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)

MAJOR TRANSACTION AND CONNECTED TRANSACTION ACQUISITION OF 40% EQUITY INTEREST IN THE TARGET COMPANY AND NOTICE OF SPECIAL GENERAL MEETING

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

脈搏 Pulsar
資本 Capital

A letter from the Board is set out from pages 7 to 29 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 30 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 31 to 53 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 Monday, 30 September 2024 at 10:00 a.m. is set out on pages 244 to 245 of this circular. For the avoidance of doubt, holders of Treasury Shares, if any, shall abstain from voting at the SGM. 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.

13 September 2024

CONTENTS

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

"AC"	alternating current
"Accountants' Report"	the accountants' report of the Target Company prepared by EY Australia, details of which are set forth in Appendix II to this circular
"Acquisition"	the acquisition of the Sale Shares by the Buyers from the Seller
"Adjustment Amount"	the amount equal to 40% of the net profit after tax of the Target Company for the period from the valuation date set forth in the SPA to the Completion Date less any fully franked dividend declared or paid by the Target Company prior to the Completion Date (except for those declared before the valuation date set forth in the SPA), details of which are set forth in "Letter from the Board – Major Transaction and Connected Transaction in relation to the Acquisition of 40% Equity Interest in the Target Company – the SPA – Consideration of the Acquisition" in this circular
"AUD"	Australian dollars, the lawful currency of Australia
"BEH"	Beijing Energy Holding Co., Ltd.*（北京能源集團有限責任公司）, a company incorporated in the PRC with limited liability and a controlling Shareholder of the Company 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)
"Biala"	Newtricity Developments Biala Pty Ltd, a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Target Company
"Biala Wind Farm"	the wind farm located in New South Wales, Australia with an installed capacity of 110.7MW and operated by Biala
"Board"	the board of Directors
"Business Day"	a day on which banks are open for general banking business in Sydney, New South Wales and in the PRC

"Buyer"	Beijing Energy International (Australia) Holding Pty Ltd, a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Company
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"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"	the completion of the Acquisition
"Completion Amount"	the amount to be paid by the Buyers upon Completion, details are set forth in "Letter from the Board – Major Transaction and Connected Transaction in relation to the Acquisition of 40% Equity Interest in the Target Company – the SPA – Consideration of the Acquisition" in this circular
"Completion Date"	the date which is the last day of the month in which the last Condition Precedent is satisfied
"Conditions Precedent"	the conditions precedent to Completion, as set forth under "Letter from the Board – Major Transaction and Connected Transaction in relation to the Acquisition of 40% Equity Interest in the Target Company – the SPA – Conditions Precedent" in this circular
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the 40% equity interest in the Target Company purchased by the Buyer upon Completion
"Equity Value"	the equity value of the Sale Shares agreed by the Parties in the SPA
"EY Australia"	Ernst & Young of 200 George Street, Sydney, NSW 2000, Australia, being the independent reporting accountants report on the historical financial information of the Target Company
"FIRB"	the Australian Foreign Investment Review Board

"FIRB Act"	the Foreign Acquisitions and Takeovers Act 1975
"Group"	the Company and its subsidiaries
"Gullen Solar"	Gullen Solar Pty Ltd, a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Target Company
"Gullen Solar Farm"	the solar photovoltaic power plant located in New South Wales, Australia with an installed capacity of 10MW AC and operated by Gullen Solar
"Gullen Wind"	New Gullen Range Wind Farm Pty Ltd, a company incorporated in Australia with limited liability and a wholly-owned subsidiary of the Target Company
"Gullen Wind Farm"	the wind farm located in New South Wales, Australia with an installed capacity of 165.5MW and operated by Gullen Wind
"GWh"	gigawatt hour(s)
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board, comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Acquisition
"Independent Shareholders"	the Shareholders, other than BEH and its associates
"Independent Third Party(ies)"	party or parties that, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is or are not the Group's connected person(s), within the meaning of the Listing Rules
"JNCEC"	Beijing Jingneng Clean Energy Co., Limited, a joint stock company incorporated in the PRC, the H shares of which are listed on the main board of the Stock Exchange (stock code: 579)
"Latest Practicable Date"	10 September 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

"LGC(s)"	large scale generation certificate(s)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"MLF"	marginal loss factor
"MW"	megawatts, which equals 1,000,000 watts
"NEM"	National Electricity Market, a wholesale energy only spot market in Australia
"O&M"	operating and maintenance
"Parties"	the parties to the SPA, collectively, the Buyer, the Seller and the Target Company
"PPA"	power purchaser agreement
"PRC"	the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this circular
"Projects"	collectively, the Gullen Wind Farm, the Gullen Solar Farm and the Biala Wind Farm
"Pulsar Capital" or "Independent Financial Adviser"	Pulsar Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
"Purchase Price"	the consideration of the Acquisition, details are set forth under "Letter from the Board – Major Transaction and Connected Transaction in relation to the Acquisition of 40% Equity Interest in the Target Company – the SPA – Consideration of the Acquisition" section of this circular

"Renewable Energy Target"	an Australian government scheme designed to reduce emissions of greenhouse gases in the electricity sector and encourage the additional generation of electricity from sustainable and renewable sources
"Sale Shares"	40% of the issued ordinary share capital in the Target Company to be acquired by the Buyer from the Seller, being 48,600,040 shares of the Target Company
"Seller"	Beijing Jingneng Clean Energy (Hong Kong) Co., Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of JNCEC
"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 Monday, 30 September 2024 at 10:00 a.m. or any adjournment thereof, and the notice of which is attached to this circular
"Share(s)"	ordinary share(s) of HK$0.1 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the issued Share(s)
"SPA"	the share sale and purchase agreement dated 20 August 2024 entered into by the Parties in relation to the Acquisition
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Target Company"	Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd, a company incorporated in Australia with limited liability

"Target Group"	the Target Company and its subsidiaries (i.e., Gullen Wind, Gullen Solar and Biala)
"Treasurer"	the Treasurer of the Commonwealth of Australia
"Treasury Shares"	has the meaning ascribed to it under the Listing Rules
"Valuation Date"	31 December 2023
"Valuation Report"	the report dated 10 September 2024 prepared by the Valuer on the indicative fair market valuation of 40% equity interest in the Target Company as at the Valuation Date using the discounted cash flow method of the income approach
"Valuer"	ShineWing Australia Securities Pty Ltd
"WOM"	warranty, operating and maintenance
"%"	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.*

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)

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

13 September 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION AND CONNECTED TRANSACTION ACQUISITION OF 40% EQUITY INTEREST IN THE TARGET COMPANY AND NOTICE OF SPECIAL GENERAL MEETING

1. INTRODUCTION

Reference is made to the announcement of the Company dated 20 August 2024 in relation to, among other things, the major transaction and connected transaction in relation to the Acquisition of 40% equity interest in the Target Company.

The purpose of this circular is to provide you with, among other things, (i) details of the Acquisition, the SPA and the transactions contemplated thereunder; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser setting out its recommendation to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition; (iv) financial information of the Group and the Target Company; (v) unaudited pro forma financial information of the Enlarged Group; (vi) the Valuation Report of 40% equity interest in the Target Company; (vii) other information as required under the Listing Rules; and (viii) the notice of SGM, to enable you to make an informed decision on whether to vote for or against the resolution proposed at the SGM.

2. MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 40% EQUITY INTEREST IN THE TARGET COMPANY

On 20 August 2024 (after trading hours), the Buyer and the Seller entered into the SPA, pursuant to which the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to purchase, the Sale Shares for a consideration consisting of the Completion Amount of approximately AUD183 million and the Adjustment Amount (if any).

THE SPA

The principal terms of the SPA agreed by the parties are summarized below:

Date

20 August 2024 (after trading hours)

Parties

(i) The Buyer, namely, Beijing Energy International (Australia) Holding Pty Ltd

(ii) The Seller, namely, Beijing Jingneng Clean Energy (Hong Kong) Co., Limited

(iii) The Target Company, namely, Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd

Subject matter

The Buyer has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the Sale Shares.

Consideration of the Acquisition

Pursuant to the SPA, the consideration for the Sale Shares is the payment by the Buyer of the Purchase Price, which equals to the Completion Amount adjusted by the Adjustment Amount (if any).

The Completion Amount

Pursuant to the SPA, the Completion Amount shall be the Equity Value agreed by the Parties in the SPA, being approximately AUD183 million.

The Adjustment Amount

Pursuant to the SPA, the Adjustment Amount shall be equal to 40% of:

(i) The net profit after tax of the Target Company for the period from the valuation date set forth in the SPA to the Completion Date;

less

(ii) any fully franked dividend declared or paid by the Target Company prior to the Completion Date (except for those declared before the valuation date set forth in the SPA).

In the event that the above calculation result is less than zero, the Adjustment Amount shall be deemed to be zero.

Within 15 Business Days of the Completion, the Seller shall engage an independent accountant to prepare an adjustment statement setting out the calculation of the Adjustment Amount. The adjustment statement (and the resulting Adjustment Amount reflected in the adjustment statement) prepared by such independent accountant will be final and binding on the Parties and will constitute the final Adjustment Amount, except in the case of manifest error, in which case the determination will be void and the matter must either be remitted back to the independent accountant for correction or resolved in accordance with the requirements and procedures for dispute resolution as set out in the SPA.

Based on the information currently available and subject to the final adjustment statement prepared by the independent accountant, the Adjustment Amount is expected to be approximately AUD12 million.

Basis of the consideration

The consideration of the Acquisition was determined after arm's length negotiation by the Parties. The Company has considered various factors, including (i) the historical operational and financial performance of the Target Group; (ii) the revenue expected to be generated by the Target Group in the forthcoming years; (iii) the prospects of the electricity market and renewable energy sector in Australia; (iv) the trend of electricity prices and long term expectations in the Group's risk assessment; and (v) the Valuation Report prepared by the Valuer. The Company has further reviewed the Valuation Report and is of the view that the factors set forth above have been taken into account by the Valuer in preparing the Valuation Report. See "Valuation Report" below and Appendix V to this circular for further details.

When valuing the Target Group for determining the consideration of the Acquisition, the below key inputs that drives the forecast cash flow over the remaining lives of the solar and wind farms owned by the Target Group have been carefully assessed by the Company:

(i) The forecast in power generation volume is supported by the sufficient wind data and radiation data, with reference to the long-term historical generation profile, the design parameters of the EPC contracts and the performance guarantee in the relevant O&M contract.

(ii) The forecast in electricity price is supported by market research and analysis as well as the relevant electricity sales contracts, with reference to the historical price data and the current trend.

(iii) The forecast in operating cost is supported by the relevant contracts, with reference to historical financial performance of the Target Group and industry benchmarks.

(iv) The forecast in debt gearing and financing costs is supported by the executed contracts, with reference to market research and analysis and industry benchmarks.

(v) The profitability and the cash flow of the Target Group over the forecast period is supported by the above key inputs and assumptions, with reference to historical overall financial performance of the Target Group.

The Company has also taken into account of the relevant market research on the renewable energy sector in the long run, especially the fact that the Australia energy market has been transitioning from fossil fuels source to clean and renewable source.

In addition, from the strategic perspective of the Group, the Company considers that the Acquisition will be complementary to the Group's existing clean power plant portfolio and enables the Group to further expand its scale of business in the clean energy sector in Australia to enhance returns to the Shareholders. See "Reasons for and Benefits of the Acquisition" below for details.

Payment of consideration

The Completion Amount shall be paid by the Buyer to the bank account designated by the Seller in one lump sum on the Completion Date. The Adjustment Amount (if any) shall be paid by the Buyer within 10 Business Days after the Adjustment Amount is determined and agreed by the Parties.

The Group currently expects to finance the consideration of the Acquisition by way of utilising the Group's internal resources and external financing.

Conditions Precedent

Pursuant to the SPA, Completion is subject to the following Conditions Precedent being fulfilled:

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

(ii) the approval of the Acquisition by the Independent Shareholders pursuant to the Listing Rules; and

(iii) the approval of the Acquisition by the independent shareholders of JNCEC pursuant to the Listing Rules.

Note:

For the reasons below, the FIRB Act applies to the Acquisition:

(1) the Buyer is considered to be a foreign person and a foreign government investor for the purposes of the FIRB Act;

(2) the Target Company is an Australian incorporated corporation and considered to be a national security business under the FIRB Act, as the Target Company is a direct interest holder in a critical electricity asset for the purposes of the Security of Critical Infrastructure Act 2018;

(3) under the FIRB Act, foreign government investors are required to obtain a no objection notification from the Treasurer (or the Treasurer delegate) under the FIRB Act before acquiring a direct interest (in general, 10% or more) in an Australian entity regardless of the value of the acquisition; and

(4) foreign persons will require a FIRB approval before acquiring a direct interest (generally, 10% or more) in a national security business, and the monetary screening threshold for this action is AUD0.

The Conditions Precedent may not be waived. Condition Precedent set forth in paragraph (i) above has been fulfilled with an approval issued to the Buyer on 30 November 2023.

Completion

Subject to the compliance with the requirements under all applicable laws and regulations, Completion will take place on the Completion Date, or any other time agreed by the Seller and the Buyer. At Completion, the Seller shall deliver to the Buyer (i) a transfer in favor of the Buyer (or as it may direct) executed by the Seller in respect of the Sale Shares; (ii) a copy of the amended constitution and a copy of a special resolution of the member(s) of the Target Company approving and duly adopting the amended constitution, subject to and effective on and from the Completion; (iii) the register of members of the Target Company, updated to reflect the transfer of the Sale Shares to the Buyer; and (iv) a copy of a resolution of the Target Company's directors signed by at least one director of the Target Company resolving the registration of the transfer of the Sale Shares, cancellation of the existing share certificate(s) and the issue of the new share certificate(s) in respect of the Sale Shares subject to, and with effect from, the Completion. Upon Completion, the Target Company will be owned as to 40% by the Company and become an associate of the Company.

Valuation Report

The fair valuation of 40% equity interest in the Target Company as at the Valuation Date assessed in the Valuation Report was prepared based on a sum-of-the-parts approach, with the value of the equity interests in each of Gullen Wind, Gullen Solar and Biala valued separately using the discounted cash flow method of the income approach. As a result, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. According to the Valuation Report, the fair market value of 40% equity interest in the Target Company as at the Valuation Date is assessed to be in the range of AUD164.1 million (low end) and AUD193.0 million (high end), with details set forth as following:

	Low End *(AUD'000)*	**High End** *(AUD'000)*
Value of equity interest of Gullen Wind	249,950	261,554
Value of equity interest of Gullen Solar	7,793	7,961
Value of equity interest of Biala	222,849	235,540
Value of equity interest in subsidiaries	**480,592**	**505,055**
Capitalised corporate overheads	(10,000)	(8,000)
Corporate – Cash	88,678	88,678
Corporate – Other assets/(liabilities) (net)	(6,157)	(6,157)
Corporate – Shareholder loan	(97,176)	(97,176)
Value of 100% equity interest in BJCE Australia	**455,937**	**482,401**
Stake acquired	40%	40%
Value of 40% equity interest in BJCE Australia (control basis)	**182,375**	**192,960**
Discount for lack of control	10%	0%
Value of 40% equity interest in BJCE Australia (minority basis)	**164,137**	**192,960**

According to the Valuer, in forming its opinion on value of the 40% equity interest of the Target Company, the Valuer has estimated some of the key assumptions to fall within a like range rather than an absolute single value given there is a degree of subjectivity involved in assessing those assumptions. The table below highlights the key assumptions where the Valuer has considered a range of inputs instead of an absolute value:

	Valuation – Low	**Valuation – High**
Discount rates for Gullen Wind	10.1%	9.4%
Discount rates for Biala	10.1%	9.4%
Discount rates for Gullen Solar	11.6%	10.9%
Multiple for capitalised corporate overheads	5.0x	4.0x
Discount for lack of control	10%	0%

Valuation approach

To determine the appraised market value of the Sale Shares, the Valuer has considered three commonly adopted valuation approaches, namely the income approach, market approach and cost approach. According to the Valuer, (i) the cost approach fails to capture the future earning potential of the business operated by the Target Company. It is deemed inappropriate as the wind and solar farms of the Target Company are operational and profitable with significant remaining life; and (ii) the market approach is not considered to be the most appropriate for the valuation because the Valuer is unable to identify listed pure play wind or solar energy generation company in Australia and overseas that are directly comparable to the wind and solar farms of the Target Company being valued.

Accordingly, the Valuer has assessed the value of the Target Company based on a sum-of-the-parts approach. The value of Target Company is the sum of:

- the value of its equity interests in the subsidiaries – valued using a discontinued cash flow ("**DCF**") approach, with cross-checks based on implied enterprise value ("**EV**")/earnings before interest and tax, depreciation and amortisation multiple and EV/MW multiple;
- capitalised corporate costs; and
- cash, other assets (net) and shareholder loan liabilities at the corporate level, which are based on book values.

The Valuer has adopted the DCF approach as its primary method to assess the value of the Target Company. Such approach is commonly used to value long term infrastructure assets with varying operating, capital expenditure and funding cash flows.

Assumptions

Pursuant to the Valuation Report, details of the key assumptions upon which each of Gullen Wind, Gullen Solar and Biala was valued are set out below:

Key assumptions for valuation of Gullen Wind

(1) Project life: Wind turbines typically have a design life of 25 to 30 years. Extension of the wind farm beyond their design life may require significant capital expenditure. The cash flow model assumes a remaining useful life of 16 years. At the end of the useful life, site decommissioning costs is assumed to equal the residual value of the wind farm assets, which are comprised predominantly of the wind turbines.

(2) Electricity generation volume: Annual energy production for Gullen Wind Farm is assumed to be 471 GWh per annum based on historical production. Seasonality factors are applied based on historical trend. Degradation rate is assumed to be 0.1% per annum. Economic curtailment is based on independent forecast provided by an independent energy market research consultant for 2024 onwards.

(3) Loss factors: MLF is a multiplier which is used to scale energy generation volumes to account for electricity losses along the transmission network. The MLF is based on management estimate considering forecast long-term average MLF provided by an independent energy market research consultant and is assumed to be flat over the entire forecast period.

(4) Electricity prices and PPA: Gullen Wind's electricity price up until December 2024 is based on the PPA. Beyond that, wholesale electricity prices in the NEM sourced from independent electricity pricing forecasts provided by an independent energy market research consultant have been adopted which take into account changes in industry wide capacity, market demand, regulatory schemes and long-run marginal cost of new generation.

(5) LGC prices: Gullen Wind's LGC price up until December 2024 is based on the PPA. Beyond that, uncontracted LGC price forecast has been assumed based on LGC prices provided by an independent energy market research consultant. A form of guarantee of origin certificate is assumed to come online when the Renewable Energy Target ends in 2030. The LGC price (real basis) is assumed to be AUD10 in 2031, declining linearly to reach AUD1 in 2040 after which it remains constant at AUD1 until 2060.

(6) Operating costs: Operating costs comprise mainly of O&M, connection, land lease and other expenses. Most of the expenses are contracted with annual escalation factors.

(7) Capital expenditure: No additional capital expenditure has been forecast as the WOM contract is inclusive of all costs.

(8) Financing: Interest rate is assumed to be payable at 1.7% plus the base rate (before hedging), provided by management. It represents a 0.1% reduction from the contracted 1.8% interest rate to reflect management's expectation of interest savings from future portfolio financing and reduced risk perception for operation phase. 100% of the interest rate risk is assumed to be hedged until full repayment of the loans in 2034. Gullen Wind is assumed to receive repayment of the intercompany loan due from Gullen Solar at a rate of AUD105,000 per quarter plus interest, until the loan is fully repaid in 2037.

(9) Franking credit: The franking credit balance on Valuation Date is assumed based on the Target Company's franking credit balance at 31 December 2023 proportionately allocated to Gullen Wind based on installed capacity.

Key assumptions for valuation of Biala

(1) Project life: Wind turbines typically have a design life of 25 to 30 years. Extension of the wind farm beyond their design life may require significant capital expenditure. The cash flow model assumes a remaining useful life of 23 years. At the end of the useful life, site decommissioning costs is assumed to equal the residual value of the wind farm assets, which are comprised predominantly of the wind turbines.

(2) Electricity generation volume: Management assumed annual energy production for Biala Wind Farm is 371 GWh per annum provided by management, calculated based on historical pre-curtailment generation. Seasonality factors and availability are applied, and degradation rate is assumed to be 0.1% per annum. Economic curtailment is based on independent forecast provided by an independent energy market research consultant for 2024 onwards.

(3) Loss factors: MLF is a multiplier which is used to scale energy generation volumes to account for electricity losses along the transmission network. The MLF is based on management estimate considering an independent energy market research consultant's forecast long-term average MLF and is assumed to be flat over the entire forecast period.

(4) Electricity prices and PPA: Wholesale electricity prices in the NEM sourced from independent electricity pricing forecasts provided by an independent energy market research consultant been adopted, which take into account changes in industry wide capacity, market demand, regulatory schemes and long-run marginal cost of new generation. Biala does not operate under a PPA agreement.

(5) LGC prices: Biala's LGC price forecast has been assumed based on LGC prices provided by an independent energy market research consultant. A form of guarantee of origin certificate is assumed to come online when the Renewable Energy Target ends in 2030. The LGC price (real basis) is assumed to be AUD10 in 2031, declining linearly to reach AUD1 in 2040 after which it remains constant at AUD1 until 2060.

(6) Operating costs: Operating costs comprise mainly of O&M, connection, land lease and other expenses. Most of the expenses are contracted with annual escalation factors. Biala's land lease has a fixed component as well as a variable component based on revenue generation, with the fixed component being approximately AUD120,000 for sundry expenses and variable component being 2.5% of revenue.

(7) Capital expenditure: No additional capital expenditure has been forecast as the WOM contract is inclusive of all costs.

(8) Financing: Management considers the interest rate payable by Biala on its loans to be below commercial rate due to the guarantee provided by China Export & Credit Insurance Corporation, an independent state-funded insurance company incorporated in the PRC. The cash flow model assumes a commercial interest rate of 1.7% plus the base rate (before hedging), provided by management. It represents a 0.1% reduction from the contracted 1.8% interest rate to reflect management's expectation of interest savings from future portfolio financing and reduced risk perception for operation phase. 100% of the interest rate risk is assumed to be hedged until 31 March 2024, and nil hedging thereafter until September 2025 when the existing loans are expected to be refinanced. 100% hedging resumes from October 2025 until the loan is fully repaid in 2039.

(9) Franking credit: The franking credit balance on Valuation Date is assumed based on the Target Company's franking credit balance at 31 December 2023 proportionately allocated to Biala based on installed capacity.

Key assumptions for valuation of Gullen Solar

(1) Project life: The cash flow model assumes a remaining useful life of 19 years. At the end of the useful life, site decommissioning costs is assumed to equal the residual value of the solar farm assets, which are comprised predominantly of the modules and solar photovoltaic racking.

(2) Electricity generation volume: Annual energy production for Gullen Solar Farm is assumed to be 18.3 GWh per annum based on historical production. Seasonality factors are applied based on historical trend. Degradation rate is assumed to be 0.4% per annum based on management assumption. Economic curtailment rate is based on independent forecast provided by an independent energy market research consultant for 2024 onwards.

(3) Loss factors: MLF is a multiplier which is used to scale energy generation volumes to account for electricity losses along the transmission network. The MLF is based on management estimate considering an independent energy market research consultant's forecast long-term average MLF and is assumed to be flat over the entire forecast period.

(4) Electricity prices and PPA: Gullen Solar's electricity price is assumed to be the wholesale electricity prices in the NEM in respect of solar farms in New South Wales sourced from independent electricity pricing forecasts provided by an independent energy market research consultant which take into account changes in industry wide capacity, market demand, regulatory schemes and long-run marginal cost of new generation.

(5) LGC prices: Gullen Solar's LGC price forecast has been assumed based on LGC prices provided by an independent energy market research consultant. A form of guarantee of origin certificate is assumed to come online when the Renewable Energy Target ends in 2030. The LGC price (real basis) is assumed to be AUD10 in 2031, declining linearly to reach AUD1 in 2040 after which it remains constant at AUD1 until 2060.

(6) Operating costs: Operating costs comprise mainly of O&M and other expenses. Most of the expenses are contracted with annual escalation factors.

(7) Capital expenditure: No additional capital expenditure has been forecast as the WOM contract is inclusive of all costs, except for some maintenance capital expenditure in 2028.

(8) Financing: Interest rate is assumed to be payable at 1.7% plus the base rate (before hedging). 100% of the interest rate risk is assumed to be hedged until full repayment of the loan due to Gullen Wind in 2037. Loan repayment is at a rate of AUD105,000 per quarter.

(9) Franking credit: The franking credit balance on Valuation Date is assumed based on the Target Company's franking credit balance at 31 December 2023 proportionately allocated to Gullen Solar based on installed capacity.

The Board has reviewed the Valuation Report, discussed with the Valuer and considered the valuation approach and key assumptions set forth in the Valuation Report. In particular:

(i) With respect to the valuation approach, the Board noticed that the Valuer has considered three commonly adopted valuation approaches, namely the income approach, market approach and cost approach. The Board understood that the cost approach fails to capture the future earning potential of the business operated by the Target Company; and listed pure play wind or solar energy generation company in Australia and overseas that are directly comparable to the wind and solar farms of the Target Company being valued under the market approach are unable to be identified. The value of the Target Company has been assessed based on a sum-of-the-parts approach, being the sum of the value of Target Company's equity interests in the subsidiaries, capitalised corporate costs, as well as cash, other assets (net) and shareholder loan liabilities at the corporate level, which are based on book values.

(ii) With respect to the valuation assumptions, the Board noticed that the assumptions set forth in the Valuation Report have covered a variety of aspects related to the business operation and financing activities of the Target Company, as well as the applicable electricity prices.

In light of the above, Board has not identified any major factors which would lead the Board to cast doubt on the fairness and reasonableness of the valuation approach and assumptions used in arriving the conclusion of the Valuation Report. The Board is therefore of the view that the valuation approach and assumptions used for the valuation of the Sale Shares are fair and reasonable and hence the reliability of the Valuation Report.

The Company has taken into account of the conclusion of the Valuation Report in determining the consideration of the Acquisition: – the Equity Value of the Sale Shares agreed by the Parties is approximately AUD183 million, which is within the valuation range set forth in the Valuation Report. The consideration of the Acquisition shall be further adjusted by the Adjustment Amount.

Based on the above and other factors set out in the paragraph headed "Reasons for and Benefits of the Acquisition" below, the Directors are of the view that the consideration of the Acquisition is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Confirmations

Grant Thornton Hong Kong Limited, being the Company's auditor, has reviewed and reported to the Directors in respect of the compilation of the discounted cash flows in connection with the valuation of 40% equity interest in the Target Company prepared by the Valuer used in the Valuation Report, which do not involve the adoption of accounting policies.

The Directors confirm that the fair valuation of 40% equity interest in the Target Company as at the Valuation Date in the Valuation Report, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry.

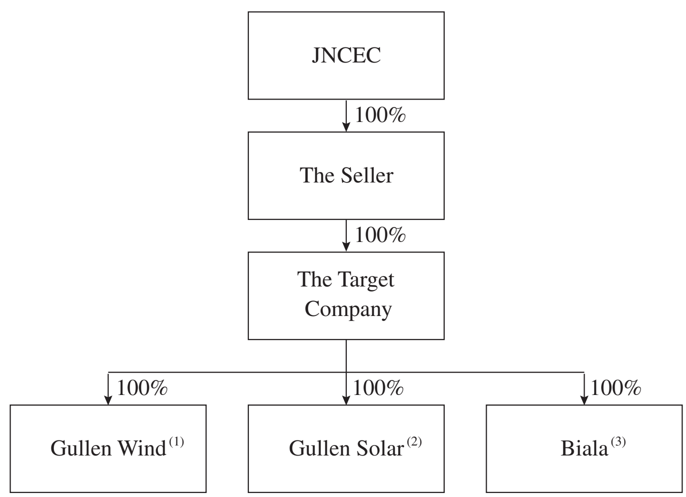
A report from Grant Thornton Hong Kong Limited in compliance with Rule 14.60A(2) of the Listing Rules and a letter from the Board in compliance with Rule 14.60A(3) of the Listing Rules are included in Appendix VI to this circular.

3. INFORMATION ABOUT THE PARTIES TO THE ACQUISITION

Information about the Target Group

Shareholding structure of the Target Group

The Target Company is a company incorporated in Australia with limited liability and principally engaged in investment holding and currently holds the entire equity interest in each of Gullen Wind, Gullen Solar and Biala. As at the Latest Practicable Date, the simplified shareholding structure of the Target Group is set forth as following:



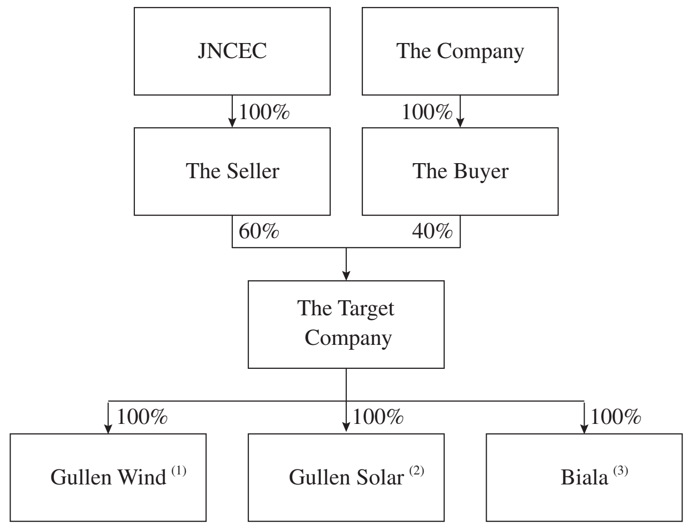
Notes:

(1) Gullen Wind is the operator of Gullen Wind Farm.

(2) Gullen Solar is the operator of Gullen Solar Farm.

(3) Biala is the operator of Biala Wind Farm.

The simplified shareholding structure of the Target Group immediately following Completion is set forth as following:



Notes:

(1) *Gullen Wind is the operator of Gullen Wind Farm.*

(2) *Gullen Solar is the operator of Gullen Solar Farm.*

(3) *Biala is the operator of Biala Wind Farm.*

Information about the Projects

Each of Gullen Wind, Gullen Solar and Biala is a company incorporated in Australia with limited liability and is the operator of the corresponding Projects. Details of the Projects are set forth as following:

(1) Gullen Wind Farm is a wind farm located in the Southern Tablelands of New South Wales, Australia with 73 turbines and a total installed capacity of 165.5MW. Gullen Wind Farm is operated by Gullen Wind and was commissioned in December 2014.

(2) Gullen Solar Farm is a solar photovoltaic power plant co-located within the Gullen Wind Farm with 42,180 solar panels and a total installed capacity of 10MW AC. Gullen Solar Farm is operated by Gullen Solar and commenced operations in August 2017.

(3) Biala Wind Farm is a wind farm located in the Southern Tablelands of New South Wales, Australia with 31 turbines and a total installed capacity of 110.7MW. Biala Wind Farm is operated by Biala and was commissioned in April 2022.

Financial information of the Target Company

Set out below is the audited profit before and after taxation of the Target Company for the three years ended 31 December 2021, 2022 and 2023, and the six months ended 30 June 2024:

	For the year ended 31 December			For the six months ended 30 June
	2021	**2022**	**2023**	**2024**
	Approximately AUD' million	*Approximately AUD' million*	*Approximately AUD' million*	*Approximately AUD' million*
Profit before taxation	34.5	56.2	57.2	22.0
Profit after taxation	24.6	31.4	39.8	15.4

The audited net assets of the Target Company as at 30 June 2024 was approximately AUD246.6 million.

Details of the financial information of the Target Company are set forth in Appendix II to this circular.

Information about the Buyer and The Company

The Company is a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 686) and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other clean energy projects.

The Buyer is a company incorporated in Australia with limited liability and is a wholly- owned subsidiary of the Company. The Buyer is principally engaged in building and operating a portfolio of clean energy projects across Australia.

Information about the Seller and JNCEC

The Seller is an investment holding company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of JNCEC. JNCEC is a joint stock company incorporated in the PRC, the H shares of which are listed on the main board of the Stock Exchange (stock code: 579). JNCEC is a leading wind power and photovoltaic power operator in the PRC and the largest gas-fired power provider in Beijing, with a diversified clean energy portfolio including wind power, photovoltaic power, gas-fired power and heat energy, small and medium hydropower and other clean energy projects. As at the Latest Practicable Date, BEH holds approximately 68.68% of the issued share capital of JNCEC.

4. FINANCIAL EFFECTS OF THE ACQUISITION

Earnings

Upon Completion, the Target Company will be owned as to 40% by the Company and will be accounted for as an associate of the Company by using equity method. The Target Company will not become a subsidiary of the Company, and the financial information of the Target Company will not be consolidated into the financial statements of the Group. As set out in the Accountants' Reports in Appendix II to this circular, the Target Company recorded a profit before taxation of approximately AUD57.2 million for the year ended 31 December 2023, and AUD22.0 million for the six months ended 30 June 2024. Based on the prospect of the Target Company, the Board is of the view that the Acquisition will be complementary to the Group's existing clean power plant portfolio and enables the Group to further expand its scale of business in the clean energy sector to enhance returns to the Shareholders.

Assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, which is prepared to illustrate the effect of the Acquisition on the Group's financial position as at 30 June 2024 as if the Acquisition had taken place on 30 June 2024, it is expected that the total assets of the Enlarged Group would increase by approximately RMB888 million and its total liabilities would increase by approximately RMB888 million. Hence, net assets of the Enlarged Group are expected to remain unchanged as a result of the Completion.

The above analysis is for illustrative purpose only and does not purport to represent how the financial performance and position of the Group would actually be after Completion.

5. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group, principally engaged in the development, investment, operation and management of power plants and other clean energy projects, has been identifying suitable investment opportunities to acquire clean energy projects with good prospects and potential for stable returns.

