relation to the formation of the trust and the transfer of the underlying assets, for the purpose of the issuance of the asset-backed commercial papers by China Industrial International Trust in the size of RMB1,000 million;

(i) the trust contract dated 28 December 2022 entered into between BEIED and China Industrial International Trust, in relation to the disposal of the underlying assets by BEIED to China Industrial International Trust for the purpose of the issuance of asset-backed commercial papers by China Industrial International Trust in the size of RMB1,000 million;

(j) the call option deeds dated 20 December 2022 granted by each of Vendor (North) and Vendor (South) to MNSWF, under which Vendor (North) and Vendor (South), irrevocably grant to MNSWF (or any other person nominated by MNSWF) an option to purchase, and require Vendor (North) and Vendor (South) to sell to MNSWF, 26% of the issued share capital in each of Target Company (North) and Target Company (South) at the option fees of AUD750,000 in total; and

(k) the sale and purchase agreements dated 20 December 2022 entered into between MNSWF as the purchaser and each of Vendor (North) and Vendor (South) as vendors, in relation to the acquisition of 25% of the issued share capital in each of Target Company (North) and Target Company (South) at an aggregate consideration of AUD144.9 million.

9. EXPERT AND CONSENTS

The qualifications of the expert who have given their statements in this circular are as follows:

Name	Qualification
Grant Thornton Hong Kong Limited	Certified Public Accountants Registered Public Interest Entity Auditor

The above mentioned expert is Independent Third Parties of the Company and its connected persons.

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

As at the Latest Practicable Date, the Expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Expert did not have any direct or indirect shareholding in any member of the Group, or any right to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interests, directly or indirectly, in any asset which had been acquired, disposed of by or leased to any member of the Group, or was proposed to be acquired, disposed of by or leased to any member of the Group, since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up.

10. GENERAL

(a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda; and the principal place of business in Hong Kong is situated at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

(b) The Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The company secretary of the Company is Ms. Zhang Xiao, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

(d) This circular is prepared in English and Chinese. In the event of inconsistency, the English text shall prevail.

11. DOCUMENTS ON DISPLAY

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

(a) the Equity Transfer Agreement;

(b) the accountant's report on the financial information of BEIED, the text of which is set out in Appendix II of this circular;

(c) the unaudited pro forma financial information of the Enlarged Group and the report of Grant Thornton Hong Kong Limited thereon, the text of which is set out in Appendix III of this circular; and

(d) the consent letters from the Expert referred to in the paragraph headed "9. Expert and Consents" in this appendix.

北京能源國際控股有限公司

京能集团

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the special general meeting (the "**SGM**") of Beijing Energy International Holding Co., Ltd. (the "**Company**") will be held at Unit 1012, 10/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong (with a branch venue at 16/F., Building B, Youtang International Centre, No.7 Sanfeng North Lane, Chaoyang District, Beijing, the PRC) on Wednesday, 30 October 2024 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification or amendment the following resolutions:

ORDINARY RESOLUTIONS

1. "**THAT**, subject to and conditional upon the satisfaction of the conditions set out in the letter from the board under the heading "Conditions of the Share Consolidation" in the circular of the Company dated 14 October 2024 (the "**Circular**"), with effect from the second business day after the date on which this resolution is passed by the shareholders of the Company, being a day on which the shares of the Company are traded on The Stock Exchange of Hong Kong Limited:

   (a) every ten (10) issued and unissued ordinary shares of par value of HK$0.10 each in the share capital of the Company be consolidated (the "**Share Consolidation**") into one (1) share of par value of HK$1.00 each (the "**Consolidated Shares**"), and such Consolidated Shares shall rank *pari passu* in all respects with each other and have the same rights and privileges and be subject to the same restrictions contained in the bye-laws of the Company;

   (b) all fractional entitlements (if any) to the issued Consolidated Shares resulting from the Share Consolidation will be disregarded and will not be issued to the shareholders of the Company but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company in such manner and on such terms as the directors of the Company (the "**Directors**") may think fit;

   (c) immediately following the Share Consolidation, the authorised share capital of the Company be changed from HK$3,000,000,000 divided into 30,000,000,000 ordinary shares of par value of HK$0.10 each to HK$3,000,000,000 divided into 3,000,000,000 ordinary shares of par value of HK$1.00 each; and

(d) any one Director be and is hereby authorised to do all such acts and things and execute all such documents, which are ancillary to the Share Consolidation and of administrative nature, on behalf of the Company, including under seal where applicable, as he/she considers necessary, desirable or expedient to give effect to the foregoing arrangements for the Share Consolidation."

2. "**THAT:**

(a) The Equity Transfer Agreement (as defined in the Circular), a copy of which is marked "A" and initialled by the Chairman of the SGM for the purpose of identification, the terms and the transactions contemplated thereunder, be and are hereby approved; and

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

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

Hong Kong, 14 October 2024

Notes:

1. For the purpose of determining the entitlement for attending and voting at the SGM, the register of members of the Company will be closed from Friday, 25 October 2024 to Wednesday, 30 October 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to be qualified for attending and voting at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 24 October 2024.

2. A member entitled to attend and vote at the SGM is entitled to appoint one or, if he holds two or more shares, more than one proxy to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.

3. Whether or not you intend to attend the SGM in person, you are encouraged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he/she/it so wish. In such event, the instrument appointing such a proxy shall be deemed to be revoked.

4. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding of the SGM or any adjournment thereof.

5. In the case of joint holders of Shares, any one of such joint holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. Votes on the ordinary resolutions set out herein and are to be passed at the SGM will be taken by way of poll.

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

8. As at the date hereof, the board of Directors comprises:

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

   Non-executive Directors:
   Mr. Liu Guoxi
   Mr. Su Yongjian
   Mr. Li Hao
   Mr. Lu Xiaoyu
   Mr. Wang Cheng

   Independent Non-executive Directors:
   Ms. Jin Xinbin
   Ms. Li Hongwei
   Mr. Zhu Jianbiao
   Mr. Zeng Ming