The Group currently owns one scalable wind farm, namely, Moorabool Wind Farm and one scalable solar farm, namely Wollar Solar Farm, both located in Australia, with details set forth as following:

(i) Moorabool Wind Farm – located approximately 25km south-east of Ballarat, is one of the largest wind farms in Victoria Australia. Moorabool Wind Farm comprises Moorabool North Wind Farm and Moorabool South Wind Farm, which consist of 104 wind turbines, with a total installed capacity of 312MW. Moorabool North Wind Farm commenced commercial operation from 24 June 2022 and Moorabool South Wind Farm commenced commercial operation from 21 September 2022. The Group currently holds 51% of the interest of Moorabool Wind Farm.

(ii) Wollar Solar Farm – located approximately 7km from Wollar Village and around 55km from Mudgee in NSW Australia. The Wollar Solar Farm received its development consent in February 2020 and started its construction in 2024. The project is expected to be in full capacity production in 2025, with a total installed capacity of about 350MW. The Group currently holds the entire interest of Wollar Solar Farm.

The Target Company is the holding company of the Projects, namely Gullen Wind Farm, Gullen Solar Farm and Biala Wind Farm, all located within the territory of Australia. After taking into account of scale of the Group's existing clean power plant portfolio, the Company is of the view that the Acquisition will be complementary to the Group's existing clean power plant portfolio (especially the overseas power plant portfolio) by diversifying the operational risk, financial risk and increasing the market share.

Furthermore, having considered (i) each of Gullen Wind Farm, Gullen Solar Farm and Biala Wind Farm has commenced power generation since December 2014, August 2017 and April 2022 respectively; (ii) the Target Company recorded profit after income tax of approximately AUD31.4 million for the year ended 31 December 2022 and approximately AUD39.8 million for the year ended 31 December 2023; and (iii) the wind and solar farms operated by the Target Group is able to capture the foreseeable development opportunities in the energy sector in Australia such as co-located battery storage systems and data center systems, the Board believes that the Target Group has a reasonable potential to create new overseas profit for the Company in the future. Accordingly, the Board holds an optimistic view towards the prospects of the wind farms and solar farms industry in Australia in the long run.

The Directors (including the independent non-executive Directors) consider that the Acquisition was negotiated on normal commercial terms, and the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. Su Yongjian, the non-executive Director, is the senior management of BEH. Therefore, he had abstained from voting on the Board resolution approving the Acquisition. Save as the aforesaid, none of the Directors has any material interest in the Acquisition and was required to abstain from voting on the Board resolution in relation to the Acquisition.

6. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition to be contemplated under the SPA exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as at the Latest Practicable Date, the Seller is a wholly-owned subsidiary of JNCEC, which is held as to approximately 68.68% by BEH. BEH is a controlling shareholder of the Company 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). Accordingly, the Seller is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Based on the above, the Acquisition is subject to (i) the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

7. WAIVER FROM STRICT COMPLIANCE WITH THE REQUIREMENT SET OUT IN RULE 4.03 OF THE LISTING RULES

Pursuant to Rule 14.67(6)(a)(i) of the Listing Rules, with respect to the Acquisition, the Company is required to include in the major transaction circular an accountants' report on the Target Company in accordance with Chapter 4 of the Listing Rules. Furthermore, pursuant to Rule 4.03 of the Listing Rules, any accountants' report to be included in a circular must normally be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance ("**PAO**") for appointment as auditors of a company. It is however provided under Rule 4.03(2) of the Listing Rules that in the case of an extreme transaction or a major transaction circular issued by a listed issuer in connection with the acquisition of an overseas company, the Stock Exchange may be prepared to permit the accountants' report to be prepared by a firm of practising accountants that is not qualified under the PAO but which is acceptable to the Stock Exchange. Such a firm must normally: (a) have an international name and reputation; (b) be a member of a recognised body of accountants; and (c) be subject to independent oversight by a regulatory body of a jurisdiction that is a full signatory to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information ("**IOSCO MMOU**"). It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the securities regulator in the same jurisdiction is a full signatory to the IOSCO MMOU.

Also, pursuant to Rule 14.67(6)(a)(i) of the Listing Rules, the financial information of the target company must be prepared using accounting policies which should be materially consistent with those of the listed issuer.

Moreover, pursuant to Rule 4.11 of the Listing Rules, the financial history of results and the balance sheet included in the accountants' report must normally be drawn in conformity with (a) Hong Kong Financial Reporting Standards ("**HKFRS**"), (b) International Financial Reporting Standards ("**IFRS**"), or (c) China Accounting Standards for Business Enterprises ("**CASBE**") in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements.

The Company proposed to engage EY Australia, which is not registered under the PAO, to prepare the Accountants' Report as required under Rule 14.67(6) of the Listing Rules. The Stock Exchange has granted a waiver from strict compliance with Rule 4.03 of the Listing Rules to allow EY Australia to prepare the Accountants' Report on the following grounds and conditions:

(1) EY Australia is an internationally recognised accounting firm and is supervised and regulated by the Australian Securities and Investments Commission ("**ASIC**"), which is a current signatory of the IOSCO MMOU. ASIC is an independent government body of Australia and is the national regulator of corporate, markets and financial services in Australia. ASIC is responsible for the following functions:

(a) to register companies and manage investment schemes;

(b) to grant Australian financial services licences and Australian credit licences;

(c) to register auditors and liquidators;

(d) to grant relief from various provisions of the legislation which it administers;

(e) to maintain publicly accessible registers of information about companies, financial services licensees and credit licensees;

(f) to make rules aimed at ensuring the integrity of financial markets;

(g) to stop the issue of financial products under defective disclosure documents;

(h) to investigate suspected breaches of the law and, in so doing, require people to produce books or answer questions at an examination;

(i) to issue infringement notices in relation to alleged breaches of some laws;

(j) to ban people from engaging in credit activities or providing financial services;

(k) to seek civil penalties from the courts; and

(l) to commence prosecutions.

(2) All EY Australia audit partners are members of the local accountancy body of Chartered Accountants Australia and New Zealand ("**CAANZ**"). CAANZ is a member of the Global Accounting Alliance. The public accountancy profession in Australia is independently regulated by CAANZ and ASIC.

(3) The Target Group comprises companies in Australia, key financial reporting staff and accounting work papers of the Target Group are primarily located in Australia. The relevant audit team of EY Australia has geographical proximity to the relevant personnel and records of the Target Group. Furthermore, the relevant audit team of EY Australia had been previously engaged for a variety of assurance projects within infrastructure and energy sector and is therefore familiar with the business of the Target Group and the industry that the Target Group operates in. The Company therefore considers that it would be unduly burdensome, impractical, costly and inefficient to engage another accountant qualified under the PAO to prepare the Accountants' Report for the Acquisition. In addition, EY Australia is the statutory auditor of the Target Group and is therefore familiar with the books and records and business operation of the Target Group from its previous years of service.

(4) The Historical Financial Information to be included in the Accountants' Report will be prepared in accordance with IFRS issued by the International Accounting Standards Board. EY Australia will express an opinion on the historical financial information to be included in the Accountants' Report. EY Australia will conduct its work in accordance with the requirements of 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. In addition, the historical financial information will be audited by EY Australia in accordance with International Standards on Auditing promulgated by the International Auditing and Assurance Standards Board. The Company understands that there are no material differences between IFRS and HKFRS, being the accounting standard currently adopted by the Company. Furthermore, an engagement quality control reviewer as an additional reviewer will be assigned by EY Australia as required to review the Accountants' Report. EY Australia will also assign its internal quality control team members who are familiar with the Companies Ordinance and the Listing Rules to assist EY Australia in reviewing the historical financial information to be included in the Accountants' Report to ensure the disclosure requirements under the Companies Ordinance and the applicable provisions of the Listing Rules are duly complied with.

(5) EY Australia (with the assistance of the internal quality control team members) will also assist the Company in ensuring the disclosure requirements of the Companies Ordinance, the applicable provisions of the Listing Rules and the requirements of the relevant accounting standards are duly complied with in respect of the historical financial information to be included in Accountants' Report.

(6) EY Australia is independent of both the Group and the Target Group as required under the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants.

8. SPECIAL GENERAL MEETING

A notice convening the SGM is set out on pages 244 to 245 of this circular, at which the ordinary resolution will be proposed for the Independent Shareholders to consider, and if thought fit, to approve the Acquisition.

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 Wednesday, 25 September 2024 to Monday, 30 September 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 Tuesday, 24 September 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 for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

All Shareholders who have a material interest in the Acquisition, together with their associates, will be required to abstain from voting at the SGM. As the Seller is a direct subsidiary of JNCEC and an indirect subsidiary of BEH, BEH and its associates are required to abstain from voting on the relevant resolution(s) to be proposed at the SGM. As at the Latest Practicable Date, BEH is a controlling shareholder of the Company, holding 7,176,943,498 Shares, representing approximately 32.64% of the voting rights underlying the issued Shares (excluding Shares held by the Company as Treasury Shares). BEH is required to abstain from voting on the resolution in relation to the Acquisition to be proposed at the SGM.

9. VOTING BY WAY OF POLL

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

10. RECOMMENDATION

The Independent Board Committee after considering the advice from the Independent Financial Adviser, is of the view that (i) the terms of the Acquisition are fair and reasonable; (ii) the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) the Acquisition is in the interests of the Company and Shareholders as a whole. Your attention is drawn to the letter from the Independent Board Committee set out on page 30 of this circular which contains the recommendation to the Independent Shareholders as to voting at the SGM regarding the Acquisition. The Board shared the same view of the Independent Board Committee. Therefore, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution in respect of the Acquisition at the SGM.

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

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)

13 September 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION AND CONNECTED TRANSACTION ACQUISITION OF 40% EQUITY INTEREST IN THE TARGET COMPANY

We refer to the circular of the Company dated 13 September 2024 (the "**Circular**") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to consider and advise the Independent Shareholders in respect of the Acquisition, details of which are set out in the Circular.

Pulsar Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. We wish to draw your attention to the "Letter from the Board" as set out on pages 7 to 29 of the Circular and the "Letter from the Independent Financial Adviser" as set out on pages 31 to 53 of the Circular.

Having considered, amongst other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider (i) the terms of the Acquisition are fair and reasonable; (ii) the Acquisition is on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in respect of the Acquisition.

Yours faithfully,
Independent Board Committee
Jin Xinbin Li Hongwei Zhu Jianbiao Zeng Ming
Independent non-executive Directors

The following is the text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser which has been prepared for inclusion in this circular.

脈搏 Pulsar
資本 Capital

13 September 2024

To the Independent Board Committee and the Independent Shareholders of
Beijing Energy International Holding Co., Ltd.

Dear Sirs,

MAJOR TRANSACTION AND CONNECTED TRANSACTION – ACQUISITION OF 40% EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the SPA and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular dated 13 September 2024 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise defined.

On 20 August 2024 (after trading hours), the Buyer and the Seller entered into the SPA, pursuant to which the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to purchase, the Sale Shares for a consideration consisting of the Completion Amount of approximately AUD183 million and the Adjustment Amount (if any).

As the highest applicable percentage ratio in respect of the Acquisition to be contemplated under the SPA exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. In addition, as at the Latest Practicable Date, the Seller is a wholly-owned subsidiary of JNCEC, which is held as to approximately 68.68% by BEH. BEH is a controlling shareholder of the Company holding approximately 32.64% of the voting rights underlying the issued Shares (excluding Shares held by the Company as Treasury Shares). Accordingly, the Seller is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Based on the above, the Acquisition is subject to (i) the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As stated in the Letter from the Board, as Mr. Su Yongjian, the non-executive Director, is the senior management of BEH. Therefore, he had abstained from voting on the Board resolution approving the Acquisition. Save as the aforesaid, none of the Directors has any material interest in the Acquisition and was required to abstain from voting on the Board resolution in relation to the Acquisition. As the Seller is a direct subsidiary of JNCEC and an indirect subsidiary of BEH, BEH and its associates are required to abstain from voting on the relevant resolution(s) to be proposed at the SGM. The resolution at the SGM will be voted by way of poll.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all of the independent non-executive Directors (namely, Ms. Jin Xinbin, Ms. Li Hongwei, Mr. Zhu Jianbiao and Mr. Zeng Ming) has been formed to advise the Independent Shareholders on the terms of the SPA and the transactions contemplated thereunder.

We have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the SPA are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and whether the Acquisition is in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, we were not connected with the Directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. During the last two years, we were not engaged as an independent financial adviser to the Company. Except for the service of independent financial adviser as stated in this letter, we had not provided any other services to the Company in the last two years. Apart from normal professional fees payable to us by the Company in connection with the current appointment, no arrangement exists whereby we have received or will receive any fees, benefits or interests from the Company or the Directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates or any other parties that could reasonably be regarded as relevant to our independence as at the Latest Practicable Date. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, statements, opinions and representations provided to us by the Company, its representatives, its management (the "**Management**") and the Directors for which they are solely and wholly responsible and we have assumed that all such information, statements, opinions and representations contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true, accurate and complete as at the date of the Circular. We have reviewed documents including, among other things, (i) the SPA; (ii) the annual reports of the Company for the year ended 31 December 2021 (the "**2021 Annual Report**"), 31 December 2022 (the "**2022 Annual Report**"), and 31 December 2023 (the "**2023 Annual Report**"); (iii) the Valuation Report by the Valuer; and (iv) the Circular and the information as set out in the Circular.

We have assumed that all statements of belief, opinion and intention made by the Company, its representatives, the Management and the Directors as set out in the Circular were reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular. The Directors confirmed that they have provided us with all information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of such information and the information contained in the Circular to provide a reasonable basis of our opinion.

Our review and analyses were based upon the information and facts contained or referred to in the Circular, the information provided by the Company and the relevant public information. We consider that we have reviewed sufficient information to reach a reasonably informed view to justify our reliance on the accuracy of the information contained in the Circular as aforesaid and to provide reasonable grounds for our advice. In addition, we have no reason to doubt the truth, accuracy and/or completeness of the information and representations as provided to us by the Directors, the Management and/or representatives of the Company. We, however, have not conducted any independent in-depth investigation into the business, affairs, financial position or prospects of the Group nor we have carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in respect of the terms of the SPA and the transactions contemplated thereunder, we have considered the following principal factors and reasons:

1. Information on the Group

As stated in the Letter from the Board, the Company is a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 686) and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other clean energy projects.

Set out below is a summary of the audited financial information of the Group for the years ended 31 December 2021, 2022 and 2023 (the "**FY2021**", "**FY2022**", "**FY2023**", respectively) as extracted from the 2022 Annual Report and 2023 Annual Report:

	FY2021 *(RMB million)* (audited)	**FY2022** *(RMB million)* (audited) (restated)	**FY2023** *(RMB million)* (audited)
Revenue	2,825	4,115	5,568
EBITDA	2,397	3,465	4,559
Profit for the year	650	472	472
Profit attributable to equity holders of the Company	564	269	42

	As at 31 December 2021 *(RMB million)* (audited)	**As at 31 December 2022** *(RMB million)* (audited)	**As at 31 December 2023** *(RMB million)* (audited)
Total assets	46,159	60,328	90,036
– Non-current assets	30,488	41,463	72,318
– Current assets	15,671	18,865	17,718
Total liabilities	36,875	50,145	72,973
– Non-current liabilities	25,552	31,535	44,576
– Current liabilities	11,323	18,610	28,397
Net assets	9,284	10,183	17,063

FY2022 versus FY2021

The revenue of the Group increased from approximately RMB2,825 million for FY2021 to approximately RMB4,115 million for FY2022 and the EBITDA of the Group increased from approximately RMB2,397 million for FY2021 to approximately RMB3,465 million for FY2022. As stated in the 2022 Annual Report, the increase in revenue and EBITDA of the Group was attributable to (i) the expansion in grid-connected installed capacity from approximately 4,168.02MW to approximately 5,603.44MW or approximately 34.4% by way of acquisition and self-development of projects; and (ii) effective operation and management of power plants. The average tariff per kWh (net of VAT) for FY2022 was approximately RMB0.58 (FY2021: approximately RMB0.73).

The profit for the year of the Group decreased from approximately RMB650 million for FY2021 to approximately RMB472 million for FY2022. As stated in the 2022 Annual Report, the decrease in net profit was mainly due to the decrease in bargain purchase gains arising from business combinations and increase in finance costs.

The total assets of the Group increased from approximately RMB46,159 million as at 31 December 2021 to approximately RMB60,328 million as at 31 December 2022. The total non-current assets of the Group increased from approximately RMB30,488 million as at 31 December 2021 to approximately RMB41,463 million as at 31 December 2022, mainly attributable to an increase in property, plant and equipment and an increase in other receivables, deposits and prepayments. The total current assets of the Group increased from approximately RMB15,671 million as at 31 December 2021 to approximately RMB18,865 million as at 31 December 2022, mainly attributable to an increase in trade, bills and tariff adjustment receivables and an increase in cash and cash equivalents.

The total liabilities of the Group increased from approximately RMB36,875 million as at 31 December 2021 to approximately RMB50,145 million as at 31 December 2022. The total non-current liabilities of the Group increased from approximately RMB25,552 million as at 31 December 2021 to approximately RMB31,535 million as at 31 December 2022, mainly attributable to an increase in bank and other borrowings and an increase in lease liabilities. The total current liabilities of the Group increased from approximately RMB11,323 million as at 31 December 2021 to approximately RMB18,610 million as at 31 December 2022, mainly attributable to an increase in other payables and accruals and an increase in bank and other borrowings.

FY2023 versus FY2022

The revenue of the Group increased from approximately RMB4,115 million for FY2022 to approximately RMB5,568 million for FY2023 and the EBITDA of the Group increased from approximately RMB3,465 million for FY2022 to approximately RMB4,559 million for FY2023. As stated in the 2023 Annual Report, the increase in revenue and EBITDA of the Group was attributable to (i) the expansion in grid-connected installed capacity from approximately 5,603MW to approximately 8,577MW or approximately 53.1% by way of acquisition and self-development of projects; (ii) effective operation and management of power plants; and (iii) recognition of interest income on deposits for investments during FY2023. The average tariff per kWh (net of VAT) for FY2023 was approximately RMB0.46 (FY2022: approximately RMB0.58).

The profit for the year of the Group remained the same at RMB472 million for FY2023 and FY2022.

The total assets of the Group increased from approximately RMB60,328 million as at 31 December 2022 to approximately RMB90,036 million as at 31 December 2023. The total non-current assets of the Group increased from approximately RMB41,463 million as at 31 December 2022 to approximately RMB72,318 million as at 31 December 2023, mainly attributable to an increase in property, plant and equipment. The total current assets of the Group decreased from approximately RMB18,865 million as at 31 December 2022 to approximately RMB17,718 million as at 31 December 2023, mainly attributable to (i) a decrease in other receivables, deposits and prepayments; (ii) a decrease in pledged deposits; partially offset by (iii) an increase in cash and cash equivalents.

The total liabilities of the Group increased from approximately RMB50,145 million as at 31 December 2022 to approximately RMB72,973 million as at 31 December 2023. The total non-current liabilities of the Group increased from approximately RMB31,535 million as at 31 December 2022 to approximately RMB44,576 million as at 31 December 2023, mainly attributable to an increase in bank and other borrowings. The total current liabilities of the Group increased from approximately RMB18,610 million as at 31 December 2022 to approximately RMB28,397 million as at 31 December 2023, mainly attributable to (i) an increase in other payables and accruals; and (ii) an increase in bank and other borrowings.

2. Information on the Buyer and the Seller

2.1 Information of the Buyer

As stated in the Letter from the Board, the Buyer is a company incorporated in Australia with limited liability and is a wholly-owned subsidiary of the Company. The Buyer is principally engaged in building and operating a portfolio of clean energy projects across Australia.

2.2 Information of the Seller

As stated in the Letter from the Board, the Seller is an investment holding company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of JNCEC. JNCEC is a joint stock company incorporated in the PRC, the H shares of which are listed on the main board of the Stock Exchange (stock code: 579). JNCEC is a leading wind power and photovoltaic power operator in the PRC and the largest gas-fired power provider in Beijing, with a diversified clean energy portfolio including wind power, photovoltaic power, gas-fired power and heat energy, small and medium-sized hydropower and other clean energy projects.

3. Information on the Target Company

As stated in the Letter from the Board, the Target Company is a company incorporated in Australia with limited liability and principally engaged in investment holding and currently holds the entire equity interests in each of Gullen Wind, Gullen Solar and Biala.

Each of Gullen Wind, Gullen Solar and Biala is a company incorporated in Australia with limited liability and is the operator of the corresponding Projects. Details of the Projects are set forth as following:

(1) Gullen Wind Farm is a wind farm located in the Southern Tablelands of New South Wales, Australia with 73 turbines and a total installed capacity of 165.5MW. Gullen Wind Farm is operated by Gullen Wind and was commissioned in December 2014.

(2) Gullen Solar Farm is a solar photovoltaic power plant co-located within the Gullen Wind Farm with 42,180 solar panels and a total installed capacity of 10MW AC. Gullen Solar Farm is operated by Gullen Solar and commenced operations in August 2017.

(3) Biala Wind Farm is a wind farm located in the Southern Tablelands of New South Wales, Australia with 31 turbines and a total installed capacity of 110.7MW. Biala Wind Farm is operated by Biala and was commissioned in April 2022.

As advised by the Management, the Gullen Solar Farm is co-located within the existing Gullen Wind Farm, making them the first large-scale co-located wind and solar farm in Australia.

As stated in the Letter from the Board, the audited profit before and after taxation of the Target Company for the three years ended 31 December 2021, 2022 and 2023, and the six months ended 30 June 2024 are shown in below:

	For the year ended 31 December			**For the six months ended 30 June**
	2021	**2022**	**2023**	**2024**
	Approximately AUD' million	*Approximately AUD' million*	*Approximately AUD' million*	*Approximately AUD' million*
Profit before taxation	34.5	56.2	57.2	22.0
Profit after taxation	24.6	31.4	39.8	15.4

The audited net assets of the Target Company as at 30 June 2024 was approximately AUD246.6 million.

4. Reasons for and benefits of the Acquisition

The Group, principally engaged in the development, investment, operation and management of power plants and other clean energy projects, has been identifying suitable investment opportunities to acquire clean energy projects with good prospects and potential for stable returns.

As stated in the Letter from the Board, the Target Company is the holding company of the Projects, namely Gullen Wind Farm, Gullen Solar Farm and Biala Wind Farm, all located within the territory of Australia. After taking into account of the scale of the Group's existing clean power plant portfolio, the Company is of the view that the Acquisition will be complementary to the Group's existing clean power plant portfolio (especially the overseas power plant portfolio) by diversifying the operational risk, financial risk and increasing the market share. Furthermore, having considered (i) each of Gullen Wind Farm, Gullen Solar Farm and Biala Wind Farm has commenced power generation since December 2014, August 2017 and April 2022 respectively; (ii) the Target Company recorded profit after income tax of approximately AUD31.4 million for the year ended 31 December 2022 and approximately AUD39.8 million for the year ended 31 December 2023; and (iii) the wind and solar farms operated by the Target Group is able to capture the foreseeable development opportunities in the energy sector in Australia such as co-located battery storage systems and data center systems, the Board believes that the Target Group has a reasonable potential to create new overseas profit for the Company in the future. Accordingly, the Board holds an optimistic view towards the prospects of the wind farms and solar farms industry in Australia in the long run.

We noted from the 2021 Annual Report, 2022 Annual Report and 2023 Annual Report that the Group has expanded its clean energy business in Australia in recent years. During FY2021, the Group acquired the entire equity interest of Wollar Solar Development Pty Ltd ("**Wollar Solar**") in Australia from an independent third party. During FY2022, the Group acquired 25% equity interest and call options to acquire additional 26% equity interest (the "**Call Options**") in two project companies which own a total of two Moorabool wind farms. In addition, Wollar Solar entered into a supply agreement with an independent third party for the development of a solar farm in Australia. During FY2023, the Group exercised the Call Options to further acquire 26% equity interest in the two project companies. In addition, as mentioned in the announcement of the Company dated 14 December 2023, the Group agreed to acquire the entire issued share capital in each of the project holding companies in Australia which are the holding companies of project groups principally engaged in the construction of solar farms. As advised by the Management, the Acquisition can provide synergies such as sharing of corporate overheads with the Group's existing solar and wind farms and enhance the Group's influence and reputation in Australia. Based on the above, we are of the view that the Acquisition is in line with the Group's business strategy and development and have been carried out in the ordinary and usual course of business of the Group.

5. Overview and prospect of the wind and solar energy industry in Australia

In order to assess the prospect of the wind and solar energy industry in Australia, we have conducted research through the public domain. According to the Australian Energy Statistics published by the Department of Climate Change, Energy, the Environment and Water of the Australian Government, renewable resources contributed 95,963.0 gigawatt hours (GWh) electricity generation in Australia in 2023, representing approximately 35.1% of Australia's total electricity generation of 273,105.5 GWh, up approximately 2.8% on the share in 2022. The largest source of renewable generation of electricity in 2023 was solar (approximately 16.5% of total generation) followed by wind (approximately 11.7% of total generation). In terms of state, electricity generated from renewable resources in New South Wales increased by approximately 8.7% from 23,415.2 GWh in 2022 to 25,453.4 GWh in 2023, out of which electricity generated from solar and wind increased by approximately 11.8% from 18,573.9 GWh in 2022 to 20,761.6 GWh in 2023.

Australia's Renewable Energy Target ("**RET**") is an Australian Government scheme that aims to reduce greenhouse gas emissions in the electricity sector and increase renewable electricity generation. The RET sets a target to deliver an extra 33,000 GWh of electricity from renewable sources every year from 2020 to 2030. The *Climate Change Act 2022* set an emissions reduction target for Australia of 43% (compared to 2005 levels) by 2030 and a net zero emission by 2050. The Australian Government is targeting 82% renewable energy in electricity generation by 2030. The *Climate Change (Net Zero Future) Act 2023* set emissions reduction targets for New South Wales of 50% by 2030, 70% by 2035 and net zero by 2050.

According to statistics published by the Australian Bureau of Statistics, the number of migrant arrivals to Australia increased from 426,730 for the year ended 30 June 2022 to 737,170 for the year ended 30 June 2023 and the number of migrant departures from Australia decreased from 223,140 for the year ended 30 June 2022 to 219,080 for the year ended 30 June 2023. As a result, net overseas migration increased from 203,590 for the year ended 30 June 2022 to 518,090 for the year ended 30 June 2023. As the number of net overseas migration to Australia increases, it is expected that demand for electricity will continue to increase.

With the support and initiatives to reduce emissions reduction and increase renewable energy in electricity generation by the Australian Government, it is expected that the wind and solar energy industry in Australia will continue to grow in the future and the prospect is optimistic. Therefore, we are of the view that the Acquisition provides the Group to expand its clean energy business in Australia with potential growth opportunities in the future. Based on the above, we are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

6. Principal terms of the SPA

As stated in the Letter from the Board, the principal terms of the SPA agreed by the parties are summarized below:

Date:	20 August 2024 (after trading hours)
Parties:	(a) The Buyer, namely, Beijing Energy International (Australia) Holding Pty Ltd;
	(b) The Seller, namely, Beijing Jingneng Clean Energy (Hong Kong) Co., Limited; and
	(c) the Target Company, namely, Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd.
Subject matter:	The Buyer has conditionally agreed to purchase, and the Seller has conditionally agreed to sell, the Sale Shares, representing 40% of the total issued share capital of the Target Company

Basis for the Consideration

Pursuant to the SPA, the consideration for the Sale Shares is the payment by the Buyer of the Purchase Price, which equals to the Completion Amount adjusted by the Adjustment Amount (if any).

Pursuant to the SPA, the Completion Amount shall be the Equity Value agreed by the Parties in the SPA, being approximately AUD183 million.

Pursuant to the SPA, the Adjustment Amount shall be equal to 40% of:

(a) The net profit after tax of the Target Company for the period from the valuation date set forth in the SPA to the Completion Date; less

(b) any fully franked dividend declared or paid by the Target Company prior to the Completion Date (except for those declared before the valuation date set forth in the SPA).

In the event that the above calculation result is less than zero, the Adjustment Amount shall be deemed to be zero.

The Completion Amount shall be paid by the Buyer to the bank account designated by the Seller in one lump sum on the Completion Date. The Adjustment Amount (if any) shall be paid by the Buyer within 10 Business Days after the Adjustment Amount is determined and agreed by the Parties. The Group currently expects to finance the consideration of the Acquisition by way of utilising the Group's internal resources and external financing.

As stated in the Letter from the Board, the consideration of the Acquisition was determined after arm's length negotiation by the Parties The Company has considered various factors, including (i) the historical operational and financial performance of the Target Group; (ii) the revenue expected to be generated by the Target Group in the forthcoming years; (iii) the prospects of the electricity market and renewable energy sector in Australia; (iv) the trend of electricity prices and long term expectations in the Group's risk assessment; and (v) the Valuation Report prepared by the Valuer.

We note that the Completion Amount of the Consideration falls within the range of the appraised market value of 40% equity interest in the Target Company as at the Valuation Date of approximately AUD164.1 million (low end) and AUD193.0 million (high end) (the "**Appraised Value Range**") based on the Valuation Report as set out in Appendix V to this Circular.

Valuation of the Sale Shares

The Company has appointed the Valuer, an independent professional valuer, to appraise the fair market value of the 40% of the equity interest in the Target Company as at 31 December 2023 and prepare the Valuation Report as contained in Appendix V to this Circular. As stated in the Valuation Report, the fair market value of the Sale Shares as at 31 December 2023 is estimated to be between AUD164.1 million and AUD193.0 million. In order to assess the fairness and reasonableness of the Completion Amount, we have obtained and reviewed the Valuation Report in relation to the valuation of the Sale Shares and performed the following work done:

(I) Experience of the Valuer and their engagement

We have obtained and reviewed the terms of engagement letter of the Valuer in respect of the Valuation and consider that its scope of work is appropriate to the opinion that the Valuer is required to provide. We are not aware of any limitation on the scope of work which might adversely impact on the degree of assurance given by the Valuer in the Valuation Report.

We have assessed the qualification, experience and independence of the Valuer in relation to the preparation of the Valuation Report. We understand that Mr. Vikas Nahar and Mr. Phillip Rundle, both being the directors of the Valuer, are persons-in-charge of the Valuation Report. Mr. Vikas Nahar is a CFA Charterholder and holds a Master of Business Administration with majors in Finance who has over 18 years of experience in valuation of businesses, financial instruments and intangible assets for financial reporting, taxation, strategy, and merger and acquisition purposes. Mr. Phillip Rundle is a Fellow of Chartered Accountants Australia and New Zealand, a Fellow of the Australian Institute of Company Directors, a Fellow of the Financial Services Institute of Australasia, an Accredited Business Valuation Specialist by Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce and Graduate Diploma in Applied Finance & Investment who has over 30 years of experience in both Australian and overseas chartered accounting firms providing a wide range of valuation advice for both listed and unlisted companies. We have also obtained information on the Valuer's track records on other valuations and noted that the Valuer has provided a number of valuation as an independent valuer for both listed and private companies in Australia in the past. Mr. Vikas Nahar and Mr. Phillip Rundle have completed about 281 valuation jobs in total since they have been working with the Valuer, including approximately 40 engagements for listed companies.

We noted from the Valuation Report that the Valuer considered itself to be independent from the Buyer and all other parties involved in the Acquisition in terms of *ASIC Regulatory Guide 112 Independence of experts* due to (i) there are no conflicts of interest with respect to the Buyer, its shareholders and all other parties involved in the Acquisition; (ii) the Valuer and its related entities have not had within the previous two years prior to and including the date of the Valuation Report any shareholding in or other relationship with the Buyer or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Acquisition; and (iii) the Valuer has no involvement with, or interest in the outcome of the transaction, other than the preparation of the Valuation Report. Based on the above, we are satisfied with the qualification, experience and independence of the Valuer required to perform the Valuation.

(II) Valuation methodology

We have discussed with the Valuer in respect of the methodology of, and the bases and assumptions adopted for the Valuation. To determine the appraised market value of the Sale Shares, we were given to understand that, the Valuer has considered three commonly adopted valuation approaches, namely the income approach, market approach and cost approach. Based on our understanding from the Valuer, the cost approach fails to capture the future earning potential of the business operated by the Target Company. It is deemed inappropriate as the wind and solar farms of the Target Company are operational and profitable with significant remaining life. The market approach is not considered to be the most appropriate for the valuation because the Valuer is unable to identify listed pure play wind or solar energy generation company in Australia and overseas that are directly comparable to the wind and solar farms of the Target Company being valued.

The Valuer considered that the income approach to be the most appropriate because this is an approach commonly used to value long term infrastructure assets with varying operating, capital expenditure and funding cash flows. The income approach explicitly recognises that the current value of an investment is premised upon the expected receipt of future economic benefits such as periodic income, cost savings, or sale proceeds. Indication of value is developed by discounting future net cash flow to the present value at a rate that reflects both the current return requirements of the market and the risks inherent in the specific investment.

The Valuer has adopted the income approach which is based on discounted cash flow ("**DCF**") methodology. In using DCF method, we were given to understand that the Valuer relied on the financial projections prepared by the management of the Company and the discount rate calculated by using capital asset pricing model ("**CAPM**"). The Valuer has used the market approach as a cross check to its valuation using the income approach. We noted from the circular of the Company dated 9 June 2023 that another valuer, namely RSM Corporate Australia Pty Ltd, also adopted the income DCF approach in the valuation of

Moorabool Wind Farm (Holding) Pty Ltd and Moorabool South Wind Farm (Holding) Pty Ltd, whose principal businesses and location of assets are the same as those of the Target Company, and used the EV/EBITDA multiple or EV/MW multiple under the market approach to crosscheck the valuation under the DCF methodology. Having considered the respective downsides of the market approach and the cost approach, we are of the view that (i) the income approach is the preferred approach for the valuation of the Sale Shares; and (ii) the adoption of the income approach and the use of the EV/EBITDA multiple or EV/MW multiple under the market approach to crosscheck the valuation under the DCF methodology for the valuation of the Sale Shares is in line with normal market practice.

We noted from the Valuation Report that the Target Company has been valued based on a sum-of-the parts approach. The Target Company's equity interests in each of Gullen Wind, Gullen Solar and Biala has been valued separately.

(III) Valuation assumptions

Revenue

Revenue is mainly derived from the sale of electricity and LGCs. Revenue from electricity is calculated by multiplication of the electricity price and power generated by corresponding power plants over a period of their remaining useful life of 16 years for Gullen Wind, 23 years for Biala and 19 years for Gullen Solar. The remaining useful life are all calculated based on a total useful life of 25-30 years. We have checked the annual reports of twenty-two companies in the same industry, on a best effort basis, by reference to the Comparable Companies (for details of our selection criteria of the Comparable Companies, please refer to the paragraph headed "(IV) Analysis of the Comparable Companies" below) and the listed companies as shown in Appendix F: Sharemarket Evidence in Appendix V to this Circular. Given that these companies operate in the same industry as the Target Company with a focus on renewable energy, we consider that these companies are fair and representative samples of the useful life of wind turbines and photovoltaic equipment in general and found that it is in-line with the total useful life of wind turbines and photovoltaic equipment of 25-30 years generally adopted by their depreciation policies. Electricity generation volume and loss factor through transmission were based on historical operating data of the power farms taken into account of the actual local weather conditions and distance between the power farms and grid connection point respectively.

On the other hand, revenue from sale of LGC represent the sale of LGCs on the secondary market. LGCs are tradable certificates created for eligible large-scale renewable energy power stations. The certificates represent the amount of renewable energy generated by these facilities. These certificates can then be sold to entities with liabilities under the RET such as electricity retailers, in order to meet their renewable energy obligations under the RET.

With respect to the cash flow projections used in the model, we noted that it is derived by commercial assumptions including *inter alia*, forecast merchant electricity price, forecast LGC price and forecast economic curtailment, which is based on the market projections issued by Aurora Energy Research ("**Aurora**") as of November 2023. Aurora is a global provider of power market forecasting and analytics for critical investment and financing decisions.

We have reviewed the website and company brochure of Aurora and noted that (i) it is a global independent research company providing market leading forecasts and data-driven intelligence for global energy transition with 14 offices worldwide in United States, Europe, UK, Australia, Japan, Singapore and Brazil; (ii) it was founded by University of Oxford professors and economists with a diverse team of more than 650 experts with vast energy, financial and consulting backgrounds and more than 850 subscribing companies; (iii) Aurora's Australian practices serves over 150 organisations across policy makers, developers, and project financers; and (iv) it supported more than 150 transactions in 2023. Aurora's Australian practices is also widely recognised by banking institutions in Australia in project financing consultancy of renewable power plants. Therefore, we consider the forecast merchant electricity price, forecast LGC price and forecast economic curtailment adopted by the Valuer in the Valuation is in line with market practice and obtained from a reliable source.

Expenses

Operating expenses consist of the cash operating expenses and depreciation expense. Cash operating expenses include Warranty, Operating and Maintenance (WOM) service cost, connection fee, land lease cost and other related expenses. In forecasting the WOM service cost, the Company made the assumption that the current WOM contract with Goldwind Australia Pty Ltd (Goldwind Australia) can be renewed before its expiration in December 2024. In forecasting the connection fee, the Company referred to the 25-year Generator Connection Agreement with Transgrid dated 5 June 2012. Administration expenses comprise mainly of audit, taxation, accounting and other consulting fees. A standard corporate income tax rate of 30% is adopted in the model.

We have compared the gross profit margin of the Target Company for FY2023 and noted that it is within the range of the gross profit margins of the Comparable Companies (for details of our selection criteria of the Comparable Companies, please refer to the paragraph headed "(IV) Analysis of the Comparable Companies" below). Given that these companies operate in the same industry as the Target Company with a focus on renewable energy, we consider that these companies are fair and representative. We have reviewed the annual reports of the Comparable Companies and noted that (i) the gross profit margin of the Comparable Companies ranges from approximately 32.0% to approximately 73.6% (the "**Comparable Companies GP Margin Range**"); and (ii) the gross profit margin of the Target Company of approximately 56.9% is within the Comparable Companies GP Margin Range.

Having considered the abovementioned, we are of the view that it is fair and reasonable for the Valuer to derive the expected future cash flow of the Target Company based on the aforesaid determinants.

Discount Rate

With respect to the discount rate in the model, we were given to understand that the CAPM has been used in determining the discount rate, being the risk-free rate plus a linear function of a measure of systematic risk ("**Beta**") times market risk premium plus a company specific risk premium.

Based on our discussion with the Valuer, it is noted that the risk free rate is based on the yield of the Australia government 10-year bond, which was 3.96% as at the Valuation Date.

According to the Valuer, the Beta, being a measure of the systematic risk of an investment or business operation relative to a well-diversified portfolio of investments. Systematic risk measure the extent to which the return on the investment is correlated to market returns. The beta was determined after considering comparable companies identified by the Valuer. We have discussed with the Valuer about the calculation of beta and reviewed the background of these comparable companies adopted. We noted that all comparable companies are public Australian and New Zealand companies with a focus on renewable energy, which we consider to be in the same industry as the Target Company and therefore concur with the Valuer that the selection criteria is fair and representative.

Of the various risk premiums, the market risk premium represents the additional return that investors expect in return for holding risk in the form of a well-diversified portfolio of risky assets (such as a market index) over risk-free assets (such as government bonds). Company specific risk premium is applied to capture specific risk premium for Gullen Wind, Biala and Gullen Solar of 1.5%, 1.5% and 3.0% respectively to account for forecast risk relating to curtailment, exposure to market price and refinancing risk.

As such, we are of the view that the discount rate, as determined by the Valuer after taking into account the aforesaid determinants, as well as referencing with the market research on the global required return commonly applied to renewable energy companies, is fair and reasonable.

Discount for lack of control

Since the Acquisition involves acquiring the 40% minority stake of the Target Company, the Valuer has applied a discount for lack of control of 0-10% (the "**DLOC**") in arriving at the range of valuation of the 40% equity interest of the Target Company. Control over an entity accords certain benefits to the controlling shareholder(s) including the ability to control the board of directors, alter the constitution and change the financial and operating policies of the target company in mergers and acquisitions. Without controlling the board of directors of the target company, many business strategies cannot be implemented by the acquirer to achieve the synergies an acquisition intends to bring. As such, investors acquiring minority interest would typically apply a DLOC to the proportionate value of their non-controlling equity interests.

We have discussed with the Valuer and understand the magnitude of DLOC depends on various factors including but not limited to, (a) nature of business and the industry in which the target company operates; (b) level of equity interest being valued; (c) shareholding structure of the target company; (d) voting rights and board representation; and (e) ability of the shareholder to influence decision making of the board through mechanisms such as shareholders' agreement and constitution of the target company.

According to the Valuer, the control premium in Australia ranges between 20% and 40% for most transactions of all kinds of industries. The larger the post-acquisition synergies a M&A transaction can bring, the higher the control premium an acquirer is willing to pay. One of the synergies a M&A transaction can bring is costs cutting via layoff. For example, many merger cases of banks aim to enlarge the client and deposit bases on the one hand and achieve synergy by cutting staff and shutting down overlapping branches in the same vicinity on the other hand.

We have discussed with the Management and understood that the purpose of the Acquisition is to acquire clean energy projects with good prospects and potential for stable income, and to further expand its business scale in Australia. In our opinion, there will be little synergies on the assets as they are built in different locations and the electricity generation capacity of these power farms is not fungible. All of the three power plants are highly advanced that requires little manpower to run and therefore the potential for synergies will be limited.

In addition, the operation of the power industry in Australia is subject to stringent regulations, which means even acquiring the majority stake and controlling the board of the Target Company does not mean the Buyer can affect the strategic decisions of the Target Company in whatever way it desires, without considering the relevant rules and regulations on demand, supply and pricing for the energy market by the Australian Energy Market Operator. We have conducted independent research on the regulations to which this sector is subject to and noted that the revenue of electricity transmission network or gas pipeline network operators are strictly regulated by the Australian Energy Regulators.

During our desktop search on ASX website on a best effort basis, we found that there are two precedent cases in which the independent valuers excluded lack of control discount in the valuation of a minority stake of companies in the Australian power industry. Given that these cases involve the acquisition of minority stake of companies in the Australian power industry, we consider that these cases are fair and representative. In the Spake Infrastructure RE Limited case, the valuer did not consider necessary to apply a DLOC to the valuation of 49% ownership in two Australian electricity distribution companies and 15.01% equity interest in an Australian power grid company. In Ausnet Services Ltd. case, the valuer stated that market evidence suggests that even minority interests in structured infrastructure assets tend to trade at close to pro rata of 100% value (particularly when demand for the asset is high).

Taken into account of the fact that (a) the comparatively high percentage of minority equity interest of the Target Company to be acquired under the Acquisition (being 40%); (b) the little synergy achievable under the Acquisition in terms of costs saving; and (c) the stringent regulatory landscape of the power industry in Australia, we therefore concur with the Valuer's view that the DLOC of the Acquisition should lie at the range of 0-10% in this case.

Conclusion

During the course of our discussion with the Valuer and after reviewing the data and the calculation work provided by the Valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the methodology, principal bases and assumptions used in arriving the valuation. We also noted that Grant Thornton Hong Kong Limited, the auditors of the Company, has reviewed the compilation of the discounted future estimated cash flows contained in the Valuation Report and are of the view that the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in all material respects in accordance with the bases and assumptions made by the Directors. In addition, the Directors confirm that the discounted future estimated cash flows have been made after due and careful enquiry. Details of the letter from the reporting accountant and the letter from the Board in relation to the Valuation are set out in Appendix VI of the Circular. Having considered the above, we are of the view that the principal basis, valuation methods and assumptions adopted for the valuation of the Target Company are fair and reasonable.

(IV) Analysis of the Comparable Companies

For the purpose of valuing the Target Company, the Valuer has identified 4 comparable companies in Australia/New Zealand and used the market approach valuation methodology EV/EBITDA multiple or historical EV/MW multiple of past transactions in the same industry for cross-checking the valuation using the primary DCF approach. We have discussed with the Valuer concerning its selection criteria of these comparable companies as disclosed in the Valuation Report and assessed the appropriateness of these comparable companies selected. According to the Valuation Report, we noted that the Valuer has conducted its search of comparable companies through S&P Global database, which are considered to be a reliable source for market information of the Hong Kong and international markets.

We have performed our independent search on the HKEX website and found that there are three Australian companies currently listed in Hong Kong set out below. None of these Australian companies are engaged in wind or solar power industry.

Company	Ticker	Primary/ Secondary/ Dual Listing	Business Description
Dragon Mining Limited	1712.HK	Primary	Principally engaged in gold exploration, mining and processing in the Nordic region
Top Education Group Ltd	1752.HK	Primary	Principally engaged in provision of accredited undergraduate and postgraduate courses in business and law in Australia
Yancoal Australia Ltd	3668.HK	Primary	Principally engaged in the production of thermal and metallurgical coal in Australia for use in the power generation and steel industries

In order to assess the fairness and reasonableness of the Completion Amount, we have performed independent research through Bloomberg and identified, on a best effort basis, a list of six comparable companies (the "**Comparable Companies**") based on the selection criteria that (i) their main business and over 90% of their revenue are located in Australia or New Zealand; (ii) they are primarily engaged in renewable power generation business; (iii) they have solar or wind farms in operation or under construction.

In our assessment, we have considered price-to-earnings ratio ("**P/E**"), which is valuation multiple commonly used in assessing the value of a company, implied by the Completion Amount with that of listed companies with similar nature as the Target Company. Shareholders should note that the business model, operations and prospects of the Target Group may not be the same as, or even substantially vary from, those of the Comparable Companies, and we have not conducted any detailed investigation into the respective business model and operations of the Comparable Companies.

Set out below are the implied P/Es of the Comparable Companies based on their closing prices as at the date of the SPA:

Company	**Ticker**	**Description**	**Market Cap (NZD M)** *(Note 1)*	**P/E (times)** *(Note 2)*
Meridian Energy Ltd.	MEL.NZ	Meridian Energy Ltd. is a state-owned energy utility that generates, trades and retails electricity. It utilizes renewable energy sources such as wind and water for generation of electricity. Meridian Energy provides services throughout New Zealand.	17,111	180.1
Mercury NZ Ltd.	MCY.NZ	Mercury NZ Ltd. provides utility services. The company generates and supplies electricity from hydro, geothermal, gas-fired, and wind power stations, as well as owns and manages bio-energy power plants. Mercury NZ Ltd. serves customers throughout New Zealand.	9,480	32.7
Contact Energy Limited	CEN.NZ	Contact Energy Limited is a diversified and integrated energy company which focuses on the generation of electricity and the sale of electricity and gas in New Zealand.	7,023	29.9
Genesis Energy Ltd.	GNE.NZ	Genesis Energy Ltd. generates, trades in, and sells electricity to residential and business customers in New Zealand. It also reticulated natural gas, and LPG through its Genesis Energy and Energy Online retail brands.	2,485	12.7
Manawa Energy Limited	MNW.NZ	Manawa Energy Limited is a renewable energy company. The company generate powers through hydro power stations and wind farms throughout Australasia. Manawa Energy is also engaged in electricity distribution.	1,286	54.4

Company	Ticker	Description	Market Cap (NZD M) *(Note 1)*	P/E (times) *(Note 2)*
NZ Windfarms Ltd.	NWF.NZ	NZ Windfarms Ltd. is a New Zealand-based long term specialist wind farm owner and operator. The company is engaged in the generation for sale of renewable electricity to the national grid in New Zealand	51	n/a
			Excluding outlier *(Note 3)*	
			AVERAGE	32.4
			MEDIAN	31.3
			MIN	12.7
			MAX	54.4
The Target Company				***11.5***

Source: Bloomberg, Annual Reports

Notes:

1. The market capitalization of the Comparable Companies as at 20 August 2024, being the date of the SPA.

2. The P/E ratios of the Comparable Companies are calculated by dividing their respective market capitalization as at the date of the SPA by their respective net profit after tax based on their published annual reports on or prior to the date of the SPA.

3. Among the above Comparable Companies, we note that the P/E ratio of Meridian Energy of 180.1 times was exceptionally high as compared with other Comparable Companies. We are therefore of the view that the aforesaid P/E ratio is an outlier.

As illustrated in table above, the P/E of the Comparable Companies ranges from approximately 12.7 times to approximately 54.4 times (the "**Comparable Companies P/E Range**") with an average of approximately 32.4 times and a median of approximately 31.3 times. We noted that the implied P/E of the Target Company of approximately 11.5 times is little below the low end of the Comparable Companies P/E Range and below the average and median P/Es of the Comparable Companies. Based on the above, we are of the view that the Completion Amount is fair and reasonable so far as the Independent Shareholders are concerned.

The Adjustment Amount

As stated in the Letter from the Board, pursuant to the SPA, the Adjustment Amount shall be equal to 40% of:

(a) The net profit after tax of the Target Company for the period from the valuation date set forth in the SPA to the Completion Date; less

(b) any fully franked dividend declared or paid by the Target Company prior to the Completion Date (except for those declared before the valuation date set forth in the SPA).

In the event that the above calculation result is less than zero, the Adjustment Amount shall be deemed to be zero.

Within 15 Business Days of the Completion, the Seller shall engage an independent accountant to prepare an adjustment statement setting out the calculation of the Adjustment Amount. The adjustment statement (and the resulting Adjustment Amount reflected in the adjustment statement) prepared by such independent accountant will be final and binding on the Parties and will constitute the final Adjustment Amount, except in the case of manifest error, in which case the determination will be void and the matter must either be remitted back to the independent accountant for correction or resolved in accordance with the requirements and procedures for dispute resolution as set out in the SPA.

According to the above mechanism, the consideration for the Sale Shares will be updated by the Adjustment Amount up to the time of the Completion Date. We consider that it is fair and reasonable and in line with normal market practice to include the Adjustment Amount to reflect the change in the financial position of the Target Company from the valuation date set forth in the SPA to the Completion Date.

7. Financial effect of the Acquisition

Earnings

As stated in the Letter from the Board, the Target Company will be owned as to 40% by the Company and will be accounted for as an associate of the Company by using equity method. The Target Company will not become a subsidiary of the Company, and the financial information of the Target Company will not be consolidated into the financial statements of the Group. As set out in the Accountants' Reports in Appendix II to this circular, the Target Company recorded a profit before taxation of approximately AUD57.2 million for the year ended 31 December 2023, and AUD22.0 million for the six months ended 30 June 2024. Upon Completion, the financial results of the Target Group will be recognised as share of results of associates of the Company. Should the Target Group sustain its profitability in future, the Acquisition is expected to have positive financial effects on earnings of the Company.

Assets and liabilities

Based on the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, which is prepared to illustrate the effect of the Acquisition on the Group's financial position as at 30 June 2024 as if the Acquisition had taken place on 30 June 2024, it is expected that the total assets of the Enlarged Group would increase by approximately RMB888 million and its total liabilities would increase by approximately RMB888 million. Hence, the net assets of the Enlarged Group are expected to remain unchanged as a result of the Completion.

It should be noted that the above analysis is for illustrative purpose only and does not purport to represent how the financial performance and position of the Group would actually be after Completion.

RECOMMENDATION

Having considered the principal reasons and factors discussed above, we are of the view that the Acquisition is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, and the terms of the SPA are on normal commercial terms and the Completion Amount are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the SGM to approve the SPA and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Pulsar Capital Limited

Bernard Tam
Managing Director and Head of Investment Banking

Mr. Bernard Tam is a Responsible Officer of Pulsar Capital Limited licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. He has over 20 years of experience in corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Group for each of the three years ended 31 December 2021, 2022 and 2023 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 Company for the year ended 31 December 2021 (pages 127-294), which can be accessed via the link at:

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

(ii) Annual report of the Company 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 Company 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) Announcement of interim results of the Company for the six months ended 30 June 2024 (pages 16 to 36), which can be accessed via the link at:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0826/2024082601260.pdf

2. STATEMENT OF INDEBTEDNESS OF THE GROUP

Indebtedness

As 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 Group had the following indebtedness:

	The Group
	RMB' million
Bank borrowings	
Secured and with guarantee	5,510
Secured and without guarantee	8,793
Unsecured and with guarantee	9,017
Unsecured and without guarantee	35,599
Finance lease liabilities	
Secured and with guarantee	2,311
Secured and without guarantee	6,815
Unsecured and without guarantee	1,281
Other borrowings	
Unsecured and without guarantee	1,114

As at 31 August 2024, bank borrowings bore interest rates ranging from 1.45% to 6.93%; finance lease liabilities bore interest rates ranging from 2.70% to 4.65%; and other borrowings including loans from an associate and the minority shareholder of the affiliates bore interest rates ranging from 0% to 8%.

As at 31 August 2024, the guarantee was mainly provided by BEH and minority shareholder of the affiliates.

As at 31 August 2024, bank borrowings and finance lease liabilities were secured by (i) pledged deposits of RMB141 million; (ii) property, plant and equipment with a total carrying value of approximately RMB14,975 million; and (iii) pledge of the fee collection rights in relation to the sales of electricity.

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. CONTINGENT LIABILITIES

As at the Latest Practicable Date, the Group had no significant contingent liabilities.

4. SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial effects of the Acquisition and the financial resources available to the Group, including internally generated funds, the existing cash and bank balances, bank borrowings, available banking 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, after due and careful enquiry, are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of the circular. The Company has obtained the relevant confirmations as required under Rule 14.66(12) of the Listing Rules in the Circular.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has not been any material adverse 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.

6. FINANCIAL AND OPERATION PROSPECTS OF THE GROUP

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

Power plant projects

As at 30 June 2024, the Group had 153 solar power plants, 34 wind power plants, 26 hydro power plants and 1 energy storage power station with aggregate grid-connected installed capacity of approximately 10,045MW. As at 30 June 2024, except for 1 and 2 power plants which were located in Vietnam and Australia respectively, the rest of the power plants of the Group were in the PRC. The Group has well-diversified its power plants in 27 different provinces in the PRC during the six months ended 30 June 2024. In addition, as at 30 June 2024, the Company held 2 solar power plants, 1 wind power plant and 2 hydro power plants through its associates with a total grid-connected installed capacity of approximately 576MW.

Other clean energy projects

As at 30 June 2024, The Group owned development rights in a hydro power with an expected capacity of approximately 5 GW. The Company indirectly holds 75% of the equity interest in the project companies while the remaining 25% is indirectly held by the People's Government of Xizang Autonomous Region. The Group is waiting for various preliminary approvals for the relevant project before the construction of any hydro power plants.

Electricity Generation

For the six months ended 30 June 2024, the total electricity volume generated by the power plants held by the subsidiaries of the Company has significantly increased from approximately 5,078,765 MWh for the six months ended 30 June 2023 to approximately 7,590,356MWh, or by approximately 49.5%. All these power plants are grid-connected and generating electricity steadily. The aggregate electricity generation volume of the Group (including electricity volume generated by the power plants held by associates of the Company) for the six months ended 30 June 2024 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 and wind power and other new energy businesses. In addition to the rapid development of existing new energy businesses, the Group will keep up with the industry's high-tech and new technology development trends, and actively promote the combination of energy and data by capturing new opportunities arising from the clean energy industry ecosystem. Furthermore, it will mainly focus on integrated energy business with the focus placed on big data, and integrate various types of resources including distributed energy, energy storage and hydrogen energy and user loads. It will research and promote the multi-energy complementary integrated services and terminal energy solutions based on renewable energy. By 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 accountants' report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, EY Australia.

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Building a better working world

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF BEIJING JINGNENG CLEAN ENERGY (AUSTRALIA) HOLDING PTY LTD AND ITS CONTROLLED ENTITIES TO THE DIRECTORS OF BEIJING ENERGY INTERNATIONAL HOLDING CO., LTD.

Introduction

We report on the historical financial information of Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd (the "**Target Company**") and its controlled entities (collectively, the "**Target Group**") set out on pages 61 to 121, which comprises 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 of the Target Group for each of the years ended 31 December 2021, 2022 and 2023 and for the six months ended 30 June 2024 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Target Group and the statements of financial position of the Target Company as at 31 December 2021, 2022 and 2023 and 30 June 2024, and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages 61 to 121 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 13 September 2024 (the "**Circular**") in connection with the proposed acquisition of the equity interests in the Target Company to achieve 40% ownership by the Company ("**Proposed Acquisition**").

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 and presentation set out in Note 2.1 to the Historical Financial Information and for such internal control as the directors of the Target Company 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 the 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.

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 Engagement 200 *Accountants' Report on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountant. 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 and presentation 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 financial position of the Target Group and the Target Company as at 31 December 2021, 2022 and 2023, and 30 June 2024, and of the financial performance and cash flows of the Target Group for each of the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information.

Review of Interim Comparative Financial Information

We have reviewed the interim comparative financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended 30 June 2023 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Target Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements *2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board. A review consists of making inquiries, 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 International 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 Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation 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

Adjustments

The Historical Financial Information is stated after making such adjustments to the Historical Financial Statements as defined on page 61 as were considered necessary.

Ernst & Young
200 George Street
Sydney 2000 NSW
Australia

13 September 2024

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 Historical Financial Information in this report was prepared based on the previously issued financial statements of the Target Group for the years ended 31 December 2021, 2022 and 2023 (the "**Historical Financial Statements**") and based on the management accounts of the Target Group for the six months ended 30 June 2024. The previously issued financial statements were audited by EY Australia in accordance with the requirement of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncement issued by Australian Accounting Standard Board.

The Historical Financial Information is presented in Australian Dollar ("**AUD**") and all values are rounded to the nearest thousand (AUD'000) except when otherwise indicated.

(A) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Half year ended 30 June	
		2021	**2022**	**2023**	**2023**	**2024**
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000* (unaudited)	*AUD'000*
Revenue	*4*	67,525	136,170	95,696	48,975	39,348
Cost of sales	*5*	(30,613)	(41,539)	(41,198)	(18,259)	(15,607)
Gross profit		36,912	94,631	54,498	30,716	23,741
Other income		495	995	496	248	250
Administrative expenses		(3,053)	(3,319)	(5,140)	(2,328)	(3,105)
Gain/(loss) on derivative instruments at fair value through profit or loss		6,935	(31,352)	9,493	11,876	6,269
Finance costs	*6*	(6,816)	(6,376)	(7,244)	(3,779)	(6,918)
Finance income		52	1,626	5,054	2,874	2,274
Bad debt expense		–	–	–	–	(463)
Profit before income tax		34,525	56,205	57,157	39,607	22,048
Income tax expense	*7*	(9,901)	(24,836)	(17,394)	(12,003)	(6,670)
		24,624	31,369	39,763	27,604	15,378
Other comprehensive income						
Items that may be reclassified to profit or loss in subsequent periods (net of tax)						
Net gain/(loss) on cash flow hedges	*23*	1,774	6,909	(4,657)	(1,737)	(2,151)
Other comprehensive income for the year, net of tax		1,774	6,909	(4,657)	(1,737)	(2,151)
Total comprehensive income for the year		**26,398**	**38,278**	**35,106**	**25,867**	**13,227**

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

(B) CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December			As at 30 June
		2021	**2022**	**2023**	**2024**
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
CURRENT ASSETS					
Cash and cash equivalents	*8*	73,379	12,981	118,974	52,256
Other financial assets	*9*	9,528	110,093	10,486	10,699
Trade and other receivables	*10*	2,584	8,783	4,749	7,840
Large-scale generation certificates	*11*	1,749	4,878	6,002	10,363
Derivatives	*20*	4,436	9,000	4,468	1,854
Income tax receivable		–	–	–	3,806
Other assets	*12*	1,126	764	1,258	929
TOTAL CURRENT ASSETS		**92,802**	**146,499**	**145,937**	**87,747**
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	500,695	520,955	509,445	500,943
Right-of-use assets	*14*	29,883	27,586	29,185	28,104
Derivatives	*20*	7,481	3,212	987	528
Other assets	*12*	1,543	789	329	98
TOTAL NON-CURRENT ASSETS		**539,602**	**552,542**	**539,946**	**529,673**
TOTAL ASSETS		**632,404**	**699,041**	**685,883**	**617,420**
CURRENT LIABILITIES					
Trade and other payables	*15*	2,137	2,646	4,171	6,407
Contract liability	*16*	1,102	1,102	551	275
Borrowings	*17*	136,051	135,439	269,654	134,189
Lease liabilities	*14*	1,423	1,156	1,803	2,942
Deferred income	*18*	495	1,618	495	495
Derivatives	*20*	781	15,452	12,959	6,690
Income tax payable		154	20,158	3,586	–
TOTAL CURRENT LIABILITIES		**142,143**	**177,571**	**293,219**	**150,998**

		As at 31 December			As at 30 June
		2021	**2022**	**2023**	**2024**
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
NON-CURRENT LIABILITIES					
Lease liabilities	*14*	31,718	30,534	31,837	29,355
Contract liability	*16*	1,652	551	–	–
Borrowings	*17*	266,672	231,128	60,000	119,736
Deferred income	*18*	7,383	6,889	6,395	6,146
Restoration provision	*19*	–	19,066	29,296	29,785
Derivatives	*20*	–	7,107	–	–
Deferred tax liabilities	*7*	22,897	27,978	31,813	34,850
TOTAL NON-CURRENT LIABILITIES		**330,322**	**323,253**	**159,341**	**219,872**
TOTAL LIABILITIES		**472,465**	**500,824**	**452,560**	**370,870**
NET ASSETS		**159,939**	**198,217**	**233,323**	**246,550**
EQUITY					
Issued capital	*22*	121,500	121,500	121,500	121,500
Reserves	*23*	(15,454)	(8,545)	(13,202)	(15,353)
Retained earnings		53,893	85,262	125,025	140,403
TOTAL EQUITY		**159,939**	**198,217**	**233,323**	**246,550**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

(C) CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Cash flow hedge reserve	Retained earnings	Total equity
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
At 1 January 2021	**121,500**	**(17,228)**	**29,269**	**133,541**
Profit for the year	–	–	24,624	24,624
Other comprehensive income for the year, net of tax	–	1,774	–	1,774
Total comprehensive income for the year	–	1,774	24,624	26,398
At 31 December 2021	**121,500**	**(15,454)**	**53,893**	**159,939**
At 1 January 2022	**121,500**	**(15,454)**	**53,893**	**159,939**
Profit for the year	–	–	31,369	31,369
Other comprehensive income for the year, net of tax	–	6,909	–	6,909
Total comprehensive income for the year	–	6,909	31,369	38,278
At 31 December 2022	**121,500**	**(8,545)**	**85,262**	**198,217**
At 1 January 2023	**121,500**	**(8,545)**	**85,262**	**198,217**
Profit for the year	–	–	39,763	39,763
Other comprehensive income for the year, net of tax	–	(4,657)	–	(4,657)
Total comprehensive income for the year	–	(4,657)	39,763	35,106
At 31 December 2023	**121,500**	**(13,202)**	**125,025**	**233,323**
At 1 January 2023	**121,500**	**(8,545)**	**85,262**	**198,217**
Profit for the year	–	–	27,604	27,604
Other comprehensive income for the year, net of tax	–	(1,737)	–	(1,737)
Total comprehensive income for the year	–	(1,737)	27,604	25,867
At 30 June 2023	**121,500**	**(10,282)**	**112,866**	**224,084**
At 1 January 2024	**121,500**	**(13,202)**	**125,025**	**233,323**
Profit for the year	–	–	15,378	15,378
Other comprehensive income for the year, net of tax	–	(2,151)	–	(2,151)
Total comprehensive income for the year	–	(2,151)	15,378	13,227
At 30 June 2024	**121,500**	**(15,353)**	**140,403**	**246,550**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

(D) CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December			Half year ended 30 June	
		2021	2022	2023	2023	2024
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
					(unaudited)	
OPERATING ACTIVITIES						
Profit before income tax		34,525	56,205	57,157	39,607	22,048
Adjustments for						
Depreciation of property, plant and equipment		16,668	24,637	20,506	10,464	10,251
Depreciation of right-of-use asset		1,292	1,609	2,087	978	1,083
Net realisable value adjustment on LGCs		98	2,044	591	57	49
Foreign exchange (gain)/losses		2,103	(381)	(1,482	(957)	1,802
Fair value (gain)/losses on financial assets at fair value through profit or loss		(8,900)	8,900	–	–	–
Fair value (gain)/losses on financial liabilities at fair value through profit or loss		1,965	22,452	(9,493)	(11,876)	(6,269)
Movements in deferred income, LGC contract liability and other		(1,597)	(473)	(2,720)	(1,371)	(475)
Finance cost		4,714	6,761	8,721	4,540	5,145
Finance income		(52)	(1,626)	(5,054)	(2,874)	(2,274)
Bad debt expense		–	–	–	–	463
Operating profit before working capital changes		50,816	120,128	70,313	38,568	31,823
Changes in working capital						
Trade and other receivables		4,531	(6,199)	4,034	1,141	(3,192)
Other assets		587	420	(494)	44	266
Large-scale generation certificates		190	(5,173)	(1,715)	(3,130)	(4,461)
Trade and other payables		554	509	1,271	2,966	2,176

		Year ended 31 December			Half year ended 30 June	
		2021	2022	2023	2023	2024
	Notes	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000* (unaudited)	*AUD'000*
Cash generated from operations		56,678	109,685	73,409	39,589	26,612
Interest received		52	1,626	5,054	2,874	1,965
Interest paid on lease liabilities		(760)	(923)	(1,006)	(524)	(519)
Income tax paid		(251)	(2,729)	(27,961)	(21,022)	(10,104)
Net cash flows from operating activities		55,719	107,659	49,496	20,917	17,954
INVESTING ACTIVITIES						
Purchase of property, plant and equipment		(14,990)	(24,728)	–	–	(1,748)
Interest paid on borrowings capitalised		(2,382)	(738)	–	–	–
Movement in restricted cash		–	(100,565)	99,606	19,833	(213)
Net cash flows (used in)/from investing activities		(17,372)	(126,031)	99,606	19,833	(1,961)
FINANCING ACTIVITIES						
Proceeds from borrowings		12,024	–	–	–	–
Repayment of borrowings		(37,022)	(35,793)	(35,796)	(17,569)	(26,306)
Loan repaid to shareholders		(26,000)	–	–	–	(50,000)
Interest paid on borrowings		(3,511)	(5,038)	(5,869)	(4,327)	(5,063)
Payment of principal portion of lease liabilities		(794)	(873)	(1,439)	(979)	(1,342)
Net cash flows used in financing activities		(55,303)	(41,704)	(43,104)	(22,875)	(82,711)
Net increase/(decrease) in cash and cash equivalents		(16,956)	(60,076)	105,998	17,875	(66,718)
Cash and cash equivalents at beginning of year		89,275	73,379	12,981	12,981	118,974
Net foreign exchange difference		1,060	(322)	(5)	–	–
Cash and cash equivalents at end of year		**73,379**	**12,981**	**118,974**	**30,856**	**52,256**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

(E) STATEMENT OF FINANCIAL POSITION

	Year ended 31 December			As at 30 June
	2021	2022	2023	2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
CURRENT ASSETS	8,255	124,202	92,284	28,385
NON-CURRENT ASSETS	239,156	237,456	240,033	247,911
TOTAL ASSETS	**247,411**	**361,658**	**332,317**	**276,296**
CURRENT LIABILITIES	101,451	192,110	183,262	136,534
NON-CURRENT LIABILITIES	653	225	2,679	2,683
TOTAL LIABILITIES	**102,104**	**192,335**	**185,941**	**139,217**
EQUITY				
Issued capital	121,500	121,500	121,500	121,500
Reserves and Retained Earnings	23,807	47,823	24,876	15,579
TOTAL EQUITY	**145,307**	**169,323**	**146,376**	**137,079**

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

1. GENERAL INFORMATION

Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd (the "**Target Company**") is a for-profit company limited by shares incorporated in Australia. The immediate parent of the Target Company is Beijing Jingneng Clean Energy (Hong Kong) Co., Limited. Beijing Jingneng Clean Energy (Hong Kong) Co., Limited is a subsidiary of Beijing Energy Holding Co., Limited ("**BEH**").

BEH is a state-owned enterprise established in the People's Republic of China with limited liability and is wholly owned by State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality ("**SASAC**"). As a result, the ultimate controlling party of the Target Group is SASAC.

The registered office and principal place of business of the Target Group is Suite 3, Level 21 1 York Street Sydney, NSW 2000.

The nature of the operations and principal activity of the Target Group is the development, operation and maintenance of wind and solar farms.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation and presentation

The Historical Financial Information set out to this report, has been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All IFRSs effective for the accounting period commencing from 1 January 2024, together with the relevant transitional provisions, have been adopted by the Target Group in the preparation of the Historical Financial Information throughout the Relevant Periods and the six months ended 30 June 2023.

The Historical Financial Information have been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value. The measurement bases are fully described in the accounting policies below. The Historical Financial Information is presented in Australian Dollar (AUD), rounded to the nearest thousand (AUD'000) except when otherwise indicated, which is also the functional currency of the Target Group.

Foreign Currencies

Transactions in foreign currencies are translated to the functional currency of the Target Group at exchange rates as the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at the reporting date. Non–monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non–monetary items that are measured on historical cost in a foreign currency are not translated.

Going Concern

The Historical Financial Information have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

As at 30 June 2024, the Target Group's consolidated total current liabilities exceeded consolidated total current assets by AUD63,251,000 (31 December 2023: AUD147,282,000, 31 December 2022: AUD31,072,000; 31 December 2021: AUD49,341,000). Included within the net current liabilities is a loan from its Parent Entity, Beijing Jingneng Clean Energy (Hong Kong) Co., Limited of AUD48,978,000 (31 December 2023: AUD97,176,000, 31 December 2022: AUD98,662,000; 31 December 2021: AUD99,365,000) (see Note 17).

The directors of the Company had made an assessment and concluded the Target Group is able to continue as a going concern and will have sufficient financial resources to support its current operations and to meet its financial obligations as and when they fall due for at least the next twelve months from the date of approval of these financial statements. The directors of the Company had made this assessment after having regard to the financial support received from one of the controlling parties of the Target Group that it will provide the necessary financial support to the Target Group if the Target Group is not able to pay its debts when they are due, and also that while its shareholder loan is repayable on demand, the Parent Entity will not call for repayment of this loan for at least twelve months from the date of approval of these financial statements. Consequently, the Historical Financial Information have been prepared on a going concern basis.

2.2 Basis of consolidation

The Historical Financial Information include the financial statements of the Target Group for years ended 31 December 2021, 2022, 2023 and for the six months ended 30 June 2024 (the "**Relevant Periods**") and 30 June 2023.

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Target Company. Control is achieved when the Target Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Target Company controls an investee if, and only if, the Target Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

The results of subsidiaries are consolidated from the date on which the Target Company obtains control and continue to be consolidated until the date that such control ceases. If the Target Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Target Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on consolidation.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3 Summary of material accounting policies

(a) New and amended standards and interpretations

The Target Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective, which is not expected to have any significant impact on the Target Group's financial information, except for IFRS 18 *Presentation and Disclosure in Financial Statements* where the Target Group is currently assessing its impact on the presentation and disclosure in the Target Group's financial statements.

(b) Current and non-current classification

The Target Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle

- Held primarily for the purpose of trading

- Expected to be realised within twelve months after the reporting period

or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if the entity has no right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Specifically, the following factors are considered in determining the classification of liabilities:

- The conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists

- Management intention or expectation does not affect classification of liabilities

- Only covenants with which an entity must comply on or before the reporting date will affect a liability's classification as current or non-current.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Target Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(c) Revenue recognition

The Target Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Target Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Target Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the ’expected value’ or ’most likely amount’ method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

(i) Sale of electricity

Revenue is earned from the sale of electricity generated from Gullen Range Wind Farm, Gullen Solar Farm and Biala Wind Farm. Revenue from electricity sales is recognised on an accrual basis and is only recognised when the electricity is generated and connected to the grid and the Target Group attains the right to be compensated.

(ii) Large-scale Generation Certificates (LGCs)

A Large-scale Generation Certificate (LGC) represents 1MWh of generation from renewable energy generators in Australia. The Target Group receives LGCs as a government grant on generation of renewable energy, which are recognised at fair value, with the corresponding amount recognised within cost of sales as compensating the costs incurred in generating the renewable energy. LGCs generated by Target Group are registered with the Clean Energy Regulator.

LGC revenue is recognised at the consideration expected to be received on transfer of the LGCs to the customer.

Other income

Other income is recognised when it is received or when the right to receive payment is established.

Government grants, with the exception of the granting of LGC's as set out above, are initially recognised at fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an asset, it is recognised as other income in the profit or loss in equal amounts over the expected useful life of the related asset.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(d) Taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the end of each Relevant Periods in the countries where the Target Group operates and generates taxable income.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it reflects new information obtained about facts and circumstances that exist at the acquisition date that, if known, would have affected the amount recognised at that date during the measurement period, or recognised in profit or loss.

The Target Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax consolidation

The Target Group and its Australian related entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "separate taxpayer within the group" approach by reference to the carrying amounts of assets and liabilities either in the separate financial statements of each entity or at the level of tax consolidated group and the tax bases applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are initially recognised during the period to the extent that they are recoverable by the group, whether as a reduction of the current tax of other entities in the group or as a deferred tax asset of the head entity in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Target Group as an equity contribution or distribution.

Where several entities in a tax consolidated group derive tax losses/credits in the same period but the aggregate amount of the tax losses/credits are not expected to be utilised as a reduction of a current tax liability or be recognised as a deferred tax asset by the head entity, the aggregate amount expected to be utilised or recognised is apportioned on a systematic and reasonable basis between those entities for their initial tax-loss/tax-credit deferred tax asset recognition.

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Goods and services tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable;

- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Restricted cash

Restricted cash comprises of monies set aside with restrictions in place such that they are not available to meet short-term commitments. Refer to Note 9 for further details.

(g) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Target Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(h) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Target Group uses derivative financial instruments, such interest rate swaps and power purchase agreements, to economically hedge its interest rate risk and electricity price risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Target Group's derivative financial instruments are measured at fair value through profit or loss, unless hedge accounting is applied.

For the purpose of hedge accounting, hedges are classified as cash flow hedges, when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Target Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Target Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.

- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Target Group actually hedges and the quantity of the hedging instrument that the Target Group actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above. If the hedged transaction subsequently results in the recognition of a non–financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability as a basis adjustment.

(i) Fair value measurement

The Target Group measures financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Target Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non–financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the Relevant Period.

(j) Financial assets

(i) Classification

The Target Group classifies its financial assets at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Group's business model for managing them.

(ii) Measurement

The Target Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Target Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies of revenue from contacts with customers in Note 2.3(c).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Target Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

(iii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

a. Financial assets at amortised cost (debt instruments)

b. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instrument)

c. Financial assets at fair value through profit or loss

The Target Group measures financial assets at amortised cost if both of the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified, or impaired.

The Target Group's financial assets at amortised cost includes restricted cash, trade and other receivables, and receivables from related parties.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within revaluation (loss)/gain on derivative instruments, finance costs and interest income.

(iv) Impairment

The Target Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Target Group applies a simplified approach in calculating ECLs. Therefore, the Target Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Target Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Target Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Target Group may also consider a financial asset to be in default when internal or external information indicates that the Target Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(k) Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Target Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Wind Farm Assets	5-30 years (with residual value estimated at 5% of original cost)
Solar Farm Assets	5-20 years
Motor Vehicles	8 years
Furniture and Equipment	2-8 years

The residual value, useful live and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Construction in progress

Construction in progress pertains to capitalised expenditure related to the development and construction of Biala Wind Farm. Development expenditures on an individual project are recognised as an asset when the Target Group can demonstrate:

a. The technical feasibility of completing the intangible asset so that asset will be available for use or sale;

b. Its intension to complete and its ability and intension to use or sell the asset;

c. How the asset will generate future economic benefits;

d. The availability of resources to complete the asset; and

e. The ability to measure reliably the expenditure during the development.

Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is transferred to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

(l) Borrowing costs

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 capitalised into the cost of the asset. This includes any realised gains or losses from interest rate swaps. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation. Costs incurred to obtain any qualifying borrowing facility is separately capitalised on the statement of financial position.

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

(m) Impairment of non-financial assets

At the end of each reporting period, the Target Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash–generating unit (CGU) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell 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 assets for which the estimated of future cash flows have not been adjusted. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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. Impairment losses are recognised in the statement of profit or loss and other comprehensive income as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) 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) in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Target Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Financial liabilities

(i) Recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings or payables.

All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

The Target Group's financial liabilities include trade and other payables, payables to related parties, borrowings and derivative financial instruments.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Borrowings

After initial recognition, interest–bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

(p) Leases

(i) Definition of a lease and the Target Group as a lessee

The Target Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To apply this definition, the Target Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Target Group.

- the Target Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Target Group has the right to direct the use of the identified asset throughout the period of use. The Target Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Target Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Target Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(ii) Measurement and recognition of right-of-use assets

The Target Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Right to access land	25 years

If ownership of the leased asset transfers to the Target Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.3(m) impairment of non-financial assets.

In the Historical Financial Information, the Target Group's right-of-use assets are presented separately in consolidated statement of financial position.

(iii) Measurement and recognition of lease liabilities as a lessee

At the commencement date of the lease, the Target Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. 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, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Target Group and payments of penalties for terminating the lease, if the lease term reflects the Target Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Target Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. In the Historical Financial Information, the Target Group's lease liabilities are presented separately in statement of financial position.

(iv) Short-term leases and leases of low-value assets

The Target Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases 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 lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(q) Contract liability

On acquisition of the New Gullen Range Wind Farm Pty Ltd interests, pre-existing revenue contracts were recorded at fair value, resulting in contract liability being recognised. The contract liability represents the differential in contract pricing and market price, and will be realised as performance obligations are considered met in the underlying revenue contract. To the extent a contract liability represents the fair value differential between contract price and market price, it will be unwound through remaining contract life.

(r) Restoration provision

The Target Group records the present value of the estimated cost of legal and constructive obligations to rehabilitate lease areas as a restoration provision, initially in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, dismantling operating facilities, closure of plant, and restoration, reclamation and revegetation of affected areas. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the carrying amount of the related construction in progress. Over time, the discounted liability is increased for the change in the present value based on a discount rate, where appropriate. Additional disturbances or changes in restoration costs will be recognised as additions or changes to the corresponding asset and restoration liability when incurred. The unwinding of the effect of discounting the provision is recorded as a finance charge in the profit or loss. The carrying amount capitalised as part of construction in progress is depreciated or amortised over the life of the asset following the transfer to the appropriate category of property, plant and equipment.

(s) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Related parties

For the purposes of the Historical Financial Information, 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.

(ix) 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 preparation of the Historical Financial Information requires Target Group to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed below.

The key assumptions concerning the future and other key sources of estimation uncertainty at each relevant period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Target Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Target Group. Such changes are reflected in the assumptions when they occur.

(a) Fair value measurement hierarchy

The Target Group is required to classify all assets and liabilities, measured at fair value, using a three–level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement (See Note 2.3(i)).

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

The Target Group accounted for Power Purchase Agreements ("**PPA**") and Interest Rate Swaps as derivative contracts in accordance with financial instrument requirements. PPA is revalued at the end of each report period based on the net present value of the difference between the forward market curve of the electricity price and the fixed price stated in the power purchase agreement.

The following table summarises the methods used to estimate fair value.

Instrument	**Fair value level**	**Fair value methodology**
Power purchase agreements (PPA)	3	Uses a discounted cash flow methodology which reflects differences in contract prices and long-term forecast energy pool prices (not observable in the market), estimation of electricity volumes, the discount rate, and related credit adjustments.
Interest rate swaps contracts	2	Discounts the present value of the estimated future cash flows using the applicable observable market yield curves having regard to timing of cash flows.

(b) Estimation of useful lives of assets

The Target Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(c) Income tax

The Target Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Target Group recognises liabilities for anticipated tax audit issues based on the Target Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

(d) Restoration provision

Significant estimates and assumptions are made in determining the restoration provision as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at balance date represents management's best estimate of the present value of the future rehabilitation and biodiversity costs required.

(e) Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Target Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

4. REVENUE

Revenue from contracts with customers

	Year ended 31 December			Half year ended 30 June	
	2021	**2022**	**2023**	**2023**	**2024**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
				(Unaudited)	
Revenue from contracts with customers					
Sales of electricity	36,418	92,427	51,919	30,202	24,383
Sales of Large-scale Generation Certificates (LGCs)	31,107	43,743	43,777	18,773	14,965
Total	**67,525**	**136,170**	**95,696**	**48,975**	**39,348**

All sales are made to customers in Australia and are recognised at a point in time.

5. COST OF SALES

	Year ended 31 December			Half year ended 30 June	
	2021	2022	2023	2023	2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Warranty, operation and maintenance fees	6,811	9,832	11,403	6,222	5,582
Monthly connection fee	4,466	4,445	4,533	2,244	2,431
Depreciation and amortisation	17,563	25,845	21,830	11,060	10,828
Maintenance cost	29	163	148	(12)	5
Variable lease payment	–	2,047	753	421	309
Settlement cost	679	992	1,218	464	545
Consulting cost	52	79	379	49	72
Government grant – LGCs	(22,574)	(43,165)	(39,721)	(22,121)	(16,569)
Cost of LGCs sold	20,727	37,992	38,006	19,057	12,159
Net realisable value adjustment of LGCs	98	2,044	591	57	49
Legal, telecommunication and other fees	2,762	1,265	2,058	818	196
Total	**30,613**	**41,539**	**41,198**	**18,259**	**15,607**

6. FINANCE COSTS

	Year ended 31 December			Half year ended 30 June	
	2021	2022	2023	2023	2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Interest expense	3,493	5,378	6,238	3,787	3,841
Amortisation of capitalised borrowing costs	460	460	460	230	230
Foreign exchange on the translation of shareholder loan	2,103	(385)	(1,477)	(957)	1,772
Interest and finance charges paid/ payable on lease liabilities	760	923	1,006	529	586
Unwinding of discount on restoration provision	–	–	1,017	190	489
Total	6,816	6,376	7,244	3,779	6,918

7. INCOME TAXES

The major components of income tax expense for each Relevant Period are:

	Year ended 31 December			Half year ended 30 June	
	2021	2022	2023	2023	2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
				(Unaudited)	
Current tax	405	22,715	11,564	6,622	2,711
Deferred tax	9,952	(2,596)	5,758	5,309	3,959
Adjustments in respect of prior year	(456)	4,717	72	72	–
Income tax expense reported in the statement of profit or loss	9,901	24,836	17,394	12,003	6,670

	Year ended 31 December			Half year ended 30 June	
	2021	2022	2023	2023	2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
				(Unaudited)	
Deferred tax	760	2,960	(1,995)	744	(922)
Income tax expense/(benefit) reported in the equity	**760**	**2,960**	**(1,995)**	**744**	**(922)**

Reconciliation of tax expense and the accounting loss multiplied by Australia's domestic tax rate for each Relevant Period:

	Year ended 31 December			Half year ended 30 June	
	2021	2022	2023	2023	2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
				(Unaudited)	
Accounting profit before income tax	34,525	56,205	57,157	39,607	22,048
At Australia's statutory income tax rate of 30%	10,357	16,862	17,147	11,882	6,614
Adjustments in respect of prior year	(456)	4,717	72	72	–
Current year temporary differences not recognised [1]	–	3,257	175	49	56
Income tax expense reported in the statement of profit or loss	9,901	24,836	17,394	12,003	6,670

1 *Deferred tax asset not recognised related to restoration provision (see Note 19) only. A restoration provision (see Note 19) and a corresponding restoration asset (see Note 13) were recorded in years ended 31 December 2022 and 2023 and at 30 June 2024. As a result, a deferred tax liability was recognised on the restoration asset relating to this provision. However, where it is not probable that any portion of the deferred tax asset recognised on the restoration provision would be recoverable based on timing of reversal of the provision, a corresponding deferred tax asset has not been recognised. This has resulted in this amount being recorded as deferred tax expense.*

Deferred tax assets/(liabilities) relates to the following:

	Consolidated statement of financial position			
	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Fixed assets	(27,315)	(33,867)	(37,292)	(40,036)
Restoration assets	–	(5,720)	(8,096)	(7,900)
Large-scale generation certificates	(2,479)	(2,809)	(3,139)	(3,305)
Leases	977	1,231	1,401	1,385
Restoration provision	–	2,462	5,846	5,875
Tax losses carried forward	1,296	–	–	–
Derivatives – power purchased agreement	2,114	11,520	8,672	6,792
Derivatives – interest rate swaps	(671)	(3,631)	(1,636)	(714)
Deferred income	1,813	2,059	2,067	1,992
Foreign exchange	901	738	292	301
Accrued expense and other	467	39	72	760
Net deferred tax liabilities	(22,897)	(27,978)	(31,813)	(34,850)

	Consolidated statement of profit or loss				
	31 December 2021	31 December 2022	31 December 2023	30 June 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000* (Unaudited)	*AUD'000*
Fixed assets	3,573	6,552	3,425	2,192	2,744
Restoration assets	–	5,720	2,376	3,196	(196)
Large-scale generation certificates	330	330	330	–	166
Leases	(282)	(254)	(170)	92	16
Restoration provision	–	(2,462)	(3,384)	(3,867)	(29)
Tax losses carried forward	4,564	1,296	–	–	–
Derivatives – power purchased agreement	2,080	(9,406)	2,848	3,563	1,880
Deferred income	(291)	(246)	(8)	(82)	75
Foreign exchange	(360)	163	446	287	(9)
Accrued expense and other	(118)	428	(33)	–	(688)
Net deferred tax expenses/(benefit)	9,496	(2,121)	5,830	5,381	3,959

	Consolidated statement of other comprehensive income				
	31 December	31 December	31 December	Half year ended 30 June	
	2021	2022	2023	2023	2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
				(Unaudited)	
Derivatives – interest rate swaps	760	2,960	(1,995)	744	(922)
Deferred tax expenses/(benefit) reported in the equity	760	2,960	(1,995)	744	(922)

	Reconciliation of deferred tax balances, net			
	2021	2022	2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
As of beginning of year	(12,641)	(22,897)	(27,978)	(31,813)
Fixed assets	(3,573)	(6,552)	(3,425)	(2,744)
Restoration assets	–	(5,720)	(2,376)	196
Large-scale generation certificates	(330)	(330)	(330)	(166)
Leases	282	254	170	(16)
Restoration provision	–	2,462	3,384	29
Tax losses carried forward	(4,564)	(1,296)	–	–
Derivatives – power purchased agreement	(2,080)	9,406	(2,848)	(1,880)
Derivatives – interest rate swaps	(760)	(2,960)	1,995	922
Deferred income	291	246	8	(75)
Foreign exchange	360	(163)	(446)	9
Accrued expense and other	118	(428)	33	688
As at end of year	(22,897)	(27,978)	(31,813)	(34,850)

8. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Cash at bank	73,379	12,981	118,974	52,256
Total	73,379	12,981	118,974	52,256

9. OTHER FINANCIAL ASSETS

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Debt service reserve account [2]	9,222	9,339	9,705	9,918
Term deposit (6-12 months)	6	100,000	27	27
Bank guarantee	300	754	754	754
Total restricted cash	**9,528**	**110,093**	**10,486**	**10,699**

[2] *Debt Service Reserve Account is the money held for the debt service payments for the following six months.*

10. TRADE AND OTHER RECEIVABLES

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Trade receivables	–	3,036	1,061	2,810
Accrued income	2,542	3,715	3,668	4,701
Other receivables	42	2,032	20	329
Total	**2,584**	**8,783**	**4,749**	**7,840**

The table below sets out, as at the end of reporting periods indicated, the ageing analysis of trade receivables, based on the date of invoices:

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current				
1-30 days	–	3,036	1,061	2,810
Total	–	3,036	1,061	2,810

11. LARGE-SCALE GENERATION CERTIFICATES (LGCS)

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Large-scale generation certificates (LGCs)	1,749	4,878	6,002	10,363
Total	**1,749**	**4,878**	**6,002**	**10,363**

12. OTHER ASSETS

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current				
Spare parts	–	–	–	129
Prepayments	430	304	798	340
Capitalised borrowing costs (a)	696	460	460	460
Total	1,126	764	1,258	929
Non-Current				
Capitalised borrowing costs (a)	1,543	789	329	98
Total	1,543	789	329	98

(a) Capitalised borrowing costs

Borrowing cost incurred to obtain the loan facility has been separately capitalised on the statement of financial position, and it is amortised on a straight-lined basis over the life of the facility.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Construction in progress	Property, plant and equipment	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Cost				
At 1 January 2021	709	205,172	388,386	594,267
Additions	12	20,124	–	20,136
At 31 December 2021	721	225,296	388,386	614,403
Accumulated Depreciation				
At 1 January 2021	–	–	97,040	97,040
Depreciation	–	–	16,668	16,668
At 31 December 2021	–	–	113,708	113,708
Net Book Value	**721**	**225,296**	**274,678**	**500,695**
Cost				
At 1 January 2022	721	225,296	388,386	614,403
Additions	–	25,831	–	25,831
Transfer from CIP to PPE	–	(251,127)	251,127	–
Remeasurement of restoration provision	–	–	19,066	19,066
At 31 December 2022	721	–	658,579	659,300
Accumulated Depreciation				
At 1 January 2022	–	–	113,708	113,708
Depreciation	–	–	24,637	24,637
At 31 December 2022	–	–	138,345	138,345
Net Book Value	**721**	**–**	**520,234**	**520,955**
Cost				
At 1 January 2023	721	–	658,579	659,300
Additions	–	–	–	–
Remeasurement of restoration provision	–	–	8,996	8,996
At 31 December 2023	721	–	667,575	668,296

	Land	Construction in progress	Property, plant and equipment	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Accumulated Depreciation				
At 1 January 2023	–	–	138,345	138,345
Depreciation	–	–	20,506	20,506
At 31 December 2023	–	–	158,851	158,851
Net Book Value	**721**	**–**	**508,724**	**509,445**
Cost				
At 1 January 2024	721	–	667,575	668,296
Additions	–	1,749	–	1,749
Remeasurement of restoration provision	–	–	–	–
At 30 June 2024	721	1,749	667,575	670,045
Accumulated Depreciation				
At 1 January 2024	–	–	158,851	158,851
Depreciation	–	–	10,251	10,251
At 30 June 2024	–	–	169,102	169,102
Net Book Value	**721**	**1,749**	**498,473**	**500,943**

14. LEASES

The Target Group has lease contracts for right to access land used in its operations. Leases of right to access land generally have lease terms of 25 years. The Target Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Target Group is restricted from assigning and subleasing the leased assets and some contracts require the Target Group to maintain certain financial ratios. The leases contain restoration obligations at the end of the lease term, which are capitalised by increasing the carrying amount of the related construction in progress.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the Relevant Periods:

	Land	Easement	Office	Motor	Leasehold improvements	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
Cost						
At 1 January 2021	30,499	1,599	1,879	–	–	33,977
At 31 December 2021	**30,499**	**1,599**	**1,879**	**–**	**–**	**33,977**
Amortisation and impairment						
At 1 January 2021	1,682	135	542	–	–	2,359
Amortisation	1,284	69	382	–	–	1,735
At 31 December 2021	**2,966**	**204**	**924**	**–**	**–**	**4,094**
Cost						
At 1 January 2022	30,499	1,599	1,879	–	–	33,977
Remeasurement	(686)	–	–	–	–	(686)
Additions	–	–	–	109	–	109
At 31 December 2022	**29,813**	**1,599**	**1,879**	**109**	**–**	**33,400**
Amortisation and impairment						
At 1 January 2022	2,966	204	924	–	–	4,094
Amortisation	1,261	68	382	9	–	1,720
At 31 December 2022	**4,227**	**272**	**1,306**	**9**	**–**	**5,814**
Cost						
At 1 January 2023	29,813	1,599	1,879	109	–	33,400
Disposal	–	–	(1,879)	–	–	(1,879)
Remeasurement	344	–	–	–	–	344
Additions	–	–	3,698	–	217	3,915
At 31 December 2023	**30,157**	**1,599**	**3,698**	**109**	**217**	**35,780**
Amortisation and impairment						
At 1 January 2023	4,227	272	1,306	9	–	5,814
Disposal	–	–	(1,306)	–	–	(1,306)
Amortisation	1,262	51	752	22	–	2,087
At 31 December 2023	**5,489**	**323**	**752**	**31**	**–**	**6,595**
Cost						
At 1 January 2024	30,157	1,599	3,698	109	217	35,780
Disposal	–	–	–	–	–	–
Remeasurement	–	–	–	–	–	–
Additions	–	–	–	–	–	–
At 30 June 2024	**30,157**	**1,599**	**3,698**	**109**	**217**	**35,780**
Amortisation and impairment						
At 1 January 2024	5,489	322	752	30	–	6,593
Disposal	–	–	–	–	–	–
Amortisation	635	34	376	10	28	1,083
At 30 June 2024	**6,124**	**356**	**1,128**	**40**	**28**	**7,676**

Set out below are the carrying amounts of lease liabilities and the movements during the Relevant Periods:

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
At beginning of year	33,934	33,141	31,690	33,640
Additions	–	109	3,698	–
Accretion of interest	1,012	975	1,080	518
Payments	(1,805)	(1,849)	(2,519)	(1,861)
Disposal	–	–	(653)	–
Remeasurement	–	(686)	344	–
At end of year	**33,141**	**31,690**	**33,640**	**32,297**
Current	1,423	1,156	1,803	2,942
Non-current	31,718	30,534	31,837	29,355
At end of year	**33,141**	**31,690**	**33,640**	**32,297**

The Target Group has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The amount of expense relating to short-term leases and leases of low-value assets recognised in profit or loss during the six-month period ended 30 June 2024 is Nil (2023: Nil; 2022: Nil; 2021: Nil).

The amount of variable lease payments in the Target Group which depended on revenue generation is not included in the measurement of lease liabilities. This amount recognised in the profit or loss during the six-month period ended 30 June 2024 is AUD309,000 (2023: AUD753,000; 2022: AUD2,047,000; 2021: Nil).

15. TRADE AND OTHER PAYABLES

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current				
Trade payables	190	200	379	871
GST payable	534	–	487	399
Accrued expense	1,413	2,446	3,141	4,973
Other payables	–	–	164	164
Total	**2,137**	**2,646**	**4,171**	**6,407**

The table below sets out, as at the end of reporting periods indicated, the ageing analysis, based on the date of invoices, of our trade payables:

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current				
1-30 days	190	200	379	842
30-90 days	–	–	–	29
Total	**190**	**200**	**379**	**871**

16. CONTRACT LIABILITY

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current				
LGC contract liability	1,102	1,102	551	275
Total	1,102	1,102	551	275
Non-current				
LGC contract liability	1,652	551	–	–
Total	1,652	551	–	–

17. BORROWINGS

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current				
Shareholder loan *(see Note 26)*	99,365	98,662	97,176	48,978
Loan facility	36,686	36,777	172,478	85,211
Total	**136,051**	**135,439**	**269,654**	**134,189**
Non-current				
Loan facility	266,672	231,128	60,000	119,736
Total	266,672	231,128	60,000	119,736

The loan facility is syndicated financing arrangements entered for both wind and solar farms. The loan facility for both New Gullen Range Wind Farm Pty Ltd and Gullen Solar Pty Ltd was refinanced on 17 September 2020 with National Australia Bank, Industrial and Commercial Bank of China and Bank of Communication for a term of 5 years with expiration date on 11 September 2025. The interest rate payable on the loan facility is BBSY+1.80%. The loan facility requires quarterly principal and interest payments.

The loan facility for Newtricity Developments Biala Pty Ltd was entered on 17 September 2018 with The Hongkong and Shanghai Banking Corporation Limited. Upon expiration on 31 December 2020 and 13 March 2024, the facility was further extended to 31 March 2024 and 17 September 2025 respectively. The interest rate payable on the loan facility is BBSY+1.84%. The loan facility requires quarterly principal and interest payments.

Borrowing cost incurred to obtain a qualifying loan facility has been separately capitalised on the statement of financial position, and it is amortised on a straight-lined basis over the life of the facility.

The table below sets out, as at the end of reporting periods indicated, a maturity analysis of firstly bank loans and overdrafts, and secondly of other borrowings, showing the aggregate amounts repayable:

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
On demand or within a period not exceeding one year	136,051	135,439	269,654	134,189
Within a period of more than one year but not exceeding two years	36,778	172,477	60,000	119,736
Within a period of more than two years but not exceeding five years	229,894	58,651	–	–
Total	402,723	366,567	329,654	253,925

18. DEFERRED INCOME

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current				
Deferred income	495	1,618	495	495
Total	**495**	**1,618**	**495**	**495**
Non-current				
Deferred income	7,383	6,889	6,395	6,146
Total	**7,383**	**6,889**	**6,395**	**6,146**

The Target Group received a government grant from the Australian Renewable Energy National Authority amounting to AUD9,900,000 for the Gullen Solar project in 2017. The grant was initially recognised as deferred income, then amortised over the useful life of the asset from its construction completion date as other income in the profit or loss. Gullen Solar Pty Ltd has been operating since 5 November 2017.

19. RESTORATION PROVISION

	AUD'000
At 1 January 2021	–
Accretion of interest	–
Remeasurement	–
At 31 December 2021	**–**
At 1 January 2022	–
Accretion of interest	–
Remeasurement	19,066
At 31 December 2022	**19,066**
At 1 January 2023	19,066
Addition	217
Accretion of interest	1,017
Remeasurement	8,996
At 31 December 2023	29,296
At 1 January 2024	29,296
Addition	–
Accretion of interest	489
Remeasurement	–
At 30 June 2024	**29,785**

20. DERIVATIVES

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Current assets				
Derivative – interest rate swaps	64	9,000	4,468	1,854
Derivative – power purchase agreements	4,372	–	–	–
Total	**4,436**	**9,000**	**4,468**	**1,854**
Non-current assets				
Derivative – interest rate swaps	2,953	3,212	987	528
Derivative – power purchase agreements	4,528	–	–	–
Total	**7,481**	**3,212**	**987**	**528**
Current liabilities				
Derivative – interest rate swaps	781	–	–	–
Derivative – power purchase agreements	–	15,452	12,959	6,690
Total	**781**	**15,452**	**12,959**	**6,690**
Non-current liabilities				
Derivative – interest rate swaps	–	107	–	–
Derivative – power purchase agreements	–	7,000	–	–
Total	**–**	**7,107**	**–**	**–**

Reconciliation of fair value measurement of derivative assets and liabilities (Level 3):

	Power purchase agreements
	AUD'000
At 1 January 2021	1,965
Remeasurement recognised in profit or loss during the year	6,935
At 31 December 2021	8,900
At 1 January 2022	8,900
Remeasurement recognised in profit or loss during the year	(31,352)
At 31 December 2022	(22,452)
At 1 January 2023	(22,452)
Remeasurement recognised in profit or loss during the year	9,493
At 31 December 2023	(12,959)
At 1 January 2024	(12,959)
Remeasurement recognised in profit or loss during the year	6,269
At 30 June 2024	**(6,690)**

Interest rate risk management

The Target Group is exposed to interest rate risk because the Target Group borrows funds at variable interest rates. The risk is managed by the Target Group by the use of interest rate swap contracts ("**IRSs**").

Under IRSs, the Target Group agrees to exchange the difference between fixed and variable rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Target Group to mitigate the interest rate risk. The fair value of IRSs at the reporting date is determined by discounting the future cash flows using the curves at the reporting date and credit risk inherent in the contract.

Power purchase agreements (PPAs) is recognised at fair value through profit or loss under IFRS 9.

21. FAIR VALUE MEASUREMENT

IFRS 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset and liability held at fair value by the Target Group:

	Level 1 *AUD'000*	**Level 2** *AUD'000*	**Level 3** *AUD'000*	**Total** *AUD'000*
31 December 2021				
Recurring fair value measurements				
Financial assets				
Power purchase agreements	–	–	8,900	**8,900**
Interest rate swaps	–	3,017	–	**3,017**
Financial liabilities				
Interest rate swaps	–	781	–	**781**
31 December 2022				
Recurring fair value measurements				
Financial assets				
Interest rate swaps	–	12,212	–	**12,212**
Financial liabilities				
Power purchase agreements	–	–	22,452	**22,452**
Interest rate swaps	–	107	–	**107**
31 December 2023				
Recurring fair value measurements				
Financial assets				
Interest rate swaps	–	5,454	–	**5,454**
Financial liabilities				
Power purchase agreements	–	–	12,959	**12,959**
30 June 2024				
Recurring fair value measurements				
Financial assets				
Interest rate swaps	–	2,382	–	**2,382**
Financial liabilities				
Power purchase agreements	–	–	6,690	**6,690**

There were no transfers between levels during the Relevant Periods.

The carrying amounts of trade and other receivables, and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

The fair value of borrowings is not materially different to the carrying values.

The fair value of derivative investments is recognised at Level 2 fair value for interest rate swaps, and Level 3 fair value for the power purchase agreements. The Target Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. The Target Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis throughout the Relevant Periods.

Valuation techniques for fair value measurements categorised within Level 2 and Level 3

The fair values of financial assets and financial liabilities are determined based on the financial instrument. The fair value of:

- financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- other financial assets and liabilities are calculated using discounted cash flow analysis based on market-quoted rates; and
- derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- forward price curve (as described below); and
- discount rates.

Valuation input	**Source**
• Interest rate forward price curve	• Published market swap rates.
• Discount rate	• Published market interest rates as applicable to the remaining life of the instrument adjusted by the cost of credit of the counterparty for assets and the cost of credit of the Target Group for liabilities.
• Electricity forward price curve	• Market quoted prices such as ASX Futures where available, and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available.

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques. See Note 25 for sensitivity analysis.

22. ISSUED CAPITAL

	31 December 2021 *AUD'000*	31 December 2022 *AUD'000*	31 December 2023 *AUD'000*	30 June 2024 *AUD'000*
121,500,000 Ordinary shares issued and fully paid (2023, 2022 and 2021: 121,500,000 Ordinary shares)	121,500	121,500	121,500	121,500
	121,500	121,500	121,500	121,500

Ordinary shares issued and fully paid

Movement in ordinary shares	*No. of shares*	*AUD*
At 1 January 2021	121,500,000	121,500,000
Ordinary shares issued	–	–
At 31 December 2021	121,500,000	121,500,000
Ordinary shares issued	–	–
At 31 December 2022	121,500,000	121,500,000
Ordinary shares issued	–	–
At 31 December 2023	121,500,000	121,500,000
Ordinary shares issued	–	–
At 30 June 2024	121,500,000	121,500,000

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Target Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Target Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Capital risk management

When managing capital, the Target Company's objectives are to ensure sufficient funds are available to pay liabilities when they fall due and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or to adjust the capital structure, the Target Company has the discretion to adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Target Company monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by net debt plus equity.

23. RESERVES

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Other reserve[3]	(17,020)	(17,020)	(17,020)	(17,020)
Cash flow hedge reserve	1,566	8,475	3,818	1,667
Total	**(15,454)**	**(8,545)**	**(13,202)**	**(15,353)**

3 *This relates to capital reserve arose from the group reorganisation via the acquisition of New Gullen Range Wind Farm (Holding) Pty Ltd from its immediate parent company, Beijing Jingneng Clean Energy (Hong Kong) Co., Limited under common control.*

Movement in reserves

Movement in reserve during the Relevant Periods are set out below:

	Cash flow hedge reserve
	AUD'000
Balance at 1 January 2021	**(208)**
Effective portion of changes in fair value of cash flow hedges	2,534
Tax effect on the above	(760)
Balance at 31 December 2021	**1,566**
Effective portion of changes in fair value of cash flow hedges	9,869
Tax effect on the above	(2,960)
Balance at 31 December 2022	**8,475**
Effective portion of changes in fair value of cash flow hedges	(2,481)
Tax effect on the above	744
Balance at 30 June 2023	**6,738**
Balance at 31 December 2022	**8,475**
Effective portion of changes in fair value of cash flow hedges	(6,652)
Tax effect on the above	1,995
Balance at 31 December 2023	**3,818**
Effective portion of changes in fair value of cash flow hedges	(3,073)
Tax effect on the above	922
Balance at 30 June 2024	**1,667**

24. DIVIDENDS

There were no dividends paid, recommended or declared during any of reporting periods.

25. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Target Group's activities expose it to a variety of risks: generation risk (including electricity price risk, volume risk, credit risk and damage to generation asset) and funding risk (including interest rate risk, credit risk, refinancing risk and liquidity risk). The Target Group's overall risk management programmes focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Target Group enters into agreements to manage its electricity and interest rate risks. In accordance with the Target Group's risk management policies, the Target Group does not hold or issue derivative financial instruments for speculative purposes. However, certain derivatives do not quality for hedge accounting and are required to be accounted for at fair value through profit or loss.

Generation risk

Electricity price risk

Over 57% of output is contracted to electricity retailers which ensures the Target Group receives a fixed price for this portion of its generation. This risk management strategy assumes that the current electricity wholesale markets operating in Australia, including the renewable energy credit market, will continue to do so in the future.

At the reporting date, if electricity forward prices increase/decrease by 10 per cent with all other variables held constant, the possible changes to the fair value of PPAs are disclosed in the table below:

	31 December 2021	**31 December 2022**	**31 December 2023**	**30 June 2024**
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
10 per cent increase in electricity forward prices	(7,308)	(7,886)	(4,439)	(2,405)
10 per cent decrease in electricity forward prices	7,308	7,886	4,439	2,405

Volume risk

100% of generation that comes from the wind and solar farms depends on weather conditions which vary significantly from year to year. The Target Group accepts that this risk will cause a degree of volatility to its earnings.

Credit risk

A large proportion of the revenue comes from two counterparties. One of these is the Australian Electricity Market Operator and the other one is major electricity retailer. As at six-month period ended 30 June 2024, AUD7,236,000 was owed to the Target Group by these counterparties (31 December 2023: AUD1,061,000; 2022: AUD3,036,000; 2021: Nil).

Damage to generation asset

There is potential for the Target Group to sustain significant losses through damage to its generation plants and the resulting loss of earnings. The major portion of this risk has been mitigated by taking out appropriate insurance policies with insurers of high creditworthiness.

Funding risk

Interest rate risk

All of the Target Group's borrowings are a series of floating interest rate facilities. The Target Group uses Interest Rate Swaps (IRSs) to fix the interest costs of the Target Group. This stabilises the Target Group's debt servicing costs. However, for every dollar of debt protected against a potential rise in market interest rates, that same dollar is unable to take advantage of a potential fall in market interest rates. Payments made or received by IRSs are recognised as a part of "Gain/(loss) on derivative instruments at fair value through profit or loss", except for the effective portion of changes in fair value in IRSs which are hedge accounted. There was no hedge ineffectiveness in all Relevant Periods.

The aggregate notional principal amounts of the outstanding interest rate derivative instruments as at six-month period ended 30 June 2024 was AUD56,325,000 (31 December 2023 was AUD211,261,000; 2022: AUD235,784,000; 2021: AUD262,735,000).

Interest payment transactions are expected to occur at various dates between one month and quarterly from the end of the reporting period consistent with the Target Group's forecast total borrowings.

At the reporting date, if interest rate had been 100 basis points higher/lower with all other variables held constant, post-tax profit for the period and other components of equity would have been adjusted by the amounts in the table below, as a result of the fair value change in interest rate derivative instruments.

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
(Decrease) to profit of a 100 basis point increase in interest rates	(349)	(538)	(624)	(384)
Increase to profit of a 100 basis point decrease in interest rates	349	538	624	384
(Decrease) to equity of a 100 basis point increase in interest rates	(645)	(612)	(624)	(384)
Increase to equity of a 100 basis point decrease in interest rates	645	612	624	384

The above interest rate sensitivities would have an offsetting impact on the interest paid on borrowings.

Refinancing risk

From time to time, the Target Group's debt facilities mature and need to be refinanced. There is a risk that this could occur during adverse market conditions resulting in increased interest rates or, in extreme events, a complete inability to refinance. The treasury policy requires a spread of debt maturities to minimise the impact of this risk should it occur. This is measured by the proportion of debt maturing in various time bands.

Credit risk

The Target Group's dollar facilities are with institutions that all have a Standard & Poor's long-term credit rating of A+ or higher.

Credit risk exposure is managed using credit risk management policies which provide credit exposure limits based on the credit worthiness of counterparties. The Target Group's exposure and the credit rating of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread among approved counterparties. Derivative counterparties are limited to organisations in the energy industry. The Target Group also utilises International Swaps and Derivative Association ("**ISDA**") agreements with derivative counterparties in order to limit exposure to credit risk through the netting of amounts receivable from the amounts payable to individual counterparties.

Liquidity risk

The Target Group's ability to readily attract cost effective funding is largely driven by its credit standing.

Prudent liquidity risk management requires maintaining sufficient cash, marketable securities or unutilised committed credit facilities to provide cover for reasonably conceivable adverse conditions. The Target Group operates under a treasury policy which dictates the level of available committed facilities to be maintained. This is measured by forecasting debt levels under various adverse scenarios and comparing this to committed facility levels.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*	*AUD'000*
31 December 2021						
Borrowings	99,365	11,037	30,905	298,696	–	440,003
Lease liabilities	–	69	352	9,789	34,899	45,109
Trade and other payables *(Note 15)*	2,137	–	–	–	–	2,137
31 December 2022						
Borrowings	98,662	11,265	39,761	247,670	–	397,358
Lease liabilities	–	76	388	9,238	33,001	42,703
Trade and other payables *(Note 15)*	2,646	–	–	–	–	2,646
Derivatives – PPA	–	3,721	12,105	7,529	–	23,355
31 December 2023						
Borrowings	97,176	149,828	32,049	65,792	–	344,845
Lease liabilities	–	139	693	12,081	31,075	43,988
Trade and other payables *(Note 15)*	4,171	–	–	–	–	4,171
Derivatives – PPA	–	1,282	12,047	–	–	13,329
30 June 2024						
Borrowings	64,810	2,629	66,750	119,736	–	253,925
Lease liabilities	–	202	2,233	11,820	27,743	41,998
Trade and other payables (Note 15)	–	871	–	–	–	871
Derivatives – PPA	–	4,967	1,793	–	–	6,760

26. RELATED PARTY DISCLOSURES

Parent Entity

The immediate parent company of the Target Group is Beijing Jingneng Clean Energy (Hong Kong) Co., Limited, which holds 100% equity interest of the Target Company.

The ultimate controlling party of the Target Group is the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality ("**SASAC**").

Transactions with key management personnel

The aggregate compensation made to directors and other members of key management personnel of the Target Group is set out below:

	31 December 2021	31 December 2022	31 December 2023	30 June 2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Aggregate compensation	102	–	–	–

Key management personnel compensation has been borne by Beijing Energy International (Australia) Holding Pty Ltd, a subsidiary of BEH effective from 1 January 2022.

Subsidiaries

As at end of year, following subsidiary entities and equity interest held by the Target Company are listed as below:

	% Equity interest			
	31 December 2021	31 December 2022	31 December 2023	30 June 2024
Name				
New Gullen Range Wind Farm Pty Ltd	100	100	100	100
Gullen Solar Pty Ltd	100	100	100	100
Newtricity Developments Biala Pty Ltd	100	100	100	100

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties during the Relevant Periods:

	Year ended 31 December			Half year ended 30 June
	2021	2022	2023	2024
	AUD'000	*AUD'000*	*AUD'000*	*AUD'000*
Immediate parent:				
Beijing Jingneng Clean Energy (Hong Kong) Co., Limited				
– Borrowings from related parties *(a)*	99,365	98,662	97,176	48,978
Total borrowings from related parties	**99,365**	**98,662**	**97,176**	**48,978**

(a) Borrowings from related parties

Loans from related parties are non-interest bearing and repayable on demand.

27. INFORMATION RELATING TO BEIJING JINGNENG CLEAN ENERGY (AUSTRALIA) HOLDING PTY LTD (THE PARENT)

(a) Contingent liabilities of the Target Company

The Target Company did not have any material contingent liabilities at each Relevant Period.

(b) Capital commitments – Property, plant and equipment

The Target Company did not have any material contractual commitments at each Relevant Period.

(c) Material accounting policies

The accounting policies of the parent entity are consistent with those of the Target Group, as disclosed in Note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

- Dividends received from subsidiaries are recognised as other income by the parent entity.

28. COMMITMENTS

Capital commitments

The capital commitments as at six-month period ended 30 June 2024 are nil (31 December 2023 are Nil; 2022: Nil; 2021: AUD22,845,000). The commitments in 2021 are related to the construction of Biala Wind Farm. The farm reached practical completion in early 2022.

Contingencies

There were no material contingencies for the Target Group at each Relevant Period.

Guarantees

The Target Group has guarantees of AUD754,000 as at six-month period ended 30 June 2024 (31 December 2023 AUD754,000, 2022: AUD754,000; 2021: AUD300,000). The guarantees are predominantly related to the lease of the Target Group's office in Sydney.

29. EVENT AFTER THE REPORTING PERIODS

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Target Group's operations, the results of those operations, or the Target Group's state of affairs in future financial years.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group and the Target Company in respect of any period subsequent to 31 December 2023 and up to the date of this report.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(i) Introduction

The following is a summary of the unaudited pro forma consolidated statement of financial position, (the "**Unaudited Pro Forma Financial Information**") of Enlarged Group (being the Group enlarged by the 40% of the equity interest in the Target Company) as if the proposed acquisition of the 40% equity interest in the Target Company (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 of the Company 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 results announcement of the Company as at 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 results announcement of the Group for the six months ended 30 June 2024 as set out in this circular and the accountants' report on the Target Company 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	Audited consolidated statement of assets and liabilities of the Target Company as at 30 June 2024	Pro forma adjustments		Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
	Note 1	*Note 2*	*Note 2*	*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	–	888	5	1,930
Other financial assets at amortised costs	2,808	–			2,808
Pledged deposits	117	–			117
Deferred tax assets	69	–			69
	78,667	–			79,560
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	–	–	(5)	8,534
	23,135	–			23,130
Total assets	101,802	–			102,690
EQUITY AND LIABILITIES					
Equity attributable to shareholders of the Company					
Share capital	1,915	–			1,915
Reserves	3,544	–			3,544
	5,459	–			5,459
Perpetual medium-term notes	5,788	–			5,788
Non-controlling interests	9,191	–			9,191
Total equity	20,438	–			20,438

	Unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2024	Audited consolidated statement of assets and liabilities of the Target Company as at 30 June 2024	Pro forma adjustments		Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as at 30 June 2024
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*
	Note 1	*Note 2*	*Note 2*	*Note 3*	
LIABILITIES					
Non-current liabilities					
Contingent consideration payables	3	–			3
Other payables and accruals	165	–			165
Bank and other borrowings	46,849	–	888		47,737
Lease liabilities	1,410	–			1,410
Deferred income	15	–			15
Deferred tax liabilities	1,117	–			1,117
	49,559	–			50,447
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	–			82,252
Net assets	20,438	–			20,438

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

Note 1 The consolidated statement of assets and liabilities of the Group as at 30 June 2024 is extracted from the published interim results announcement of the Group as at 30 June 2024.

Note 2 On 20 August 2024 (after trading hours), the Buyer, namely, Beijing Energy International (Australia) Holding Pty Ltd and the Seller, namely, Beijing Jingneng Clean Energy (Hong Kong) Co., Limited entered into the SPA, pursuant to which the Seller has conditionally agreed to sell, and the Buyer has conditionally agreed to purchase, 40% of the issued ordinary share capital in the Target Company, being 48,600,040 shares of the Target Company for a consideration consisting of the Completion Amount of approximately AUD183.01 million and the estimated Adjustment Amount of approximately AUD6.4 million.

Note 3 The adjustment represents the estimated transaction costs of approximately RMB4.7 million 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.

Note 5 For calculation purposes, the values of the considerations, assets, liabilities have been converted into RMB under the exchange rate of AUD1.00 to RMB4.6905.

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

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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 Beijing Jingneng Clean Energy (Australia) Holding Pty 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 13 September 2024 (the "**Circular**") issued by the Company (the "**Unaudited Pro Forma Financial Information**") in connection with the proposed acquisition of the entire 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 results announcement of the Group as at 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 30 June 2024 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

13 September 2024

Chiu Wing Ning
Practising certificate number: P04920

*Set out below is the management discussion and analysis on the Target Company 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.*

BUSINESS REVIEW

The Target Company is a company incorporated in Australia and principally engaged in investment holding and currently holds the entire equity interest in each of Gullen Wind, Gullen Solar and Biala. Each of Gullen Wind, Gullen Solar and Biala is a company incorporated in Australia and is the operator of Gullen Wind Farm, Gullen Solar Farm and Biala Wind Farm, respectively. Gullen Wind Farm is a wind farm located in the Southern Tablelands of New South Wales, Australia with 73 turbines and a total installed capacity of 165.5MW. Gullen Solar Farm is a solar photovoltaic power plant co-located within the Gullen Wind Farm with 42,180 solar panels and a total installed capacity of 10MW AC. Biala Wind Farm is a wind farm located in the Southern Tablelands of New South Wales, Australia with 31 turbines and a total installed capacity of 110.7MW.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2021, the Target Company recognised revenue of approximately AUD67.5 million, primarily resulted from the sales of electricity and the sales of LGCs. For the year ended 31 December 2022, the Target Company recognised revenue of approximately AUD136.2 million, primarily resulted from the sales of electricity and the sales of LGCs and representing an increase of 101.7% as compared to the year of 2021, primarily due to the rise of electricity generation volume from the full commission of Biala Wind Farm and the unusual surge of electricity price due to the fuel shortage as a result of Ukrainian War. For the year ended 31 December 2023, the Target Company recognised revenue of approximately AUD95.7 million, primarily resulted from the sales of electricity and the sales of LGCs and representing a decrease of 29.7% as compared to the year of 2022, primarily due to the elimination of factors leading to the unusual surge of electricity price.

For the six months ended 30 June 2023, the Target Company recognised revenue of approximately AUD49.0 million, primarily resulted from the sales of electricity and the sales of LGCs. For the six months ended 30 June 2024, the Target Company recognised revenue of approximately AUD39.3 million, primarily resulted from the sales of electricity and the sales of LGCs and representing a decrease of 19.7% as compared to the six months ended 30 June 2023, primarily due to the fact that 2024 has been a light wind year within the normal climatic cycle, which resulted the decrease in electricity generation volume.

Cost of sales

For the year ended 31 December 2021, the cost of sales of the Target Company amounted to approximately AUD30.6 million, or approximately 45.3% of the total revenue. For the year ended 31 December 2022, the cost of sales of the Target Company amounted to approximately AUD41.5 million, or approximately 30.5% of the total revenue. For the year ended 31 December 2023, the cost of sales of the Target Company amounted to approximately AUD41.2 million, or approximately 43.1% of the total revenue.

For the six months ended 30 June 2023, the cost of sales of the Target Company amounted to approximately AUD18.3 million, or 37.3% of the total revenue. For the six months ended 30 June 2024, the cost of sales of the Target Company amounted to approximately AUD15.9 million, or 40.5% of the total revenue.

During the Reporting Period, the cost of sales primarily consisted of warranty, operation and maintenance fees, monthly connection fee, depreciation and amortisation, maintenance cost, variable lease payment, settlement cost, consulting cost, cost of LGCs sold, net relisable value adjustment of LGCs and other cost of sales.

Gross profit and gross profit margin

For the year ended 31 December 2021, the gross profit and gross profit margin of the Target Company were approximately AUD36.9 million and 54.7%. For the year ended 31 December 2022, the gross profit and gross profit margin of the Target Company were approximately AUD94.6 million and 69.5%. The increase in gross profit and gross profit margin for the year ended 31 December 2022 as compared to the year ended 31 December 2021 was primarily due to the rise of electricity generation volume from the full commission of Biala Wind Farm and the unusual surge of electricity price due to the fuel shortage as a result of Ukrainian War. For the year ended 31 December 2023, the gross profit and gross profit margin of the Target Company were approximately AUD54.5 million and 56.9%. The decrease in gross profit and gross profit margin for the year ended 31 December 2023 as compared to the year ended 31 December 2022 was primarily due to the elimination of factors leading to the unusual surge of electricity price.

For the six months ended 30 June 2023, gross profit and gross profit margin of the Target Company were AUD30.7 million and 62.7%. For the six months ended 30 June 2024, gross profit and gross profit margin of the Target Company were AUD23.7 million and 59.5%. The decrease in gross profit and gross profit margin for the six months ended 30 June 2024 as compared to the year ended 30 June 2023 was primarily due to the fact that 2024 has been a light wind year within the normal climatic cycle, which resulted the decrease in electricity generation volume.

Gain/loss on derivative instruments at fair value through profit or loss ("FVTPL")

For the years ended 31 December 2021 and 2023, the Target Company recorded a gain on derivative instruments at FVTPL amounted to approximately AUD6.9 million and AUD9.5 million respectively; and for the six months ended 30 June 2023 and 2024, the Target Company recorded a gain on derivative instruments at FVTPL amounted to approximately AUD11.9 million and AUD6.3 million, respectively. The Target Company recorded a loss on derivative instruments at FVTPL amounted to approximately AUD31.4 million for the year ended 31 December 2022, arose from the decline of the fair value of the power purchase agreement, which is due to the unfavorable difference between the fixed electricity selling price under the relevant power purchase agreement and the forecast market spot price in the future (i.e., forward looking unrealised opportunity cost of entering into the long-term power purchase agreement with fixed price).

Segmental information

The Target Company has only one reportable segment during the Reporting Period. As such, no segmental information is presented.

Property, Plant and Equipment

As at 31 December 2021, 2022, 2023 and 30 June 2024, the book amounts of property, plant and equipment of the Target Company were approximately AUD500.7 million, AUD521.0 million, AUD509.4 million and AUD500.9 million, respectively.

Liquidity and financial resources

As at 30 June 2024, the total current assets of the Target Company were approximately AUD87.7 million. The current assets were mainly comprised of cash and cash equivalents of approximately AUD52.3 million, other financial assets of approximately AUD10.7 million, trade and other receivables of approximately AUD7.8 million, LGCs of approximately AUD10.4 million, derivatives of approximately AUD1.9 million, income tax receivable of approximately AUD3.8 million and other current assets of approximately AUD0.9 million. In addition, the Target Company had current liabilities of approximately AUD151.0 million, non-current assets of approximately AUD529.7 million and non-current liabilities of approximately AUD219.9 million.

As at 31 December 2023, the total current assets of the Target Company were approximately AUD145.9 million. The current assets were mainly comprised of cash and cash equivalents of approximately AUD119.0 million, other financial assets of approximately AUD10.5 million, trade and other receivables of approximately AUD4.7 million, LGCs of approximately AUD6.0 million, derivatives of approximately AUD4.5 million and other current assets of approximately AUD1.3 million. In addition, the Target Company had current liabilities of approximately AUD293.2 million, non-current assets of approximately AUD539.9 million and non-current liabilities of approximately AUD159.3 million.

As at 31 December 2022, the total current assets of the Target Company were approximately AUD146.5 million. The current assets were mainly comprised of cash and cash equivalents of approximately AUD13.0 million, other financial assets of approximately AUD110.1 million, trade and other receivables of approximately AUD8.8 million, LGCs of approximately AUD4.9 million, derivatives of approximately AUD9.0 million and other current assets of approximately AUD0.8 million. In addition, the Target Company had current liabilities of approximately AUD177.6 million, non-current assets of approximately AUD552.5 million and non-current liabilities of approximately AUD323.3 million.

As at 31 December 2021, the total current assets of the Target Company were approximately AUD92.8 million. The current assets were mainly comprised of cash and cash equivalents of approximately AUD73.4 million, other financial assets of approximately AUD9.5 million, trade and other receivables of approximately AUD2.6 million, LGCs of AUD1.7 million, derivatives of AUD4.4 million and other current assets of AUD1.1 million. In addition, the Target Company had current liabilities of approximately AUD142.1 million, non-current assets of approximately AUD539.6 million and non-current liabilities of approximately AUD330.3 million.

Other financial assets

As of 31 December 2021, 2022 and 2023, other financial assets of the Target Company amounted to approximately AUD9.5 million, AUD110.1 million and AUD10.5 million, respectively. As of 30 June 2024, other financial assets of the Target Company amounted to approximately AUD10.7 million. Other financial assets of the Target Company as of 31 December 2022 primarily consisting of term deposits of with the bank. The increase in other financial assets during the year ended 31 December 2022 was primarily due to the outperformance of financial results in 2022, the Target Group accumulated considerable amount of free cash and invested it in bank term deposit.

Capital structure and cash management

The cash and bank balances were held in the form of bank deposits in AUD. The management of the Target Company monitors rolling forecasts and liquidity requirements to ensure the Target Company maintains sufficient liquidity reserve to support sustainability and growth of its business.

The Target Company has interest rate swaps for hedging purposes.

Gearing ratio

As at 31 December 2021, 2022, 2023 and 30 June 2024, the gearing ratio of the Target Company was 74.7%, 71.7%, 66.0% and 60.1%, respectively.

The above gearing ratios were defined as total liabilities divided by the total assets of the Target Company as at the end for each respective period.

Funding and treasury policies

The Target Company has adopted a prudent financial management approach towards its treasury policies and this maintained a healthy liquidity position throughout the Reporting Period.

Capital commitment

The Target Company had capital commitments in 2021 relating to the construction of the Biala Wind Farm. Other than that, the Target Company has no other capital commitments during the Reporting Period.

Significant investment, material acquisitions and disposals

The Target Company did not have any significant investment, nor any material acquisition or other material disposal during the Reporting Period.

Prospect for new business

The Target Company did not have any plans for new investment during the Reporting Period.

Future plans for material investments or capital assets

The Target Company did not have any plans for new investment during the Reporting Period.

Pledge of assets

The Target Company has restricted cash. Restricted cash comprises of monies set with restrictions in place such that they are not available to meet short-term commitments.

Remuneration policies and employee information

The Target Company had no direct employees during the Reporting Period.

Foreign exchange exposure

The assets, liabilities and business transactions of the Target Company are denominated in AUD. The Target Company did not have any financial instrument to hedge foreign exchange risks during the Reporting Period.

Contingent liabilities

As at 31 December 2021, 2022, 2023 and 30 June 2024, the Target Company did not have any contingent liabilities.

FINANCIAL SERVICES GUIDE

We are required to issue to you, as a retail client, a Financial Service Guide (**FSG**). The FSG, dated 10 September 2024, is designed to assist retail clients in their use of the general financial product advice provided by ShineWing Australia Securities Pty Ltd ABN 98 614 606 389 (**ShineWing Australia Securities**), Australian Financial Services License (**AFSL**) number 509026. This FSG contains important information about:

a. Who we are, what our engagement is and who engaged our services;

b. The services we are authorised to provide under the AFSL held by ShineWing Australia Securities;

c. Remuneration that we may receive in connection with the preparation of the general financial product advice;

d. Any relevant associations, relationships and or referrals arrangements;

e. Our internal and external complaints handling procedures and how you may access them;

f. The compensation arrangements that ShineWing Australia Securities has in place;

g. Our privacy policy; and

h. Our contact details.

This FSG forms part of a valuation report (**Report**) which has been prepared for inclusion in a Circular to Shareholders to be dated 13 September 2024 prepared by Beijing Energy International Holding Co., Ltd (**Circular to Shareholders**). The purpose of the Circular to Shareholders is to help you make an informed decision in relation to a financial product.

1. About us

ShineWing Australia Securities is a related entity of ShineWing Australia and independent member of ShineWing International Limited.

The general financial product advice in our Report is provided by ShineWing Australia Securities and not by ShineWing Australia which provide services primarily in the areas of audit, tax and business consulting.

ShineWing Australia Securities has been engaged by Beijing Energy International (Australia) Holding Pty Ltd to issue a Report for inclusion in the Circular to Shareholders.

2. Financial services we are authorised to provide and our responsibility to you

We are authorised to provide general financial product advice for securities only to retail and wholesale clients.

The Report contains only general financial product advice as it was prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances and consider obtaining personal financial advice from an appropriately licensed person before you act on the general advice in the Report.

You should also consider all other parts of the Circular to Shareholders before making any decision in relation to the financial product.

The Report has been prepared for the directors of Beijing Energy International (Australia) Holding Pty Ltd. You have not engaged us directly but have received a copy of the Report because you have been provided with a copy of the Circular to Shareholders.

ShineWing Australia Securities is not acting for any person other than Beijing Energy International (Australia) Holding Pty Ltd.

ShineWing Australia Securities is responsible and accountable to you for ensuring there is a reasonable basis for the conclusions in the Report.

3. Fees, commission and other benefits we may receive

ShineWing Australia Securities charges fees for providing reports, which are agreed to upfront, and paid by, the entity who engages us to provide the report.

Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the entity who engages us. In this case, Beijing Energy International (Australia) Holding Pty Ltd has agreed to pay us approximately $138,000 for preparing the Report.

Except for the fees referred to above, neither ShineWing Australia, nor any of its directors, authorised representatives, employees, associates or related entities, received any pecuniary benefit, directly or indirectly, for or in connection with the provision of the Report. All employees receive a salary and bonus based on overall productivity and not linked to our opinions expressed in this Report.

Further details may be provided on request.

4. Associations, relationships and referrals

The ShineWing Australia group, including ShineWing Australia and ShineWing Australia Securities are members of ShineWing International Limited, consisting of independent member firms and correspondents.

ShineWing Australia and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products in the ordinary course of its business. Partners of ShineWing Australia through their shareholdings will receive a direct benefit from the fees received below.

No individual involved in the preparation of the Report holds an interest in, or is a substantial creditor of Beijing Energy International (Australia) Holding Pty Ltd or has other material financial interests in the transaction proposed by the Circular to Shareholders.

ShineWing Australia group does not pay commissions or provide any benefits to any person for referring customers to them in connection with the Report.

5. Complaints

Internal complaints resolution

If you have concerns with the general advice provided in the Report, please contact us at the details provided in section 8 below. If your concerns are not addressed in a timely manner, please send your complaint in writing to the Complaints Manager, SW Accountants & Advisors Pty Ltd, Level 10, 530 Collins St, Melbourne, VIC 3000.

External dispute resolution

If your concern is not resolved, or if you are not satisfied with the decision, you may contact the Australian Financial Complaints Authority (**AFCA**).

AFCA is an ASIC-approved external dispute resolution body and provides fair and independent financial services complaint resolution that is free to consumers. Their contact details are as follows:

Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001
Telephone: 1 800 931 678
Email: info@afca.org.au
Website: www.afca.org.au

The Australian Securities & Investments Commission (**ASIC**) is Australia's corporate, markets and financial services regulator. ASIC contributes to maintaining Australia's economic reputation by ensuring that Australia's financial markets are fair and transparent, and is supported by informed investors and consumers alike. ASIC seeks to protect consumers against misleading or deceptive and unconscionable conduct affecting all financial products and services. You may contact ASIC by:

Australian Securities & Investments Commission
GPO Box 9827, Your Capital City
Phone: 1300 300 630
Website: www.asic.gov.au

Before you send your concern to any of these respective bodies, please contact them first to understand the process of lodging your concern with them.

6. Compensation arrangements

The law requires ShineWing Australia Securities to have arrangements in place to compensate certain persons for the loss or damage they suffer from certain breaches of the Corporations Act made by its past and present representatives.

7. Privacy Statement

We are required or authorised to collect personal information from you by certain laws. Details of these laws are in our privacy policy.

Our full privacy policy is available at http://www.sw-au.com/privacy-policy. It covers:

a. how you can access the personal information we hold about you and ask for it to be corrected;

b. how you may complain about a breach of the Privacy Act 1988 (Cth), or a registered privacy code and how we will deal with your complaint; and

c. how we collect, hold, use and disclose your personal information in more detail.

We will update our privacy policy from time to time.

Where you have provided information about another individual, you must make them aware of that fact and the contents of this privacy statement.

8. Contact Details – ShineWing Australia Securities

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This Financial Services Guide has been authorised for distribution by the authorising licensee.

References to ‘we’ or ‘us’ or ‘ours’ should be read as ShineWing Australia Securities Pty Ltd (ABN 98 614 606 389), AFSL 509026.

CONTENTS

SW
Accountants & Advisors

10 September 2024

The Board of Directors
Beijing Energy International (Australia) Holding Pty Ltd
Suite 3, Level 21, 1 York Street
SYDNEY NSW 2000

Dear Directors

Valuation of 40% of the equity interest in Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd

1. Introduction

Beijing Energy International Holding Co., Ltd (**BJEI**) plan to announce to The Stock Exchange of Hong Kong Limited (**HKEX**) the proposed acquisition of 40% of the equity interest in Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd (**BJCE Australia**) (**Proposed Transaction**) by its wholly-owned subsidiary, Beijing Energy International (Australia) Holding Pty Ltd (**BJEI Australia**), from a related party, Beijing Jingneng Clean Energy (Hong Kong) Co., Limited (**BJCE Hong Kong**).

BJCE Australia, a wholly-owned subsidiary of BJCE Hong Kong, is an operator of two wind farms and a solar farm located in the vicinity of each other in New South Wales (**NSW**), Australia.

BJCE Australia has the following wholly-owned subsidiaries:

- New Gullen Range Wind Farm Pty Ltd (**NGRWF**) – operator of the Gullen wind farm
- Newtricity Developments Biala Pty Ltd (**Biala**) – operator of the Biala wind farm
- Gullen Solar Pty Ltd (**Gullen Solar**) – operator of the Gullen solar farm

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sw-au.com

(NGRWF, Biala and Gullen Solar are hereinafter collectively referred to as the **Clean Assets**).

The Proposed Transaction constitute a "major transaction" as defined in Chapter 14 of the Listing Rules of HKEX (**Chapter 14 Listing Rule**). Accordingly, the directors of Beijing Energy International (Australia) Holding Pty Ltd (**BJEI Australia**) have requested ShineWing Australia Securities Pty Ltd (**ShineWing Australia Securities** or **SW Securities**) to prepare a valuation report (**Report**) assessing the fair market value of 40% of the equity interest in BJCE Australia as at 31 December 2023 (**Valuation Date**) for inclusion in a circular to the shareholders of BJEI in relation to the Proposed Transaction in accordance with the Chapter 14 Listing Rule.

All currencies are in Australian dollars unless stated otherwise.

2. Summary

We have assessed the fair market value of 40% of the equity interest in BJCE Australia to be between $164.1 million and $193.0 million as follows:

$'000	**Section reference**	**BJCE Australia Low**	**BJCE Australia High**
NGRWF	Section 10	249,950	261,554
Biala	Section 11	222,849	235,540
Gullen Solar	Section 12	7,793	7,961
Value of equity interest in subsidiaries		**480,592**	**505,055**
Capitalised corporate overheads	Section 13.2	(10,000)	(8,000)
Corporate – Cash	Section 13.4	88,678	88,678
Corporate – Other assets/(liabilities) (net)	Section 13.3	(6,157)	(6,157)
Corporate – Shareholder loan	Section 13.4	(97,176)	(97,176)
Value of 100% equity interest in BJCE Australia		**455,937**	**482,401**
Stake acquired		40%	40%
Value of 40% equity interest in BJCE Australia (control basis)		**182,375**	**192,960**
Discount for lack of control		10%	0%
Value of 40% equity interest in BJCE Australia (minority basis)		**164,137**	**192,960**

Source: SW Securities Analysis

BJCE Australia has been valued based on a sum-of-the parts approach. We have calculated the value of BJCE Australia as the sum of:

- the value of its equity interests in the subsidiaries – valued using a discounted cash flow (**DCF**) methodology, with cross-checks based on implied enterprise value (**EV**)/ EBITDA multiple and EV/megawatt (**MW**) multiple;
- capitalised corporate costs; and
- cash, other assets (net) and shareholder loan liabilities at the corporate level, which are based on book values.

Our valuation reflects commercial assumptions including *inter alia*, economic life of the project, electricity generation volume, loss factors through transmission, Power Purchase Agreement (**PPA**) duration and prices, merchant electricity prices, large scale generation certificates (**LGC**) contracts and prices, operating costs, capital expenditure and gearing.

In determining the project discount rates, we have considered project specific risks, as appropriate.

Our valuation of 100% of the equity interest of BJCE Australia is on a full control basis. Control over an entity accords certain benefits to the controlling shareholder(s) including the ability to control the board of directors, alter the Constitution and change the financial and operating policies of the entity.

We have imputed a discount for lack of control of 0% to 10% in deriving the value of 40% of the equity interest in BJCE Australia. For the details on discount for lack of control, please refer to Section 13.5.

By its very nature, valuation work cannot be regarded as an exact science and the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. For each asset there is, therefore, no indisputable single value and valuation professionals normally express their opinion as falling within a likely range.

In forming our opinion on value of the 40% equity interest in BJCE Australia, we have estimated some of the key assumptions to fall within a like range rather than an absolute single value given there is a degree of subjectivity involved in assessing those assumptions. The table below highlights the key assumptions where we have considered a range of inputs instead of an absolute value:

	Valuation - Low	**Valuation - High**
Discount rates for NGRWF	10.1%	9.4%
Discount rates for Biala	10.1%	9.4%
Discount rates for Gullen Solar	11.6%	10.9%
Multiple for capitalised corporate overheads	5.0x	4.0x
Discount for lack of control	10%	0%

Based on the ranges of assumptions considered above, we have estimated the value of the 40% equity interest in BJCE Australia to be in the range of $164.1m to $193.0m.

Our assessment of 100% of the equity interest in BJCE Australia implies the following implied EBITDA multiple and MW multiple:

$'000	Section reference	BJCE Australia Low	BJCE Australia High
Value of 100% equity interest in BJCE Australia		**455,937**	**482,401**
Interest bearing loan	Section 5.3	232,478	232,478
Lease liability	Section 5.3	33,640	33,640
Corporate – Shareholder loans	Section 5.3	97,176	97,176
Cash	Section 5.3	(38,974)	(38,974)
Restricted cash	Section 5.3	(10,486)	(10,486)
Term deposit	Section 5.3	(80,000)	(80,000)
Financial asset – Interest rate swap	Section 5.3	(5,455)	(5,455)
Enterprise value		**684,316**	**710,780**
Forecast FY24 EBITDA (post-AASB 16) – NGRWF	Section 10	36,670	36,670
Forecast FY24 EBITDA (post-AASB 16) – Biala	Section 11	46,465	46,465
Forecast FY24 EBITDA (post-AASB 16) – Gullen Solar	Section 12	1,281	1,281
Normalised corporate overheads	Section 13.2	(2,000)	(2,000)
Total forecast FY24 EBITDA (post-AASB 16)		82,416	82,416
Implied EV/EBITDA multiple		**8.3x**	**8.6x**
Installed capacity (MW)		289	289
Implied EV/MW multiple		**2.4x**	**2.5x**

Source: Cash Flow Model, SW Securities Analysis, Net debt is sourced from balance sheet as at 31 December 2023

BJCE Australia's implied multiple ranging from 8.3 times to 8.6 times forecast FY24 EBITDA, is lower than the median of observed Australia companies of 16.1 times and the median multiple of observed international companies of 11.3 times.

BJCE Australia's implied capacity multiple ranging from 2.4 times to 2.5 times MW is:

- lower than the median of observed Australia companies of 5.1 times.

- lower than the median multiple of observed international companies of 2.6 times.
- below the range of the more recent observed wind farm transactions that occurred between 2022 and 2023 of 2.7 times to 3.1 times MW (excluding Wambo wind farm).

We consider this reflects BJCE Australia's lack of long-term offtake agreement (with the NGRWF PPA expiring in December 2024) compared to the observed listed companies and M&A transactions. A number of observed listed companies and M&A transactions also include additional projects under development that are not included in their current capacity or earnings.

Based on the above, we consider the EBITDA multiple and MW multiple cross-checks broadly support our assessment of BJCE Australia's value under the primary DCF methodology.

3. Disclaimer

This Report has been prepared solely for the purpose set out in Section 1 of this Report and set out in our engagement letter. We do not assume any responsibility or liability to any party as a result of reliance on this Report for any other purpose. We hereby expressly disclaim liability to any persons other than those to whom the Report is specifically addressed. The information contained in this Report may not be used or relied upon by any other party, in any manner whatsoever, without the prior written consent of SW Securities.

Any party who chooses to rely in any way on the contents of this Report, does so at their own risk. Neither the whole of this Report, nor any part thereof or any reference thereto may be published in any document, statement or in any communication in any form or context with any other third parties without the prior written consent of SW Securities.

Our opinions are based on economic, market and other conditions prevailing at the Valuation Date. Such conditions can change significantly over relatively short periods of time.

Our valuation of BJCE Australia does not take into account events that have occurred subsequent to that date, that were not expected to occur at that date.

SW Securities reserves the right to revise any valuation, or other opinion, in the light of material information existing at the Valuation Date that subsequently becomes known to SW Securities.

4. Scope of work

In preparing this Report, we have used and relied upon the information set out in Appendix B and representations made by the management of BJEI Australia (**Management**). All material information and explanations requested to prepare this Report have been made available.

We have considered and relied upon this information. We believe that the information from which this Report was compiled was reliable, complete and appropriate for our purposes and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of preparing our Report. However, we do not warrant that our enquiries have identified or verified all the matters which an audit, extensive examination or 'due diligence' investigation might disclose. None of these additional tasks have been undertaken.

An important part of the information used in forming our opinion of the kind expressed in this Report comprises of the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

The information provided to SW Securities included forecasts/projections and other statement and assumptions about future matters prepared by Management. Whilst SW Securities has in part relied upon this information in preparing this Report, BJEI Australia remains responsible for all aspects of this information.

SW Securities considers, based on enquiries it has undertaken and analytical procedures applied to the financial data (which do not constitute, and are not as extensive as, an audit or investigating accountant's examination), there are reasonable grounds to believe that the prospective financial information included in this Report has been prepared on a reasonable basis.

We express no opinion as to whether the prospective financial information will be achieved. Prospective financial information are predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of the company or its management. Actual results may differ from the prospective financial information and such differences may be material. Any variations in the prospective financial information may affect our valuation and opinion.

The statements and opinions included in this Report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

Other than this Report, SW has not been involved in the preparation of the circular to shareholders or any other document prepared in respect of the Proposed Transaction. Accordingly, we take no responsibility for the content of the circular to shareholders as a whole or any other document prepared in respect of the Proposed Transaction other than this Report.

Reliance on work of experts

The Cash Flow Models (defined in Section 9.3) used in performing our valuation include forecast merchant electricity price, forecast LGC price and forecast economic curtailment, which is based on the market projections report issued by independent energy market research consultant as of November 2023.

5. Overview of BJCE Australia

5.1. Background

HKEX-listed Beijing Jingneng Clean Energy Co., Limited (**BJCE**), a generator of gas-fired power and heat energy, wind power, photovoltaic power and hydropower in the People's Republic of China, entered the Australian renewable energy market in 2014 when it acquired a 75% stake in Gullen wind farm, increasing to full ownership in 2018.

Incorporated in 2017, BJCE Australia is the Australian arm of BJCE. Today, BJCE Australia has equity interest in three projects in Australia, the Gullen wind farm, Biala wind farm and Gullen solar farm.

The Gullen solar farm is co-located within the existing Gullen wind farm, making them the first large-scale co-located wind and solar farm in Australia. The Gullen solar farm was previously owned by NGRWF before it was transferred to Gullen Solar Pty Ltd on 3 December 2019 to streamline the business structure.

The Biala wind farm is BJCE's latest project having commenced operations in November 2022.

5.2. Consolidated financial performance

A summary of the consolidated historical financial performance of BJCE Australia for the financial years ended 31 December 2021 (**FY21**), 31 December 2022 (**FY22**) and the 31 December 2023 (**FY23**) is set out below:

$'000	**Consolidated BJCE FY21**	**Consolidated BJCE FY22**	**Consolidated BJCE FY23**
Revenue	67,525	136,170	95,696
Cost of sales	(30,613)	(41,539)	(41,198)
Gross Profit	**36,912**	**94,631**	**54,498**
Gross profit margin (%)	**55%**	**69%**	**57%**
Other income	495	995	496
Administration expenses	(3,053)	(3,319)	(5,140)
Gain/(loss) on derivative instruments at fair value through profit or loss	6,935	(31,352)	9,493
Finance costs	(6,816)	(6,376)	(7,244)
Finance income	52	1,626	5,054
PBT	**34,525**	**56,205**	**57,157**
Income tax expense	(9,901)	(24,836)	(17,394)
NPAT	**24,624**	**31,369**	**39,763**
Other comprehensive income			
Net gain/(loss) on cash flow hedges	1,774	6,909	(4,657)
Total comprehensive income for the year	**26,398**	**38,278**	**35,106**

Source: Special purpose audit, Management.

We note the following regarding BJCE Australia's historical consolidated financial performance:

- The cost of sales include the WOM service costs, connection fees, depreciation expenses and other costs associated with the operation of the wind assets. In FY23, the WOM service cost is $11.4m, including both a fixed and variable component.

- Except for dividends of $25 million declared by NGRWF in respect of FY21 (paid in February 2022), no dividends have been paid by the operating subsidiaries to the parent entity (BJCE Australia) since FY20.

- In FY23, administrative expenses increased due mainly to higher audit, taxation and accounting consultancy fees as well as higher asset management costs to meet compliance and management requirements.

- Foreign exchange loss in FY22 relates mainly to the non-AUD-denominated portion of the shareholder loans owing by the parent entity (BJCE Australia) to BJCE Hong Kong.

- Please refer to Sections 6 to 8 of the Report for assessment of the historical financial performance of the operating subsidiaries.

5.3. Consolidated financial position

A summary of the historical consolidated financial position of BJCE Australia as at 31 December 2021, 31 December 2022 and 31 December 2023 is set out below:

$'000	Consolidated BJCE As at 31 Dec 2021	Consolidated BJCE As at 31 Dec 2022	Consolidated BJCE As at 31 Dec 2023
Current assets			
Cash and cash equivalents	73,379	12,981	38,974
Trade and other receivables	2,584	8,783	4,749
Large-scale generation certificates	1,749	4,878	6,002
Financial asset – Interest rate swap (C)	–	9,000	4,468
Restricted cash	9,522	10,093	10,486
Term deposit	6	100,000	80,000
Income tax receivable	–	–	–
Derivative asset – power purchase agreement (C)	4,436	–	–
Prepayments (C)	1,126	764	1,258
Total current assets	**92,802**	**146,499**	**145,937**
Non-current assets			
Derivative asset – power purchase agreement (NC)	4,528	–	–
Financial asset – Interest rate swap (NC)	2,953	3,212	987
Property, plant and equipment	500,695	520,955	509,445
ROU assets	29,883	27,586	29,185
Other assets	–	–	–
Long-term deferred expense	1,543	789	329
Total non-current assets	**539,602**	**552,542**	**539,946**
Total assets	**632,404**	**699,041**	**685,883**

$'000	Consolidated BJCE As at 31 Dec 2021	Consolidated BJCE As at 31 Dec 2022	Consolidated BJCE As at 31 Dec 2023
Current liabilities			
Trade and other payable	2,137	2,646	4,171
Interest bearing loan (C)	36,686	36,777	172,478
Lease liability (C)	1,423	1,156	1,803
LGC contract provision (C)	1,102	1,102	551
Derivative liability – power purchase agreement (C)	–	15,452	12,959
Financial liability – interest rate swap (C)	781	–	–
Income tax payable	154	20,158	3,586
Deferred income (C)	495	1,618	495
Shareholder loan	99,365	98,662	97,176
Total current liabilities	**142,143**	**177,571**	**293,219**
Non-current liabilities			
Interest bearing loan (NC)	266,672	231,128	60,000
Lease liability (NC)	31,718	30,534	31,837
Deferred tax liabilities	22,897	27,978	31,813
LGC contract provision (NC)	1,652	551	–
Derivative liability – power purchase agreement (NC)	–	7,000	–
Financial liability – interest rate swap (NC)	–	107	–
Deferred income (NC)	7,383	6,889	6,395
Restoration provision	–	19,066	29,296
Total non-current liabilities	**330,322**	**323,253**	**159,341**
Total liabilities	**472,465**	**500,824**	**452,560**
Net assets	**159,939**	**198,217**	**233,323**

Source: Special purpose audit, Management

We note the following regarding BJCE Australia's historical consolidated financial position as summarised above:

- As at 31 December 2023, restricted cash comprise of money held in the Debt Service Reserve Account (**DSRA**) of NGRWF ($9.7 million) and cash held by the parent entity (BJCE Australia) as security for bank guarantees in relation to Transgrid and Biala's bank loans ($0.8 million).

- In FY22 and FY23, surplus cash of the operating subsidiaries were advanced to the parent entity (BJCE Australia) for placement in term deposits. As at 31 December 2023, the term deposit stood at $80 million.

- As at 31 December 2023, the parent entity (BJCE Australia) has shareholder loans payable totalling $97.2 million which was mainly used to fund the acquisition and construction of the wind and solar farms in previous years. The shareholder loans which are denominated in Australian dollars, Chinese Yuan Renminbi and Hong Kong dollars, are non-interest bearing and have no fixed terms for repayment.

- BJCE, NGRWF, Gullen Solar and Biala have entered into a deed of cross guarantee under which each company guarantees the debts of the others.

- Please refer to Sections 6 to 8 of the Report for assessment of the historical financial position of the operating subsidiaries.

BJCE Australia has not paid any dividends since FY20. BJCE Australia and its subsidiaries are a consolidated group for Australian income tax purposes. As at 31 December 2023, BJCE Australia group has around $31.5 million franking credits which are available for use in subsequent years.

6. Overview of NGRWF

6.1. Background

Gullen wind farm in the Southern Tablelands of NSW, Australia was commissioned in December 2014. Stretching from north to south, the wind farm measures 22km, approximately centred on the locality of Bannister, 11km South of Crookwell and 32km northwest of Goulburn.

The wind farm consists of 73 turbines and produces 165.5 MW of renewable power in ideal wind conditions.

The generators in the wind turbines produce electricity at approximately 600V, which is stepped up to 33kV by a transformer at the base of the wind turbine. The electricity is stepped up to 330kV by two transformers located next to the switch room and then passed on to the national electricity grid via a Transgrid-owned switchyard.

The Biala wind farm and Gullen solar farm are connected to the grid through NGRWF's substation. The proceeds of electricity sales settled with Australia Energy Market Operator (**AEMO**) are collected by NGRWF on behalf of and subsequently paid to Biala and Gullen Solar.

The 10-year PPA with EnergyAustralia Pty Ltd dated 30 May 2013 was novated to NGRWF in 2014. The PPA is for the sale of 100% of NGRWF's electricity and associated LGC to EnergyAustralia. Management indicated the PPA is due to expire in December 2024 and as at Valuation Date, a replacement PPA has not been agreed.

6.2. Financial performance

A summary of the historical financial performance of NGRWF for FY20, FY21, FY22 and FY23 is set out below:

$'000	**NGRWF FY20**	**NGRWF FY21**	**NGRWF FY22***	**NGRWF FY23**
Revenue – Electricity	27,321	27,072	27,123	24,075
Revenue – LGCs	25,407	27,246	26,851	27,549
Total revenue	**52,728**	**54,318**	**53,974**	**51,624**
Revenue growth (%)	*na*	*3.0%*	*(0.6%)*	*(4.4%)*
Cost of sales	(14,534)	(12,240)	(11,085)	(13,567)
Gross profit	**38,195**	**42,079**	**42,889**	**38,057**
GP margin (%)	*72.4%*	*77.5%*	*79.5%*	*73.7%*
Administration expenses	(112)	(118)	(160)	(1,298)
Loss arising from PPA hedge reserve	(1,881)	(1,918)	(1,901)	(2,119)
Revaluation gain/(loss) on derivatives	(271)	17,574	(31,352)	9,493
Total operating expenses	**(2,264)**	**15,538**	**(33,413)**	**6,076**
EBITDA	**35,930**	**57,616**	**9,476**	**44,133**
EBITDA margin (%)	*68.1%*	*106.1%*	*17.6%*	*85.5%*
Depreciation expenses	(15,583)	(15,490)	(15,488)	(12,393)
ROU depreciation expenses	(909)	(910)	(909)	(682)
EBIT	**19,439**	**41,216**	**(6,922)**	**31,058**
EBIT margin (%)	*36.9%*	*75.9%*	*na*	*60.2%*
Other income	–	–	500	1
Interest income	114	16	289	758
Interest expense	(6,070)	(3,347)	(3,115)	(3,003)
Lease interest	–	(761)	(748)	(728)
Interest unwinded from restoration provision	–	–	–	(615)
Borrowing cost	(379)	(460)	(460)	(460)
Other finance costs	(317)	(127)	(238)	(290)
PBT	**12,788**	**36,538**	**(10,693)**	**26,719**
Income tax expense	(4,638)	(10,962)	3,153	(7,784)
NPAT	**8,150**	**25,576**	**(7,540)**	**18,936**
Other comprehensive income				
Cash flow hedges – effective portion (net of tax)	1,040	1,930	2,483	(1,919)
Loss arising from PPA reserve classified into profit and loss (net of tax)	1,317	1,343	1,330	1,484
Total comprehensive income for the year (net of tax)	**10,506**	**28,849**	**(3,727)**	**18,501**

Source: NGRWF financial statements (with comparatives), Management, SW Securities Analysis.

*Note: * Based on the restated comparatives in the financial statements.*

We note the following regarding NGRWF's historical financial performance as summarised above:

- Revenue reflects the sale of electricity and LGC under the PPA with EnergyAustralia.

- Cost of goods sold comprise mainly of operating and maintenance (**O&M**) expense, connection fees, insurance expense and AEMO settlement fees.

- NGRWF has entered into a Warranty, Operating and Maintenance (**WOM**) contract with Goldwind Australia Pty Ltd (**Goldwind Australia**) commencing 23 December 2014, to service and operate the Gullen wind farm. The base fee is $5.7 million per annum (Year 1-5) and $6.0m per annum (Year 6-10) (January 2012 dollars), increasing at an escalation factor in line with the CPI. On 25 September 2015, in exchange for releasing Goldwind Australia from delay damages under an Amended and Restated engineering, procurement and construction (**EPC**) contract dated 30 May 2013, the base fees for Year 1-9 were reduced by an amount ranging from $300,000 to $1,600,000 per annum.

  The initial term of the WOM will expire in December 2024 with no extension option. Management indicated that NGRWF is in discussions to secure a new WOM with Goldwind Australia.

- The Generator Connection Agreement with Transgrid dated 5 June 2012 (as amended) was novated to NGRWF in 2014 and has a 25-year term. Grid connection fee is $5.0 million per annum (2014 real dollars) subject to adjustments, and CPI escalation. The majority of the annual connection fee is an annuity arrangement for the capital works performed by Transgrid when the Gullen wind farm was built.

- Administration expenses of NGRWF comprise mainly of audit, taxation, accounting and other consulting fees.

- The PPA is recognised as a derivative contract for financial reporting purposes. The PPA is revalued at the end of each reporting period based on the net present value of the difference between the forward market curve of the electricity price and the fixed price stated in the PPA. The effective portion of the gain or loss on the PPA hedge is recognised in other comprehensive income through the cash flow hedges reserve in equity. The ineffective portion is recognised in the income statement as loss arising on PPA reserve.

- In FY23, NGRWF recognised a revaluation gain on its PPA derivative of $9.5 million.

- Borrowing cost include bank fees and costs related to security trust deeds. Other finance costs comprise mainly of bank guarantee fees in relation to Transgrid.

6.3. Financial position

A summary of the historical financial position of NGRWF as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 is set out below:

$'000	NGRWF As at 31 Dec 2020	NGRWF As at 31 Dec 2021	NGRWF As at 31 Dec 2022*	NGRWF As at 31 Dec 2023
Current assets				
Cash and cash equivalents	39,520	45,705	4,047	10,647
Trade and other receivables	4,218	1,488	4,744	2,922
Loan to BJCE Australia	–	–	25,811	24,225
Amount due from Gullen Solar	20	–	–	249
Amount due from Biala	1,079	–	–	166
Amount due from BJCE Australia	142	–	–	–
Loan to Gullen Solar (C)	424	424	425	420
Large-scale generation certificates	–	1,391	2,225	3,736
Financial asset – Interest rate swap (C)	–	1,041	2,504	2,279
Restricted cash	9,212	9,222	9,339	9,705
Derivative asset – power purchase agreement (C)	–	4,371	–	–
Other assets and prepayments	76	100	164	2,095
Total current assets	**54,692**	**63,742**	**49,258**	**56,445**
Non-current assets				
Loan to Gullen Solar (NC)	6,781	6,361	5,941	5,521
Derivative asset – power purchase agreement (NC)	–	4,529	–	–
Financial asset – Interest rate swap (NC)	–	1,419	3,503	987
Motor vehicles	31	18	7	2
Wind farm assets	271,917	256,440	240,963	229,405
Improvement assets	–	–	6,443	15,971
ROU assets	19,982	19,061	18,152	17,470
Long-term deferred expense	2,170	1,710	1,249	789

$'000	NGRWF As at 31 Dec 2020	NGRWF As at 31 Dec 2021	NGRWF As at 31 Dec 2022*	NGRWF As at 31 Dec 2023
Total non-current assets	**300,881**	**289,537**	**276,257**	**270,145**
Total assets	**355,572**	**353,279**	**325,515**	**326,590**
Current liabilities				
Trade and other payable	1,004	1,151	1,269	3,951
Amount due to Gullen Solar	172	68	–	1,093
Amount due to Biala	–	469	–	5,821
Amount due to BJCE Australia	–	1,432	12,759	13,873
Interest bearing loan (C)	34,389	29,472	29,233	29,974
Lease liability (C)	403	436	478	521
LGC contract provision (C)	1,102	1,102	1,102	551
Derivative liability – power purchase agreement (C)	–	–	15,452	12,959
Total current liabilities	**37,070**	**34,129**	**60,292**	**68,742**
Non-current liabilities				
Interest bearing loan (NC)	148,098	119,281	90,142	60,000
Lease liability (NC)	20,704	20,261	19,784	19,263
Financial liability – interest rate swap (NC)	297	–	14,623	–
Deferred tax liabilities	11,418	22,548	–	15,987
LGC contract provision (NC)	2,754	1,652	551	–
Derivative liability – power purchase agreement (NC)	8,674	–	7,001	–
Restoration provision	–	–	6,443	17,417
Total non-current liabilities	**191,944**	**163,742**	**138,543**	**112,667**
Total liabilities	**229,014**	**197,872**	**198,835**	**181,409**
Net assets	**126,558**	**155,407**	**126,680**	**145,181**

Source: NGRWF financial statements (with comparatives)

*Note: * Based on the restated comparatives in the financial statements.*

We note the following regarding NGRWF's historical financial position as summarised above:

- NGRWF has loans receivable from BJCE Australia and Gullen Solar. As at 31 December 2023, the loan receivable from BJCE Australia is non-interest bearing. NGRWF provided a loan to Gullen Solar to fund the development, construction and commissioning of the Gullen solar farm. In 2020, NGRWF refinanced its loan facilities with a syndicate of financiers which included the portion of loan provided by NGRWF to Gullen Solar. In September 2020, the loan to Gullen Solar which stood at $7.3 million was formalised in an intercompany loan agreement. The loan to Gullen Solar is interest-bearing and repayable in $105,000 quarterly instalments. Under the terms of the intercompany loan agreement, where directed by NGRWF, Gullen Solar must repay the principal at the time and in an equivalent amount of any payment of the secured moneys required to be made by NGRWF under its syndicated facility agreement.

- Restricted cash represents money held in the DSRA and represent the debt service payments for the next six months.

- As at 31 December 2023, prepayments comprise mainly of prepaid WOM fees.

- NGRWF uses interest rate swaps to hedge against interest rate risk on its bank borrowings. The derivatives are measured at fair value for financial reporting purposes.

- Wind farm assets are depreciated between 5 and 30 years, with residual value estimated at 5% of original cost.

- ROU assets and the corresponding lease liability relate to land lease and easement accounted for under AASB 16.

- Deferred expenses represent the unamortised debt establishment cost which is amortised over the term of the facility.

- Amount due to Biala and Gullen Solar includes proceeds from the sale of electricity collected by NGRWF on behalf of the companies.

- As at 31 December 2023, NGRWF has $13.9 million due to BJCE Australia, which includes income tax payable.

- NGRWF's bank loan was refinanced in September 2020 and has a term of five years, expiring on 11 September 2025. The loan requires quarterly principal and interest payments.

- As at 31 December 2023, NGRWF recognised a derivative liability in relation to its PPA as the future merchant price of electricity is anticipated to be higher than the contracted price.

- As at 31 December 2023, LGC contract provision of $1.7 million relates to the PPA with Energy Australia in relation to the sale of LGC, which is amortised over the term of the PPA for accounting purposes.

- The estimated cost of legal and construction obligations to rehabilitate lease areas have been provided for since FY22, and includes the cost of dismantling and removing structures, operating facilities, plant closure and restoration, reclamation and revegetation of affected areas. No provision for restoration costs was made in prior years as it was deemed there was limited information available to reliably estimate the cost required. The restoration provision was increased in FY23 upon further review.

7. Overview of Biala

7.1. Background

Biala wind farm is a 31-turbine wind farm located approximately 6km south of Grabben Gullen on Grabben Gullen Road, 8km east of Biala and 14.5km southwest of Crookwell in the Southern Tablelands of New South Wales, Australia. Biala wind farm covers an area of 20 square kilometres, 5.1 kilometres away from Gullen wind farm.

The wind farm has an installed capacity of 110.67 MW.

Construction started in August 2019 and was completed in March 2021. Biala wind farm was fully commissioned in April 2022.

The Biala wind farm is connected to the grid through NGRWF's substation. Biala does not have a PPA in relation to the electricity it sells. Electricity generated by Biala is sold on the National Electricity Market (**NEM**) at market spot price.

The proceeds from the sale of Biala's LGCs are collected by Gullen Solar on behalf of and subsequently paid to Biala.

7.2. Financial performance

A summary of the historical financial performance of Biala for FY20, FY21, FY22 and FY23 is set out below:

$'000	**Biala FY20***	**Biala FY21***	**Biala FY22***	**Biala FY23**
Revenue – Electricity	–	–	64,065	27,422
Revenue – LGCs	–	–	18,971	16,650
Total revenue	**–**	**–**	**83,036**	**44,072**
Revenue growth (%)	*na*	*na*	*na*	*(46.9%)*
Cost of sales	–	–	(10,681)	(7,983)
Gross profit	**–**	**–**	**72,355**	**36,089**
GP margin (%)	*na*	*na*	*87.1%*	*81.9%*
Administration expenses	–	–	(53)	(1,167)
Total operating expenses	**–**	**–**	**(53)**	**(1,167)**
EBITDA	**–**	**–**	**72,302**	**34,922**
EBITDA margin (%)	*na*	*na*	*87.1%*	*79.2%*
Depreciation expenses	–	–	(7,536)	(8,229)
ROU depreciation expenses	–	–	(1,556)	(476)
EBIT	**–**	**–**	**63,210**	**26,216**
EBIT margin (%)	*na*	*na*	*76.1%*	*59.5%*
Bank revaluations	–	1,058	(322)	(0)
Interest income	–	–	11	69
Interest expense	–	–	(2,104)	(2,737)
Lease interest	–	–	(695)	(228)
Interest unwinded from restoration provision	–	–	–	(334)
Other finance costs	(1,801)	–	(757)	(508)
PBT	**(1,801)**	**1,058**	**59,342**	**22,478**
Income tax expense	540	(366)	(16,935)	(14,918)
NPAT	**(1,261)**	**693**	**42,406**	**7,560**
Other comprehensive income				
Cash flow hedges – effective portion (net of tax)	–	–	4,425	(2,736)
Total comprehensive income for the year (net of tax)	**(1,261)**	**693**	**46,831**	**4,824**

Source: Biala financial statements (with comparatives), Management, SW Securities Analysis

*Note: * Based on the restated comparatives in the financial statements.*

We note the following regarding Biala's historical financial performance as summarised above:

- Although Biala commenced operations in November 2022, revenue declined in FY23 compared to the previous year on an annualised basis due to a drop in electricity spot price in FY23.

- Cost of goods sold comprise mainly of O&M expense, connection fees and insurance expense. Non-variable lease payments are recognised under AASB 16. Variable lease payments from the Biala wind farm which depends on revenue generation are not included in lease liabilities under AASB 16 and have been expensed.

- WOM work is undertaken by Goldwind Australia pursuant to a contract dated 10 June 2022. The quarterly base fee is $18,750 (December 2017 dollars) per wind turbine generator (**WTG**) plus a variable rate based on metered generation. The WOM has a five-year term plus a five-year renewal option.

- Biala has entered into a Connection Service Agreement with NGRWF dated 3 June 2019 (as amended) to connect to the grid via NGRWF's substation up to a maximum capacity of 107.5 MW. The Biala Connection Service Agreement expires the same time as NGRWF's Connection Service Agreement with Transgrid. Biala will pay NGRWF a fee equivalent to the proportionate "annual connection fee" payable by NGRWF to Transgrid, based on Biala wind farm's installed capacity relative to the total installed capacity connected to the Gullen wind farm substation. The connection fees are payable monthly.

- Administration costs of Biala comprise mainly of audit, accounting and taxation consulting fees.

- Asset management is undertaken by the internal staff of BJEI Australia and the relevant costs are not allocated to Biala.

- Bank revaluations relate to foreign exchange gains or losses. In FY22, this relates to payments to Goldwind in Chinese Yuan.

- Other finance costs comprise mainly of bank guarantee fees in relation to Sinosure.

7.3. Financial position

A summary of the historical financial position of Biala as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 is set out below:

$'000	Biala As at 31 Dec 2020*	Biala As at 31 Dec 2021*	Biala As at 31 Dec 2022*	Biala As at 31 Dec 2023
Current assets				
Cash and cash equivalents	20,734	21,528	4,720	15,594
Trade and other receivables	1,104	823	3,913	2,104
Amount due from Gullen Solar	–	1,141	–	3,199
Amount due from NGRWF	–	469	5,061	5,821
Amount due from BJCE Australia	–	–	42,975	53,509
Large-scale generation certificates	–	627	3,175	4,158
Financial asset – Interest rate swap (C)	–	–	4,307	2,188
Prepayments	–	330	134	904
Total current assets	**21,838**	**24,917**	**64,286**	**87,476**
Non-current assets				
Financial asset – Interest rate swap (NC)	–	–	1,791	–
Wind farm assets / CWIP	195,385	214,060	252,033	242,420
ROU assets	–	12,883	8,688	8,570
Deferred tax asset	1,295	961	–	–
Long-term deferred expense	765	530	–	–
Total non-current assets	**197,445**	**228,433**	**262,512**	**250,990**
Total assets	**219,283**	**253,350**	**326,798**	**338,466**
Current liabilities				
Trade and other payable	11	438	1,484	1,836
Amount due to BJCE Australia	9,173	6,881	15,846	19,714
Amount due to NGRWF	–	–	–	166
Amount due to Gullen Solar	–	–	–	0
Interest bearing loan (C)	229	7,214	7,545	142,193
Lease liability (C)	–	594	261	431
Financial liability – Interest rate swap (C)	–	224	–	–

$'000	Biala As at 31 Dec 2020*	Biala As at 31 Dec 2021*	Biala As at 31 Dec 2022*	Biala As at 31 Dec 2023
Total current liabilities	**9,413**	**15,351**	**25,136**	**164,341**
Non-current liabilities				
Interest bearing loan (NC)	144,976	147,392	140,986	–
Lease liability (NC)	–	12,343	10,288	10,085
Deferred tax liabilities	755	719	6,467	16,344
Restoration provision	–	–	10,858	9,809
Total non-current liabilities	**145,731**	**160,453**	**168,598**	**36,238**
Total liabilities	**155,144**	**175,804**	**193,734**	**200,578**
Net assets	**64,139**	**77,546**	**133,064**	**137,887**

Source: Biala financial statements (with comparatives)

*Note: * Based on the restated comparatives in the financial statements.*

We note the following regarding Biala's historical financial position as summarised above:

- As at 31 December 2023, Biala has amounts receivable from NGRWF, Gullen Solar and BJCE Australia. Amounts receivables from NGRWF include proceeds of electricity sales settled with AEMO which are collected by NGRWF on behalf of and subsequently paid to Biala. Amounts receivables from Gullen Solar include proceeds of LGC sales which are collected by Gullen Solar on behalf of and subsequently paid to Biala. As at 31 December 2023, the amount due from BJCE Australia is non-interest bearing.

- Biala has entered into interest rate swaps to hedge against interest rate risk on its bank borrowings. The derivatives are measured at fair value for financial reporting purposes.

- Wind farm assets are depreciation between 20 and 30 years, with residual value estimated at 5% of original cost.

- ROU assets and the corresponding lease liability relate to land lease and motor vehicles accounted for under AASB 16.

- As at 31 December 2023, Biala has $19.7 million due to BJCE Australia, which includes income tax payable.

- Biala's bank loan was drawn down in September 2018 and is due on 31 March 2024. The loan requires quarterly principal and interest payments. The loan facility is guaranteed by a financial guarantee issued by China Export & Credit Insurance Corporation (**Sinosure**). Management indicated Biala is seeking to refinance the loan and extend the facility to 2025.

- The estimated cost of legal and construction obligations to rehabilitate lease areas have been provided for since FY22. No provision for restoration costs was made in prior years as it was deemed there was limited information available to reliably estimate the cost required. The restoration provision was reduced in FY23 upon further review.

8. Overview of Gullen Solar

8.1. Background

The Gullen solar farm project is a solar photovoltaic power plant co-located within the existing Gullen wind farm, making Gullen Range the first large-scale co-located wind and solar farm in Australia. Locating the solar farm adjacent to the wind farm is aimed at minimising required infrastructure (such as roads, power lines and telecommunications) and reducing environmental impact.

Construction of the Gullen solar farm was supported by a $9.9 million grant from Australian Renewal Energy Agency (**ARENA**) in 2016.

The solar farm consists of 42,180 solar panels and commenced operations in August 2017. It has an installed capacity of 10 MW AC (13.2867 MW DC).

The Gullen solar farm is connected to the grid through NGRWF's substation and sharing NGRWF's O&M building. Gullen Solar does not have a PPA in relation to the electricity it sells. Electricity generated by Gullen Solar is sold on the NEM at market spot price.

The proceeds from the sale of Biala's LGCs are collected by Gullen Solar on behalf of and subsequently paid to Biala.

8.2. Financial performance

A summary of the historical financial performance of Gullen Solar for FY20, FY21, FY22 and FY23 is set out below:

$'000	Gullen Solar FY20	Gullen Solar FY21	Gullen Solar FY22	Gullen Solar FY23
Revenue – Electricity	945	641	1,589	946
Revenue – LGCs	676	669	830	1,001
Total revenue	**1,621**	**1,309**	**2,419**	**1,947**
Revenue growth (%)	*na*	*(19.2%)*	*84.8%*	*(19.5%)*
Cost of sales	(559)	(461)	(392)	(400)
Gross profit	**1,061**	**848**	**2,027**	**1,547**
GP margin (%)	*65.5%*	*64.8%*	*83.8%*	*79.5%*
Administration expenses	(19)	(30)	(40)	(121)
Total operating expenses	**(19)**	**(30)**	**(40)**	**(121)**
EBITDA	**1,042**	**818**	**1,987**	**1,426**
EBITDA margin (%)	*64.3%*	*62.5%*	*82.1%*	*73.2%*
Depreciation expenses	(1,121)	(1,118)	(1,347)	(1,237)
EBIT	**(79)**	**(299)**	**640**	**189**
EBIT margin (%)	*na*	*na*	*26.5%*	*9.7%*
Other revenue	495	495	495	495
Interest income	–	–	26	144
Interest expense	(255)	(146)	(159)	(188)
Lease interest	–	–	–	–
Interest unwinded from restoration provision	–	–	–	(68)
PBT	**161**	**50**	**1,002**	**572**
Income tax expense	(28)	(28)	–	–
NPAT	**134**	**22**	**1,002**	**572**

Source: Gullen Solar financial statements for FY21 (with comparatives), management accounts for FY22 and FY23

We note the following regarding Gullen Solar's historical financial performance as summarised above:

- Cost of goods sold comprise mainly of O&M expense and insurance expense. Although connected to the grid through NGRWF's substation, there is no arrangement for Gullen Solar to pay connection fees.
- Management advised WOM work is undertaken by Goldwind Australia under NGRWF's WOM and the costs are on-charged to Gullen Solar.
- Gullen Solar incurs minimal asset management and administrative costs, which are borne by BJEI Australia and are not allocated to Gullen Solar.
- Other revenue represents the amortisation of the ARENA grant.

8.3. Financial position

A summary of the historical financial position of Gullen Solar as at 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 is set out below:

$'000	Gullen Solar As at 31 Dec 2020	Gullen Solar As at 31 Dec 2021	Gullen Solar As at 31 Dec 2022	Gullen Solar As at 31 Dec 2023
Current assets				
Cash and cash equivalents	4,074	5,615	1,935	4,835
Trade and other receivables	361	156	31	676
Large-scale generation certificates	–	–	190	243
Amount due from NGRWF	172	68	–	1,000
Amount due from Biala	38	1	–	0
Amount due from BJCE Australia	–	–	4,024	3,862
Prepayments	–	–	7	13
Total current assets	**4,645**	**5,840**	**6,186**	**10,629**
Non-current assets				
Land	709	721	721	721
Improvement assets	–	–	1,765	1,663
Solar farm assets	19,489	18,371	17,025	15,909
Deferred tax assets	487	898	898	1,158

$'000	Gullen Solar As at 31 Dec 2020	Gullen Solar As at 31 Dec 2021	Gullen Solar As at 31 Dec 2022	Gullen Solar As at 31 Dec 2023
Total non-current assets	**20,685**	**19,991**	**20,409**	**19,452**
Total assets	**25,331**	**25,831**	**26,596**	**30,081**
Current liabilities				
Trade and other payable	249	328	509	546
Amount due to NGRWF	24	4	5	249
Amount due to Biala	–	1,141	–	3,199
Amount due to BJCE Australia	1,033	1,226	1,098	1,526
Interest bearing loan (C)	420	420	420	420
Total current liabilities	**1,726**	**3,119**	**2,032**	**5,940**
Non-current liabilities				
Interest bearing loan (NC)	6,781	6,361	5,941	5,521
Deferred income	8,374	7,879	7,384	6,889
Restoration provision	–	–	1,765	1,853
Total non-current liabilities	**15,155**	**14,240**	**15,090**	**14,263**
Total liabilities	**16,881**	**17,359**	**17,122**	**20,203**
Net assets	**8,450**	**8,472**	**9,474**	**9,878**

Source: Gullen Solar financial statements for FY21 (with comparatives), management accounts for FY22 and FY23

We note the following regarding Gullen Solar's historical financial position as summarised above:

- As at 31 December 2023, Gullen Solar has amounts receivable from BJCE Australia which is non-interest bearing. The amount receivable from Biala includes advance payments of LGC sale proceeds to be collected on behalf of Biala by Gullen Solar.

- Solar farm assets are depreciated between 20 and 30 years, with residual value estimated at 5% of original cost.

- As at 31 December 2023, Gullen Solar has $1.5 million due to BJCE Australia.

- The interest-bearing loan is due to NGRWF and is repayable in quarterly instalments of $105,000 until the loan has been fully repaid.

- The ARENA grant received by Gullen Solar is recognised as deferred income and amortised over the useful life of the Gullen solar farm assets starting from its commercial operation commencement in November 2017.

- A provision for restoration costs was first made in FY22.

9. Valuation approach

9.1. Introduction

ShineWing Australia Securities has assessed the value of BJCE Australia using the concept of fair market value. Fair market value is commonly defined as the amount that would be negotiated in an open and unrestricted market between an informed and willing but not anxious buyer and an informed and willing but not anxious seller acting at arm's length.

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. Special purchasers may be willing to pay higher prices to gain control or obtain the capacity to reduce or eliminate competition, ensure a source of material supply or sales, achieve cost savings arising on business combinations following acquisitions or other synergies which could be enjoyed by the purchaser. Our valuation is not premised on the existence of a special purchaser.

9.2. Valuation methodologies

The value of shares in a company or the value of a business is usually determined with regards to both asset values and the consistency and quality of earnings/cash flows. The principal methodologies which can be used are as follows:

- capitalisation of maintainable earnings

- discounted cash flow analysis

- asset-based valuations

- comparable market value

- quoted market price valuations.

A summary of each of these methodologies is outlined in **Appendix D**.

We have considered the relevance of each of these methodologies prior to undertaking our valuation. Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of the company and available information.

9.3. Valuation methodologies adopted

We have assessed the value of BJCE Australia based on a sum-of-the parts approach. The value of BJCE Australia is the sum of:

- the value of its equity interests in the subsidiaries – valued using a DCF methodology, with cross-checks based on implied EV/EBITDA multiple and EV/MW multiple;
- capitalised corporate costs; and
- cash, other assets (net) and shareholder loan liabilities at the corporate level, which are based on book values.

We have adopted the DCF approach as our primary method to assess the value of the operating subsidiaries. The DCF approach is commonly used to value long term infrastructure assets with varying operating, capital expenditure and funding cash flows. This approach also allows for analysis of key assumptions and for a range of sensitivities to be analysed.

The DCF analyses were based on long-term cash flow models for the wind and solar farm assets provided by BJEI Australia for the period from 1 January 2024 until asset end of life (**Cash Flow Models**).

In assessing the equity value of the Clean Assets, we have adopted the forecast post-tax equity distributions from the Cash Flow Models as leverage changes over the life of the assets.

Under Australia's dividend imputation system, domestic equity investors receive a taxation credit for tax paid by a company. The franking credit attaches to any dividends paid by a company which can be used to offset personal tax for Australian investors. To the extent that personal tax has been fully offset, the individual will receive a refund of the balance of the franking credit. Franking credits therefore have value to the domestic recipient. It Is important to note that the value of franking credits is dependent on the tax position of each individual shareholder and may be of less value for overseas investors. While overseas investors, in general, do not have access to the franking credit attached to dividends under Australia's dividend imputation system, we note there may be some overseas investors who can potentially achieve similar tax benefits from other mechanisms. Typically, we would apply a franking credit utilisation rate of 80% for infrastructure assets.

As cross-checks, we have compared the EV/EBITDA multiple and EV/MW multiple implied by our valuation using the primary DCF approach to the trading multiple of listed comparable companies and the multiple for comparable transactions. An EV/EBITDA multiple approach is challenging in the case of wind and solar energy companies particularly when they are still ramping up operations. Multiples of MW are commonly used rule of thumb in the valuation of electricity generation assets. However, we note that rules of thumb should be utilised with caution as they are usually relatively less robust and can be misleading.

10. Valuation of NGRWF

In assessing the value of BJCE Australia's 100% equity interest in NGRWF, we have adopted a DCF analysis as the primary method which has been cross-checked using EBITDA multiple and MW multiple.

We have assessed the value of BJCE Australia's 100% equity interest in NGRWF as at Valuation Date to be in the range of $250.0 million to $261.6 million, with the following implied EBITDA multiple and MW multiple:

$'000	**NGRWF Low**	**NGRWF High**
Value of 100% equity interest	249,950	261,554
Surplus assets/(liabilities)	–	–
Net debt[1]	86,139	86,139
Enterprise value	**336,089**	**347,693**
Actual FY23 EBITDA (post-AASB 16)	44,133	44,133
Forecast FY24 EBITDA (post-AASB 16)	36,670	36,670
Implied EV/EBITDA multiple		
Actual FY23 EBITDA (post-AASB 16)	7.6x	7.9x
Forecast FY24 EBITDA (post-AASB 16)	9.2x	9.5x
Installed capacity (MW)	165.5	165.5
Implied EV/MW multiple	2.0x	2.1x

Source: SW Securities Analysis

10.1. Key assumptions

The DCF assumptions are set out below:

NGRWF Assumptions	**Discussion**
Forecast post-tax equity distributions	Cash Flow Model
DCF period	16 years to December 2039
PPA counterparty	EnergyAustralia
Corporate tax rate	30%
Dividend payout ratio	50% payout ratio (subject to $4.0 million minimum cash balance and $9.7 million DSRA requirement)
Franking credit utilisation rate	80%
Cost of equity	9.4% to 10.1% (Appendix E)

Source: Cash Flow Model, SW Securities Analysis

We have also considered the following key assumptions:

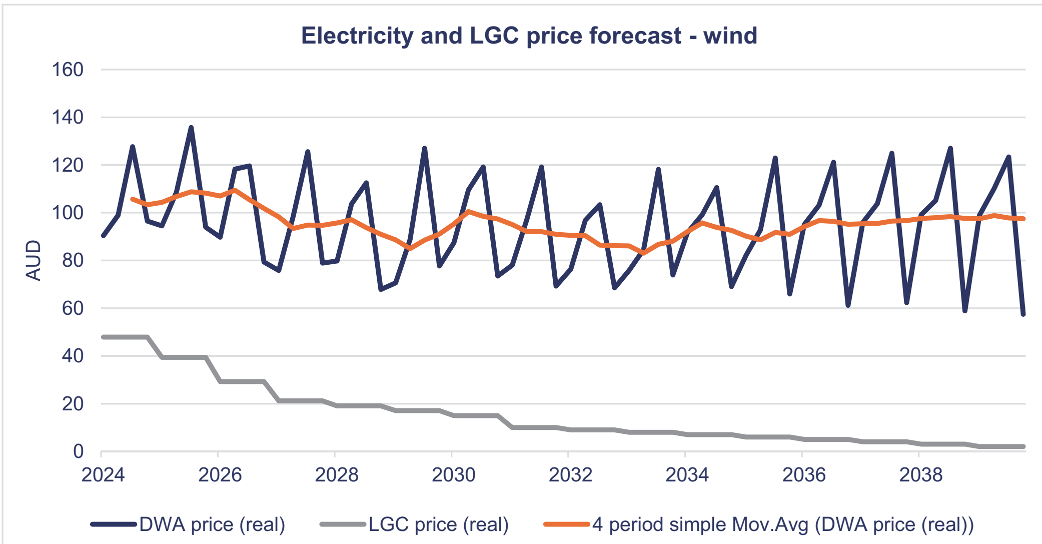
- Project life: Wind turbines typically have a design life of 25 to 30 years. Extension of the wind farm beyond their design life may require significant capital expenditure. The Cash Flow Model assumes a remaining useful life of 16 years. At the end of the useful life, site decommissioning costs is assumed to equal the residual value of the wind farm assets, which are comprised predominantly of the wind turbines.

- Electricity generation volume: Annual energy production for Gullen wind farm is assumed to be 471 GWh per annum based on historical production. Seasonality factors are applied based on historical trend. Degradation rate is assumed to be 0.1% per annum. Economic curtailment is based on independent forecast provided by an independent energy market research consultant for 2024 onwards.

- Loss factors: Marginal loss factor[1] (**MLF**) is a multiplier which is used to scale energy generation volumes to account for electricity losses along the transmission network. The MLF is based on Management estimate considering forecast long-term average MLF provided by an independent energy market research consultant and is assumed to be flat over the entire forecast period.

1 While MLFs are published by AEMO annually for the next finance year, energy market modelling firms typically estimate long-term MLFs through market modelling planned retirement of generation assets on the grid as well as construction and connection of new generation assets.

- Electricity prices and PPA: NGRWF's electricity price up until December 2024 is based on the PPA. Beyond that, wholesale electricity prices in the NEM sourced from independent electricity pricing forecasts provided by an independent energy market research consultant have been adopted which take into account changes in industry wide capacity, market demand, regulatory schemes and long-run marginal cost of new generation.



Source: independent energy market research consultant (November 2023)

Note: DWA means dispatch weighted average price

- LGC prices: NGRWF's LGC price up until December 2024 is based on the PPA. Beyond that, uncontracted LGC price forecast has been assumed based on LGC prices provided by an independent energy market research consultant (see diagram above). A form of Guarantee of Origin certificate is assumed to come online when the Renewable Energy Target ends in 2030. The LGC price (real basis) is assumed to be $10 in 2031, declining linearly to reach $1 in 2040 after which it remains constant at $1 until 2060.

- Operating costs: Operating costs comprise mainly of O&M, connection, land lease and other expenses. Most of the expenses are contracted with annual escalation factors.

- Capital expenditure: No additional capital expenditure has been forecast as the WOM contract is inclusive of all costs.

- Financing: Interest rate is assumed to be payable at 1.7% plus the base rate (before hedging), provided by Management. It represents a 0.1% reduction from the contracted 1.8% interest rate to reflect Management's expectation of interest savings from future portfolio financing and reduced risk perception for operation phase. 100% of the interest rate risk is assumed to be hedged until full repayment of the loans in 2034. NGRWF is assumed to receive repayment of the intercompany loan due from Gullen Solar at a rate of $105,000 per quarter plus interest, until the loan is fully repaid in 2037.

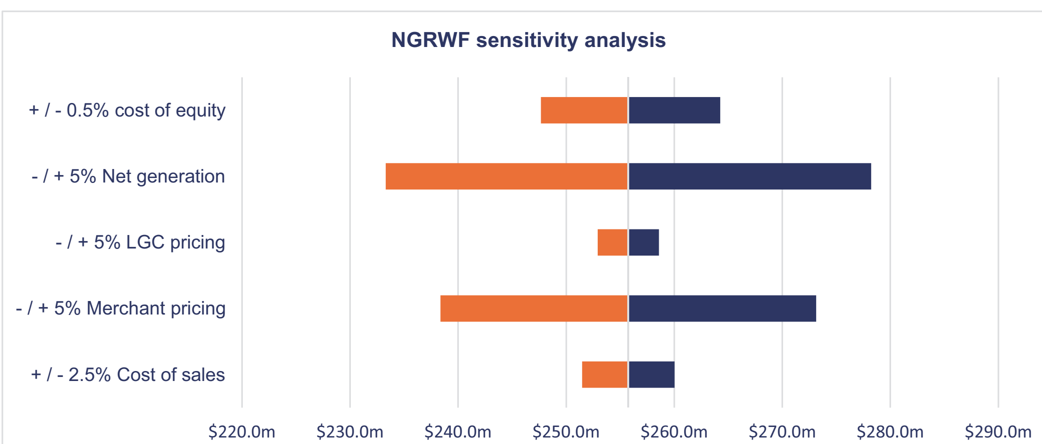
- Franking credit: The franking credit balance on Valuation Date is assumed based on BJCE Australia's franking credit balance at 31 December 2023 proportionately allocated to NGRWF based on installed capacity.

10.2. Sensitivity analysis

We have assessed the sensitivity of NGRWF's mid-point equity value of $255.7 million to changes in the following assumptions:

- Cost of equity: +/- 0.5%
- Net generation: +/- 5.0%
- LGC pricing: +/- 5.0%
- Merchant pricing: +/- 5.0%
- Cost of sales: +/- 2.5%

The output of this sensitivity analysis summarised below:



Source: SW Securities Analysis

The analysis above shows that the equity value of NGRWF is sensitive to changes in the cost of equity, the forecast wind production volumes and merchant energy prices.

10.3. Valuation cross check

As a cross check to our valuation, we have compared the EBITDA multiples and MW (or capacity) multiples implied by the DCF analysis to the multiples for observed listed companies operating in the wind and solar energy generation industry in Australia and overseas, as well as the broader renewable energy generation industry. We have also compared the multiples to observed transactions in Australasia. These multiples are set out in Appendix F and Appendix G.

Implied multiples for NGRWF

In calculating the enterprise value for the cross-check, we have added surplus assets and net debt, and deducted surplus liabilities.

Surplus assets and liabilities represent those that are not required by the company to continue to realise its principal source of earnings. We have assumed that intercompany balances (except repayment of the intercompany loan by Gullen Solar to NGRWF which is reflected in the Cash Flow Model) are eliminated in assessing the value of BJCE Australia on a sum-of-the-parts basis. On that basis, we have not made an adjustment for surplus assets and liabilities in calculating the enterprise value.

In calculating the enterprise value for the cross-check, we have added back net debt (including AASB 16 lease liabilities) to ensure comparability with the observed listed comparable companies on a post-AASB 16 basis, as follows:

$'000	**NGRWF**
Interest bearing loan (C)	29,974
Interest bearing loan (NC)	60,000
Lease liability (C)	521
Lease liability (NC)	19,263
Financial asset – Interest rate swap (C)	(2,279)
Financial asset – Interest rate swap (NC)	(987)
Total debt	**106,491**
Cash and cash equivalents	(10,647)
Restricted cash	(9,705)
Total cash	**(20,352)**
Net debt	**86,139**

Source: Net debt is sourced from NRGWF's balance sheet as at 31 December 2023

The Cash Flow Model has been prepared inclusive of lease costs (i.e. on a pre-AASB 16 basis). We have calculated the forecast FY24 EBITDA on a post-AASB 16 basis as follows:

$'000	NGRWF FY24
EBITDA (pre-AASB 16)	35,173
Land lease expense	1,497
Forecast EBITDA (post-AASB 16)	**36,670**

Source: Cash Flow Model, SW Securities Analysis

Based on the above, we have calculated the multiple implied by the enterprise value of NGRWF to range from:

- 9.2 times to 9.5 times FY24 EBITDA
- 2.0 times to 2.1 times MW

Market multiples

As there is a limited number of observed Australian and New Zealand companies which are directly comparable to the Clean Assets, in selecting the comparable listed companies, we have selected both generators and gentailers (generator and retailer) in Australia and New Zealand with operating wind or solar assets. We have excluded generators or gentailers that primarily generated from non-renewable sources (>50% of generation capacity).

Upon analysis, we have excluded the FY+1 EV/EBITDA multiple of Genex Power Limited as an outlier primarily because their valuation is reflective of the pipeline of assets that are expected to come online over the next few years, namely Kidston wind asset of 258MW and pump hydro assets of 250MW. Comparatively, they only had 100MW operating solar assets as of the Valuation Date. This is evidenced by a sharp drop in their FY+2 EV/EBITDA multiple.

Due to the limited number of observed Australian and New Zealand companies, we have also researched the multiples of international companies that are generators with a presence in wind or solar renewable energy. However, we note the selected companies are not directly comparable to NGRWF, Biala and Gullen Solar due to the differences in size, geographical location, operational nature and regulations. As such, while we present these multiples in our report, we have not placed reliance on these multiples for the purpose of our cross check.

We have also considered the observed EV/MW multiples of transactions involving Australasia targets that included single or multiple wind farm projects. We reviewed transactions completed in the last five years (prior to November 2023, being the date we conducted our research), noting we have placed more reliance on most recent transaction as the energy markets have been evolving in Australia. There is greater demand for renewable energy assets to replace non-renewable generation capacity expected to be decommissioned over the coming years.

We have screened all available yet comparable public information in deriving the observed transaction targets which had total capacity of between 39MW and 1100MW. We have not considered size range as a filter for screening transactions given the limited number of market data points available. The range noted above is a range implied by transaction targets where the data was available to compute implied multiples.

We note that the listed companies generally manage larger, more diversified portfolios of renewable assets and may also engage in retail businesses. Therefore, we emphasise the reliance on multiples implied by the selected comparable transactions which mostly involving single or multiple generation assets in similar geographical and renewable sectors.

Sharemarket evidence

We note the following in relation to the multiple observed for the selected listed companies:

- Multiples are based on sharemarket prices and, therefore, do not *typically* include a control premium.

- We consider the Australian and New Zealand comparable companies to be more relevant given BJCE Australia operates in Australia.

- The regulatory framework for renewable energy tends to differ for different countries.

- Genex and NZ Windfarms are primarily involved in renewable energy generation in Australia and New Zealand, while Mercury and Meridian have substantial energy retail operations in addition to their energy generation business.

- Genex is an integrated large-scale solar and pumped storage hydro project in north Queensland (Australia), with plans to add further wind generation capacity. Genex traded at 58.3 times forecast FY24 EBITDA and 6.0 times MW. The EBITDA multiple and capacity multiple are calculated based on Genex's existing solar generation and battery projects. The higher multiples potentially reflect market expectations regarding the 250MW Kidston pumped storage hydro which will be Genex's flagship project when construction completes in end-2024.

- NZ Windfarms which owns the Te Rere Hau wind farm in New Zealand, traded at a capacity multiple of 0.9 times on the back of installed capacity of 46MW. No forecast is available for NZ Windfarms.

- Mercury and Meridian with their substantial energy retail operations traded at multiples ranging from 13.5 times to 18.6 times forecast FY24 EBITDA, and 5.1 times to 5.2 times MW.

- Most of the international companies have multiple generation asset types across wind, solar and some hydro assets, and are geographically diverse. The international renewable energy companies traded between 7.6 times and 19.4 times FY24 EBITDA, with a median of 11.3 times. The MW multiple range from 2.1 times to 5.9 times, with a median of 2.6 times.

NGRWF's implied multiple ranging from 9.2 times to 9.5 times forecast FY24 EBITDA, is lower than the median of observed Australia companies of 16.1 times and the median multiple of observed international companies of 11.3 times.

NGRWF's implied capacity multiple ranging from 2.0 times to 2.1 times MW is lower than the median of observed Australia companies of 5.1 times (albeit higher than NZ Windfarms) and the median multiple of observed international companies of 2.6 times.

This potentially reflects NGRWF's soon expiring offtake agreement (with no replacement in place) and the lack of diversification compared to the observed comparable companies.

Transaction evidence

We have considered the implied capacity multiples of observed transactions involving wind farms in Australia.

We note the following:

- In 2023, Stanwell Corporation acquired a 50% stake in the 252 MW Wambo wind farm, with funding from the Queensland Government. Wambo wind farm will be developed as a joint venture, with construction expected to commence in April 2023 and commercial operations scheduled for late 2025. The lower MW multiple of 1.5 times potentially reflects the stage of development of the wind farm.

- The 528 MW Stockyard Hill wind farm located in Victoria is the largest wind farm in the NEM since construction was completed in September 2022. The project uses 149 turbines made by Goldwind which will also be responsible for the O&M under a long-term agreement. All electricity and LGC were sold under a PPA with Origin Energy. In 2023, Palisade, a California-based investment firm and Aware Super acquired a 49% stake in Stockyard Hill for around $335 million, subject to completion adjustments. Goldwind retained a 2% stake in Stockyard Hill after the sell down, with the remaining 49% stake held by another investor.

- The reported deal value for the acquisition of CWP Renewables and Macarthur wind farms are speculative estimates from press articles and should be viewed with caution.

- CWP Renewables owns 1.1 GW of wind farms and a development pipeline of 1.3 GW of wind and solar farms in Australia. CWP Renewables was acquired by Squadron Energy reportedly for more than $4 billion.

- In 2022, global infrastructure investment manager Igneo acquired a 60% stake in Lal Lal wind farm for an implied multiple of 3.1 times MW. Lal Lal wind farm has a total capacity of 228 MW from the Yendon and Elaine windfarms in Victoria. Both wind farms reached practical completion in April 2022. Revenue of the farm is underpinned by offtake arrangements with a range of investment grade counterparties.

- Operating since 2013, Macarthur wind farm located in Victoria, is one of the largest wind farms in Australia comprising 140 wind turbines with a capacity of 420 MW. In 2022, Palisade and First Sentire collectively acquired a 50% stake in Macarthur wind farm reportedly for close to $1 billion. This was after AMP Capital acquired a 50% stake in the project for an implied multiple of 4.2 times MW in 2019. The project has a power offtake agreement with AGL until 2038. AGL is one of Australia's leading energy generator and retailer. AMP Capital acquired the 50% stake from AGL. Today, AGL continues to operate the Macarthur wind farm on behalf of Palisade, Atmos Renewables and AMP Capital.

- The observed transactions involving operating wind farms between 2019 and 2021 occurred at MW multiples ranging from 1.4 times to 4.5 times, with a median 2.8 times. Please refer to Appendix G for further details.

NGRWF's implied multiple ranging from 2.0 times to 2.1 times MW is lower than the more recent observed wind farm transactions that occurred between 2022 and 2023 ranging from 2.7 times to 3.1 times MW (excluding Wambo wind farm). This potentially reflects NGRWF's soon expiring offtake agreement (with no replacement in place) and lack of development pipeline compared to the observed transactions.

Based on the above, we consider the EBITDA multiple and MW multiple cross-checks broadly support our assessment of NGRWF's value under the primary DCF methodology.

11. Valuation of Biala

In assessing the value of BJCE Australia's 100% equity interest in Biala, we have adopted a DCF analysis as the primary method which has been cross-checked using EBITDA multiple and MW multiple.

We have assessed the value of BJCE Australia's 100% equity interest in Biala as at Valuation Date to be in the range of $222.8 million to $235.5 million, with the following implied EBITDA multiple and MW multiple:

$'000	**Biala Low**	**Biala High**
Value of 100% equity interest	222,849	235,540
Surplus assets/(liabilities)	–	–
Net debt[1]	134,927	134,927
Enterprise value	**357,776**	**370,467**
Actual FY23 EBITDA (post-AASB 16)	34,922	34,922
Forecast FY24 EBITDA (post-AASB 16)	46,465	46,465
Implied EV/EBITDA multiple		
Actual FY23 EBITDA (post-AASB 16)	10.2x	10.6x
Forecast FY24 EBITDA (post-AASB 16)	7.7x	8.0x
Installed capacity (MW)	110.7	110.7
Implied EV/MW multiple	3.2x	3.3x

Source: SW Securities Analysis

The implied enterprise value of Biala of between $357.8 million and $370.5 million compares to a total construction cost of $236m when the wind farm was fully commissioned in 2022.

11.1. Key assumptions

The DCF assumptions are set out below:

Biala Assumptions	**Discussion**
Forecast post-tax equity distributions	Cash Flow Model
DCF period	23 years to December 2046
PPA counterparty	None
Corporate tax rate	30%
Dividend payout ratio	50% payout ratio (subject to $4.0 million minimum cash balance)
Franking credit utilisation rate	80%
Cost of equity	9.4% to 10.1% (Appendix E)

Source: Cash Flow Model, SW Securities Analysis

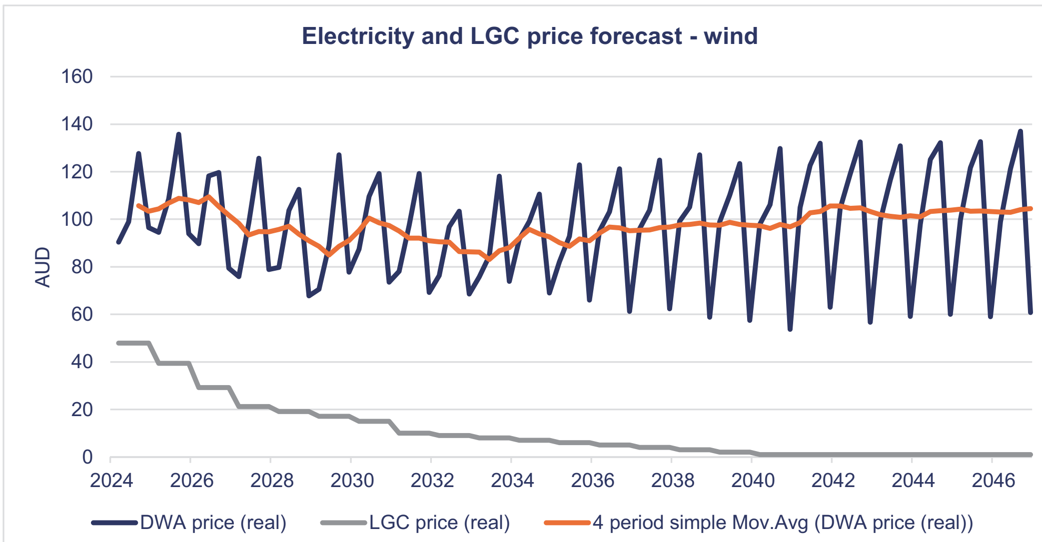
We have also considered the following key assumptions:

- Project life: Wind turbines typically have a design life of 25 to 30 years. Extension of the wind farm beyond their design life may require significant capital expenditure. The Cash Flow Model assumes a remaining useful life of 23 years. At the end of the useful life, site decommissioning costs is assumed to equal the residual value of the wind farm assets, which are comprised predominantly of the wind turbines.

- Electricity generation volume: Management assumed annual energy production for Biala wind farm is 371 GWh per annum provided by Management, calculated based on historical pre-curtailment generation. Seasonality factors and availability are applied, and degradation rate is assumed to be 0.1% per annum. Economic curtailment is based on independent forecast provided by an independent energy market research consultant for 2024 onwards.

- Loss factors: Marginal loss factor (**MLF**) is a multiplier which is used to scale energy generation volumes to account for electricity losses along the transmission network. The MLF is based on Management estimate considering forecast long-term average MLF provided by an independent energy market research consultant and is assumed to be flat over the entire forecast period.

- Electricity prices and PPA: Wholesale electricity prices in the NEM sourced from independent electricity pricing forecasts provided by an independent energy market research consultant been adopted, which take into account changes in industry wide capacity, market demand, regulatory schemes and long-run marginal cost of new generation. Biala does not operate under a PPA agreement.



Source: independent energy market research consultant (November 2023)

- LGC prices: Biala's LGC price forecast has been assumed based on LGC prices provided by an independent energy market research consultant (see diagram above). A form of Guarantee of Origin certificate is assumed to come online when the Renewable Energy Target ends in 2030. The LGC price (real basis) is assumed to be $10 in 2031, declining linearly to reach $1 in 2040 after which it remains constant at $1 until 2060.

- Operating costs: Operating costs comprise mainly of O&M, connection, land lease and other expenses. Most of the expenses are contracted with annual escalation factors. Biala's land lease has a fixed component as well as a variable component based on revenue generation, with the fixed component being approximately $120k for sundry expenses and variable component being 2.5% of revenue.

- Capital expenditure: No additional capital expenditure has been forecast as the WOM contract is inclusive of all costs.

- Financing: Management considers the interest rate payable by Biala on its loans to be below commercial rate due to the guarantee provided by Sinosure. The Cash Flow Model assumes a commercial interest rate of 1.7% plus the base rate (before hedging), provided by Management. It represents a 0.1% reduction from the contracted 1.8% interest rate to reflect Management's expectation of interest savings from future portfolio financing and reduced risk perception for operation phase. 100% of the interest rate risk is assumed to be hedged until 31 March 2024, and nil hedging thereafter until September 2025 when the existing loans are expected to be refinanced. 100% hedging resumes from October 2025 until the loan is fully repaid in 2039.

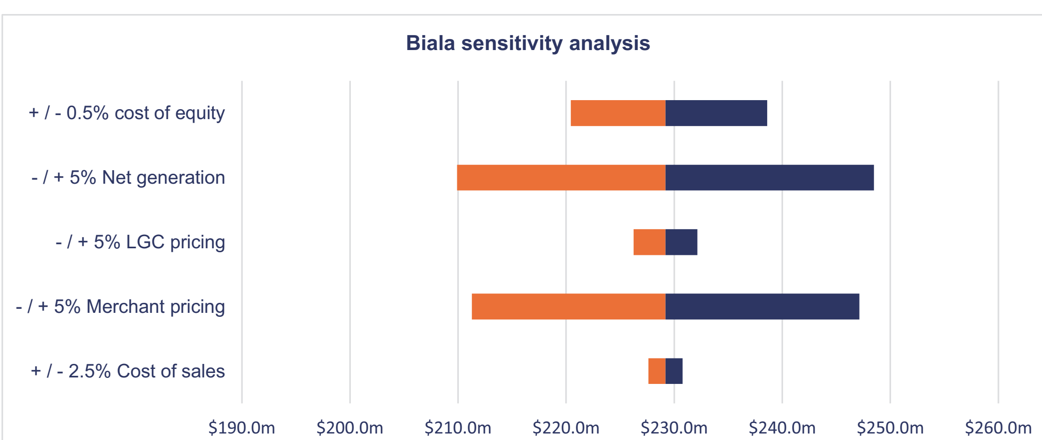
- Franking credit: The franking credit balance on Valuation Date is assumed based on BJCE Australia's franking credit balance at 31 December 2023 proportionately allocated to Biala based on installed capacity.

11.2. Sensitivity analysis

We have assessed the sensitivity of Biala's mid-point equity value of $229.2 million to changes in the following assumptions:

- Cost of equity: +/- 0.5%
- Net generation: +/- 5.0%
- LGC pricing: +/- 5.0%
- Merchant pricing: +/- 5.0%
- Cost of sales: +/- 2.5%

The output of this sensitivity analysis summarised below:



Source: SW Securities Analysis

The analysis above shows that the equity value of Biala is sensitive to changes in the cost of equity, the forecast wind production volumes and merchant energy prices.

11.3. Valuation cross check

As a cross check to our valuation, we have compared the EBITDA multiples and MW (or capacity) multiples implied by the DCF analysis to the multiples for observed listed companies operating in the wind and solar energy generation industry in Australia and overseas, as well as the broader renewable energy generation industry. We have also compared the multiples to observed transactions in Australasia. These multiples are set out in Appendix F and Appendix G.

Implied multiples for Biala

In calculating the enterprise value for the cross-check, we have added surplus assets and net debt, and deducted surplus liabilities.

Surplus assets and liabilities represent those that are not required by the company to continue to realise its principal source of earnings. We have assumed that intercompany balances are eliminated in assessing the value of BJCE Australia on a sum-of-the-parts basis. On that basis, we have not made an adjustment for surplus assets and liabilities in calculating the enterprise value.

In calculating the enterprise value for the cross-check, we have added back net debt (including AASB 16 lease liabilities) to ensure comparability with the observed listed comparable companies on a post-AASB 16 basis, as follows:

$'000	**Biala**
Interest bearing loan (C)	142,193
Lease liability (C)	431
Lease liability (NC)	10,085
Financial asset – Interest rate swap (C)	(2,188)
Total debt	**150,521**
Cash and cash equivalents	(15,594)
Net debt	**134,927**

Source: Net debt is sourced from Biala's balance sheet as at 31 December 2023

The Cash Flow Model has been prepared inclusive of lease costs (i.e. on a pre-AASB 16 basis). We have calculated the forecast FY24 EBITDA on a post-AASB 16 basis as follows:

$'000	**Biala FY24**
Forecast EBITDA (pre-AASB 16)	44,955
Land lease expense (fixed portion)	123
Land lease expense (variable portion)[1]	1,387
Forecast EBITDA (post-AASB 16)	**46,465**

Source: Cash Flow Model, SW Securities Analysis

Note:

1 We understand variable lease payments which depends on revenue generation are not included in lease liabilities under AASB 16 and are expensed.

Based on the above, we have calculated the multiple implied by the enterprise value of Biala to range from:

- 7.7 times to 8.0 times FY24 EBITDA
- 3.2 times to 3.3 times MW

Market multiples

Please refer to Section 10.3 for commentary on selection of market multiples for the wind farm assets.

Sharemarket evidence

Biala's implied multiple ranging from 7.7 times to 8.0 times forecast FY24 EBITDA, is lower than the median of observed Australia companies of 16.1 times and the median multiple of observed international companies of 11.3 times.

Biala's implied capacity multiple ranging from 3.2 times to 3.3 times MW is lower than the median of observed Australia companies of 5.1 times (albeit higher than NZ Windfarms) and higher than the median multiple of observed international companies of 2.6 times.

This potentially reflects Biala's lack of long-term offtake agreement and diversification compared to the observed comparable companies. On the flip side, Biala has just commenced operations and a longer remaining life which would entail a higher MW multiple.

Transaction evidence

Biala's implied multiple ranging from 3.2 times to 3.3 times MW straddles the more recent observed wind farm transactions that occurred between 2022 and 2023 of 2.7 times to 3.1 times MW (excluding Wambo wind farm).

Based on the above, we consider the EBITDA multiple and MW multiple cross-checks broadly support our assessment of Biala's value under the primary DCF methodology.

12. Valuation of Gullen Solar

In assessing the value of BJCE Australia's 100% equity interest in Gullen Solar, we have adopted a DCF analysis as the primary method which has been cross-checked using EBITDA multiple and MW multiple.

We have assessed the value of BJCE Australia's 100% equity interest in Gullen Soar as at Valuation Date to be in the range of $7.8 million to $8.0 million, with the following implied EBITDA multiple and MW multiple:

$'000	**Gullen Solar Low**	**Gullen Solar High**
Value of 100% equity interest	7,793	7,961
Surplus assets/(liabilities)	–	–
Net debt[1]	1,105	1,105
Enterprise value	**8,898**	**9,066**
Actual FY23 EBITDA (post-AASB 16)	1,426	1,426
Forecast FY24 EBITDA (post-AASB 16)	1,281	1,281
Implied EV/EBITDA multiple		
Actual FY23 EBITDA (post-AASB 16)	6.2x	6.4x
Forecast FY24 EBITDA (post-AASB 16)	6.9x	7.1x
Installed capacity (MW^{DC})	13.3	13.3
Implied EV/MW multiple	0.7x	0.7x

Source: SW Securities Analysis

The implied enterprise value of Gullen Solar of between $8.9 million and $9.1 million compares to a total construction cost of $23m when the solar farm was completed in 2017.

12.1. Key assumptions

The DCF assumptions are set out below:

Gullen Solar Assumptions	**Discussion**
Forecast post-tax equity distributions	Cash Flow Model
DCF period	19 years to December 2042
PPA counterparty	None
Corporate tax rate	30%
Dividend payout ratio	50% payout ratio (subject to $0.5 million minimum cash balance)
Franking credit utilisation rate	80%
Cost of equity	10.9% to 11.6% (Appendix E)

Source: Cash Flow Model, SW Securities Analysis

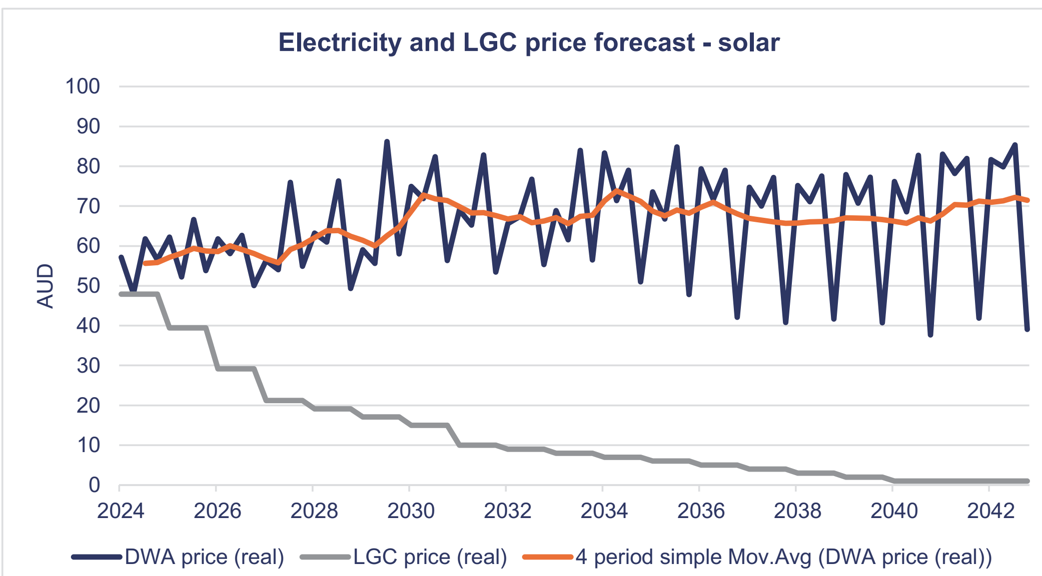
We have also considered the following key assumptions:

- Project life: The Cash Flow Model assumes a remaining useful life of 19 years. At the end of the useful life, site decommissioning costs is assumed to equal the residual value of the solar farm assets, which are comprised predominantly of the modules and solar photovoltaic (**PV**) racking.

- Electricity generation volume: Annual energy production for Gullen solar farm is assumed to be 18.3 GWh per annum based on historical production. Seasonality factors are applied based on historical trend. Degradation rate is assumed to be 0.4% per annum based on Management assumption. Economic curtailment is based on independent forecast provided by an independent energy market research consultant for 2024 onwards.

- Loss factors: Marginal loss factor (**MLF**) is a multiplier which is used to scale energy generation volumes to account for electricity losses along the transmission network. The MLF is based on Management estimate considering forecast long-term average MLF provided by an independent energy market research consultant and is assumed to be flat over the entire forecast period.

- Electricity prices and PPA: Gullen Solar's electricity price is assumed to be the wholesale electricity prices in the NEM in respect of solar farms in NSW sourced from independent electricity pricing forecasts provided by an independent energy market research consultant which take into account changes in industry wide capacity, market demand, regulatory schemes and long-run marginal cost of new generation.



Source: Independent energy market research consultant (November 2023)

- LGC prices: Gullen Solar's LGC price forecast has been assumed based on LGC prices provided by an independent energy market research consultant (see diagram above). A form of Guarantee of Origin certificate is assumed to come online when the Renewable Energy Target ends in 2030. The LGC price (real basis) is assumed to be $10 in 2031, declining linearly to reach $1 in 2040 after which it remains constant at $1 until 2060.

- Operating costs: Operating costs comprise mainly of O&M and other expenses. Most of the expenses are contracted with annual escalation factors.

- Capital expenditure: No additional capital expenditure has been forecast as the WOM contract is inclusive of all costs, except for some maintenance capital expenditure in FY28.

- Financing: Interest rate is assumed to be payable at 1.7% plus the base rate (before hedging). 100% of the interest rate risk is assumed to be hedged until full repayment of the loan due to NGRWF in 2037. Loan repayment is at a rate of $105,000 per quarter.

- Franking credit: The franking credit balance on Valuation Date is assumed based on BJCE Australia's franking credit balance at 31 December 2023 proportionately allocated to Gullen Solar based on installed capacity.

12.2. Sensitivity analysis

We have assessed the sensitivity of Gullen Solar's mid-point equity value of $7.9 million to changes in the following assumptions:

- Cost of equity: +/- 0.5%

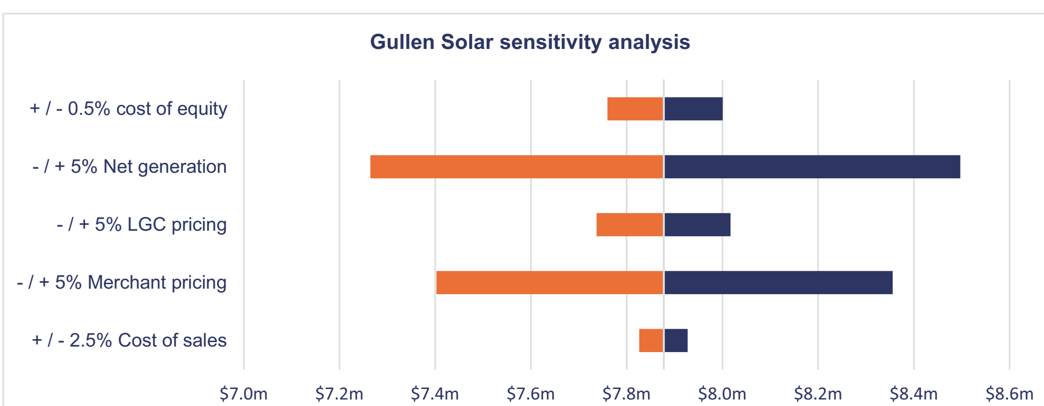
- Net generation: +/- 5.0%

- LGC pricing: +/- 5.0%

- Merchant pricing: +/- 5.0%

- Cost of sales: +/- 2.5%

The output of this sensitivity analysis summarised below:



Source: SW Securities Analysis

The analysis above shows that the equity value of Gullen Solar is sensitive to changes in the forecast solar production volumes and merchant energy prices.

12.3. Valuation cross check

As a cross check to our valuation, we have compared the EBITDA multiples and MW (or capacity) multiples implied by the DCF analysis to the multiples for observed listed companies operating in the wind and solar energy generation industry in Australia and overseas, as well as the broader renewable energy generation industry. We have also compared the multiples to observed transactions in Australasia. These multiples are set out in Appendix F and Appendix G.

Implied multiples for Gullen Solar

In calculating the enterprise value for the cross-check, we have added surplus assets and net debt, and deducted surplus liabilities.

Surplus assets and liabilities represent those that are not required by the company to continue to realise its principal source of earnings. We have assumed that intercompany balances (except repayment of the intercompany loan to NGRWF which is reflected in the Cash Flow Model) are eliminated in assessing the value of BJCE Australia on a sum-of-the-parts basis. On that basis, we have not made an adjustment for surplus assets and liabilities in calculating the enterprise value.

In calculating the enterprise value for the cross-check, we have added back net debt (including AASB 16 lease liabilities) to ensure comparability with the observed listed comparable companies on a post-AASB 16 basis, as follows:

$'000	**Gullen Solar**
Interest bearing loan (C)	420
Interest bearing loan (NC)	5,521
Total debt	**5,941**
Cash and cash equivalents	(4,835)
Net debt	**1,105**

Source: Net debt is sourced from Biala's balance sheet as at 31 December 2023

The Cash Flow Model has been prepared inclusive of lease costs (i.e. on a pre-AASB 16 basis). We have calculated the forecast FY23 and FY24 EBITDA on a post-AASB 16 basis as follows:

$'000	Gullen Solar FY24
Forecast EBITDA (pre-AASB 16)	1,281
Land lease expense[1]	–
Forecast EBITDA (post-AASB 16)	**1,281**

Source: Cash Flow Model, SW Securities Analysis

Note:

1 Gullen Solar does not incur any land lease expense.

Based on the above, we have calculated the multiple implied by the enterprise value of Gullen Solar to range from:

- 6.9 times to 7.1 times FY24 EBITDA
- 0.7 times MW

Market multiples

Please refer to Section 10.3 for commentary on selection of market multiples for the listed companies.

We have also considered the observed EV/MW multiples of transactions involving Australasia targets that included single or multiple solar projects. We reviewed transactions completed in the last five years (prior to November 2023, being the date we conducted our research), noting we have placed more reliance on most recent transaction as the energy markets have been evolving in Australia. There is greater demand for renewable energy assets to replace non-renewable generation capacity expected to be decommissioned over the coming years.

We have screened all available yet comparable public information in deriving the observed transaction targets which had total capacity of between 15MW and 442MW. We have not considered size range as a filter for screening transactions given the limited number of market data points available. The range noted above is a range implied by transaction targets where the data was available to compute implied multiples.

We note that the listed companies generally manage larger, more diversified portfolios of renewable assets and may also engage in retail businesses. Therefore, we emphasise the reliance on multiples implied by the selected comparable transactions which mostly involving single or multiple generation assets in similar geographical and renewable sectors.

Sharemarket evidence

We note the following:

- Multiples are based on sharemarket prices and, therefore, do not typically include a control premium.

- There is no observed listed pure play solar energy generation company.

Gullen Solar's implied multiple ranging from 6.9 times to 7.1 times forecast FY24 EBITDA, is below the median of observed Australian renewable energy companies of 16.1 times and median of observed international renewable energy companies 11.3 times.

Gullen Solar's implied capacity multiple ranging of 0.7 times MW is lower than the median of observed Australia companies of 5.1 times and the median multiple of observed international companies of 2.6 times.

This reflects Gullen Solar's smaller scale and lack of long-term offtake agreement compared to the observed comparable companies.

Transaction evidence

We have considered the implied capacity multiples of observed transactions involving solar farms in Australia.

We note the following:

- In 2023, INPEX acquired a 50% stake in Enel Green for an implied capacity multiple of 2.1 times. Enel Green operates three plants in South Australia and Victoria with total installed capacity of 310MW. Enel Green also has one 76 MW wind project under construction in Western Australia that has a 12-year PPA with BHP, as well as one 93 MW solar project in execution.

- The reported deal value for the acquisition of Wirsol Energy, Elliot Green and Gretal Solar are speculative estimates from press articles and should be viewed with caution.

- In 2023, Wirsol Energy was acquired by Gentari for a price that was reported could be between $900 million and $1 billion. Wirsol Energy operates solar farms and a battery storage with total capacity of 422 MW, and has a development pipeline of 765 MW. The acquisition marks Gentari's main entry into the Australian renewable energy market.

- Mugga Lane located in Canberra, is one of the oldest and first large scale solar farms built in Australia with installed capacity of 15.3 MW. The project is backed by a long-term offtake agreement with the Australia Capital Territory government. Mugga Lane was placed into voluntary administration due to a loan dispute when it was acquired by CleanPeak for an implied capacity multiple of 2.3 times.

- In 2022, VH Global acquired three new solar PV sites in New South Wales with installed capacity totalling 15 MW. Construction of the three sites is expected to commence in the third quarter of 2022 with anticipated completion expected in 2023. The portfolio was acquired for an implied capacity multiple of 2.4 times.

- Elliot Green operates the newly completed Childers (Queensland), Susan River (Queensland) and Nevertire (New South Wales) solar farms backed by long-term offtake agreements with investment-grade counterparties. The solar farms have a total installed capacity of 302 MW. In 2022, Elliot Green was acquired for reportedly less than $500 million.

- In 2022, US-based solar power investment company Foresight, acquired the remaining 51% stake in the Oakey 1 and Longreach solar farms which it did not own, for an implied capacity multiple of 1.9 times. The solar farms have a 20-year PPA with the Queensland government for the sale of electricity and LGC.

- The observed transactions involving operating solar farms between 2018 and 2021 occurred at capacity multiples ranging from 1.4 times to 1.7 times, with a median 1.6 times. The solar farms which are primarily located in Queensland, Western Australia and New South Wales, were mostly backed by long-term offtake agreements at the time. Please refer to Appendix G for further details.

Gullen Solar's implied multiple of 0.7 times MW is lower than the more recent observed solar farm transactions that occurred between 2022 and 2023 ranging from 1.9 times to 2.4 times MW.

This reflects Gullen Solar's smaller scale and lack of long-term offtake agreement compared to the observed transactions.

Based on the above, we consider the EBITDA multiple and MW multiple cross-checks broadly support our assessment of Gullen Solar's value under the primary DCF methodology.

13. Valuation of BJCE Australia

We have assessed the fair market value of 40% of the equity interest in BJCE Australia to be between $164.1 million and $193.0 million:

$'000	Section reference	BJCE Australia Low	BJCE Australia High
NGRWF	Section 10	249,950	261,554
Biala	Section 11	222,849	235,540
Gullen Solar	Section 12	7,793	7,961
Value of equity interest in subsidiaries		**480,592**	**505,055**
Capitalised corporate overheads	Section 13.2	(10,000)	(8,000)
Corporate – Cash	Section 13.4	88,678	88,678
Corporate – Other assets/(liabilities) (net)	Section 13.3	(6,157)	(6,157)
Corporate – Shareholder loan	Section 13.4	(97,176)	(97,176)
Value of 100% equity interest in BJCE Australia		**455,937**	**482,401**
Stake acquired		40%	40%
Value of 40% equity interest in BJCE Australia (control basis)		**182,375**	**192,960**
Discount for lack of control		10%	0%
Value of 40% equity interest in BJCE Australia (minority basis)		**164,137**	**192,960**

Source: SW Securities Analysis

13.1. Value of equity interest in subsidiaries

Refer to Sections 10, 11 and 12 above for our assessment of the value of the equity interest in NGRWF, Biala and Gullen Solar respectively.

13.2. Capitalised corporate overheads

In assessing the value of the operating subsidiaries of BJCE Australia, no allowance was made for unallocated corporate costs.

Management advised that certain overhead costs are incurred within BJCE Australia in relation to the management of the wind and solar assets, including accounting and taxation fees, insurance costs and consultancy fees etc.

Management estimates these overheads to be around $2 million for FY24 as presented in the table below.

$'000	**FY24 estimates**
Accountancy fees	900
Consultancy fees	200
Insurance costs	200
Other	700
Total	**2,000**

Source: Management

Based on the above, we have assumed a maintainable corporate overhead cost of $2 million.

Our assessment of the value of BJCE Australia includes the capitalised value of the maintainable corporate overheads. We have adopted a capitalisation multiple of between 4.0 times and 5.0 times taking into consideration the EBITDA multiple of observed listed Australian asset management companies (refer to Appendix F).

We have assessed the value of the capitalised maintainable corporate overheads to be between $8 million and $10 million as follows:

$'000	**Low**	**High**
Maintainable corporate overheads	2,000	2,000
Capitalisation rate	4.0x	5.0x
Capitalised corporate overheads	**8,000**	**10,000**

Source: SW Securities Analysis

13.3. Corporate other assets and liabilities

The parent entity (BJCE Australia) has a total net liabilities (excluding intercompany balances) of $6.2 million as at 31 December 2023 comprising other receivable, prepayments, ROU assets, deferred tax assets, other payable, lease liabilities and income tax payable.

13.4. Corporate net debt

As at 31 December 2023, the parent entity (BJCE Australia) has $7.9 million of cash, $80.8 million of term deposit (including $0.8m of restricted cash held as security for bank guarantees) and $97.2 million of shareholder loans.

13.5. Discount for lack of control

Our valuation of 100% of the equity interest of BJCE Australia is on a full control basis. Control over an entity accords certain benefits to the controlling shareholder(s) including the ability to control the board of directors, alter the Constitution and change the financial and operating policies of the entity.

As such, investors in minority parcels of shares would typically apply a discount for lack of control to the proportionate value of their non-controlling equity interests. The quantum of this discount depends on various factors such as:

- level of equity stake being valued for example a 5% stake will likely have a much higher discount relative to a 49% stake;
- shareholding structure of the company;
- nature of business and the industry it operates within;
- cash flow profile of the business or assets for example a business generating high level of free cash flow / dividends will typically attract a lower level of discount;
- voting rights, board representation and other protection for shareholder's interest included in the shareholders' agreement and / or constitution of the company; and
- ability of the shareholder to influence decision making through above or other mechanisms.

We have considered a discount for lack of control of between 0% and 10% in assessing the value of 40% interest in BJCE Australia. This is based on the following considerations:

- control premium in Australia ranges between 20% and 40% for most transactions. In our view, the higher end of this range is representative of synergies available to the buyers over and above the 'true' control premium. Given the nature of solar and wind farm assets we do not believe that there are substantial synergies available for a purchaser other than sharing of certain corporate overheads. As such, we consider the lower range of 20% to be a more appropriate benchmark for control premium. This implies a discount for lack of control of around 17%;

- the equity interest being valued represents a 40% interest and at this level the shareholder will have ability to influence special resolutions that require support from more than 75% of the shareholders as per BJCE Australia's constitution;

- both BJEI Australia and BJCE Australia are ultimately controlled by Beijing Energy Holding Co., Ltd.;

- BJCE Australia is expected to generate high levels free cash flow and distributions over the useful life of its assets;

- market evidence suggests that even minority interests in structured infrastructure assets tend to trade at close to pro rata of 100% value (particularly when demand for the asset is high). Additionally, the operation of wind and solar assets are subject the demand, supply and pricing for the energy market which is regulated and managed by AEMO. Unlike businesses in other sectors, management or strategic control does not typically influence the performance of the assets which is mainly determined by the market;

- the investors have limited ability to affect the strategic decisions of the assets given the industry is highly regulated in operation and pricing. Alterations to the existing operating assets, such as re-investments or constructing a battery energy storage system adjacent to the solar farm, will require extensive process of application and approval by regulatory authorities;

- minority investors in Australian infrastructure assets such as wind and solar farms are typically financial investors and do not apply a discount for lack of control in their assessment of value. They leave the operations and management of these assets in the hands of professional asset managers and are agnostic to control. We note that this is especially true for a portfolio with limited number of assets where cash flow in the hands of the investor are closely linked to free cash flow generated by the assets and not influenced by strategic decisions by the board or management.

Considering the above, we have imputed a 10% discount for lack of control on the low end of our valuation.

13.6. Valuation cross check

Our assessment of 100% of the equity interest in BJCE Australia implies the following implied EBITDA multiple and MW multiple:

$'000	Section reference	BJCE Australia Low	BJCE Australia High
Value of 100% equity interest in BJCE Australia		**455,937**	**482,401**
Interest bearing loan	Section 5.3	232,478	232,478
Lease liability	Section 5.3	33,640	33,640
Corporate – Shareholder loans	Section 5.3	97,176	97,176
Cash	Section 5.3	(38,974)	(38,974)
Restricted cash	Section 5.3	(10,486)	(10,486)
Term deposit	Section 5.3	(80,000)	(80,000)
Financial asset – Interest rate swap	Section 5.3	(5,455)	(5,455)
Enterprise value		**684,316**	**710,780**
Forecast FY24 EBITDA (post-AASB 16) – NGRWF	Section 10	36,670	36,670
Forecast FY24 EBITDA (post-AASB 16) – Biala	Section 11	46,465	46,465
Forecast FY24 EBITDA (post-AASB 16) – Gullen Solar	Section 12	1,281	1,281
Normalised corporate overheads	Section 13.2	(2,000)	(2,000)
Total forecast FY24 EBITDA (post-AASB 16)		82,416	82,416
Implied EV/EBITDA multiple		**8.3x**	**8.6x**
Installed capacity (MW)		289	289
Implied EV/MW multiple		**2.4x**	**2.5x**

Source: Cash Flow Model, SW Securities Analysis, Net debt is sourced from balance sheet as at 31 December 2023

In calculating the enterprise value for the cross-check, we have added back net debt (including AASB 16 lease liabilities) to ensure comparability with the observed listed comparable companies on a post-AASB 16 basis. The forecast FY24 EBITDA is also reflected on a post-AASB 16 basis.

BJCE Australia's implied multiple ranging from 8.3 times to 8.6 times forecast FY24 EBITDA, is lower than the median of observed Australia companies of 16.1 times and the median multiple of observed international companies of 11.5 times.

BJCE Australia's implied capacity multiple ranging from 2.4 times to 2.5 times MW is:

- lower than the median of observed Australia companies of 5.1 times.
- lower than the median multiple of observed international companies of 2.6 times.
- below the range of the more recent observed wind farm transactions that occurred between 2022 and 2023 of 2.7 times to 3.1 times MW (excluding Wambo wind farm).

We consider this reflects BJCE Australia's lack of long-term offtake agreement (with the NGRWF PPA expiring in December 2024) compared to the observed listed companies and M&A transactions. A number of observed listed companies and M&A transactions also include additional projects under development that are not included in their current capacity or earnings.

Based on the above, we consider the EBITDA multiple and MW multiple cross-checks broadly support our assessment of BJCE Australia's value under the primary DCF methodology.

Yours sincerely

ShineWing Australia Securities Pty Ltd

Vikas Nahar – Director

Phillip Rundle – Director

APPENDIX A: QUALIFICATIONS, LIMITATIONS AND CONSENT

Qualifications

ShineWing Australia Securities Pty Ltd ABN 98 614 606 389 holds Australian Financial Services Licence 509026.

ShineWing Australia Securities provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures.

The individuals responsible for preparing this report on behalf of ShineWing Australia Securities are Vikas Nahar and Phillip Rundle.

Vikas Nahar is an Authorised Representative of and a Director in ShineWing Australia Securities Pty Ltd. Vikas is a CFA Charterholder and holds a Master of Business Administration with majors in Finance. Vikas has significant experience in valuation of businesses, financial instruments and intangible assets for financial reporting, taxation, strategy, and merger and acquisition purposes. He also has extensive experience in preparation of independent expert reports under Corporations Act and ASX Listing Rules.

Phillip Rundle is an Authorised Representative of and a Director in ShineWing Australia Securities Pty Ltd. Phillip is a Fellow of Chartered Accountants Australia and New Zealand, a Fellow of the Australian Institute of Company Directors, a Fellow of the Financial Services Institute of Australasia, an Accredited Business Valuation Specialist by Chartered Accountants Australia and New Zealand and holds a Bachelor of Commerce and Graduate Diploma in Applied Finance & Investment.

Independence

Prior to accepting this engagement, ShineWing Australia Securities considered its independence with respect to BJEI Australia and all other parties involved in the Proposed Transaction with reference to the ASIC Regulatory Guide 112 Independence of expert (**RG 112**) and APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to BJEI Australia, its shareholders and all other parties involved in the Proposed Transaction.

ShineWing Australia Securities and its related entities do not have at the date of this Report, and have not had within the previous two years, any shareholding in or other relationship with BJEI Australia or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

ShineWing Australia Securities has no involvement with, or interest in the outcome of the transaction, other than the preparation of this Report.

ShineWing Australia Securities will receive a fee based on commercial rates for the preparation of this Report. This fee is not contingent on the outcome of the transaction. ShineWing Australia Securities' out-of-pocket expenses in relation to the preparation of this Report will be reimbursed. ShineWing Australia Securities will receive no other benefit for the preparation of this Report.

ShineWing Australia Securities considers itself to be independent in terms of RG 112.

Draft reports

An advance draft of this Report was provided to the management of BJEI Australia for their comments as to its factual accuracy. No alterations were made to the methodology or valuations as a result of these factual reviews.

Indemnity

Recognising that ShineWing Australia Securities may rely on information prepared by BJEI Australia and its officers, BJEI Australia has agreed to make no claim against ShineWing Australia Securities to recover any loss or damage which BJEI Australia may suffer as a result of reasonable reliance by ShineWing Australia Securities on the information provided by BJEI Australia, and to indemnify ShineWing Australia Securities and its officers and employees, who may be involved in or in any way associated with the preparation of this Report, against any and all losses, claims, damages and liabilities arising out of or related to the performance of services by ShineWing Australia Securities in connection with our assessment and occasioned by reliance by ShineWing Australia Securities on information provided by BJEI Australia or its representatives which is subsequently found to be false or misleading or not complete. Complete information is deemed to have been provided, which at the time of completing our Report, should have been available to ShineWing Australia Securities and would reasonably have been expected to have been made available to ShineWing Australia Securities to enable us to form our opinion.

Consents

Neither the whole nor any part of this Report or any reference thereto may be included in any other document without the prior written consent of ShineWing Australia Securities as to the form or context in which it appears.

ShineWing Australia Securities consents to the inclusion of this Report in the form and context in which it accompanies the circular to the shareholders of Beijing Energy International Holding Co., Ltd.

Professional standards

Our Report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

APPENDIX B: SOURCES OF INFORMATION

In preparing this Report, we have considered the following key sources of information:

- Audited consolidated financial statements of BJCE Australia for the financial year ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 (with comparatives)
- Audited financial statements of NGRWF for the financial year ended 31 December 2020, 31 December 2021, 31 December 2022 and 31 December 2023 (with comparatives)
- Special purpose audit financial workbook for consolidated BJCE Australia for the financial year ended 31 December 2021, 31 December 2022 and 31 December 2023
- Financial statements of Biala for the financial year ended 31 December 2020 (unaudited), 31 December 2021 (unaudited), 31 December 2022 and 31 December 2023 (audited) (with comparatives)
- Audited financial statements of Gullen Solar for the financial year ended 31 December 2020 and 31 December 2021 (with comparatives)
- Management accounts of Gullen Solar for the financial year ended 31 December 2022 and 31 December 2023
- Cash Flow Models for NGRWF, Biala and Gullen Solar prepared by the management of BJEI Australia
- Draft Circular to Shareholders
- S&P Global
- Mergermarket
- Various press and media articles
- Company websites
- IBISWorld report
- Other publicly available information
- Discussions and correspondences with the management of BJEI Australia.

APPENDIX C: INDUSTRY OVERVIEW

BGCE Australia is operator of wind and solar farms in New South Wales Australia.

National electricity market

In Australia, the majority of end consumers are supplied electricity through the electricity network or the 'grid'. Electricity generators on the eastern and south-eastern coasts produce electricity and compete to sell it in the National Electricity Market (**NEM**). The NEM is a wholesale energy only spot market for the five interconnected states, being Victoria, New South Wales (including the Australian Capital Territory), Queensland, South Australia, and Tasmania. These states also act as price regions (**NEM Regions**). The NEM is regulated by the Australian Energy Market Operator (**AEMO**).

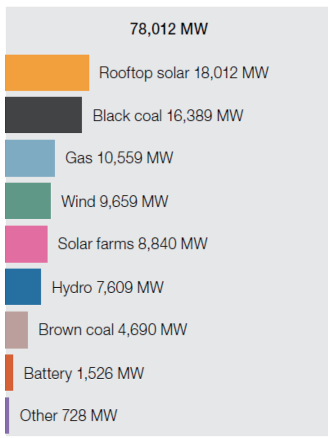
As electricity cannot be stored easily, the market operates as a spot market, where power supply is matched instantaneously with power demand through a centrally coordinated dispatch process. To deliver the electricity, a dispatch price is determined every five minutes. The NEM transmission grid, comprising around 40,000km of transmission lines and cables, carries this electricity to industrial end users and local distribution networks. As most customers do not participate directly in the NEM, the supply chain is completed by electricity retailers who purchase electricity at the spot price, package it with transmission and distribution network services and provide it for sale to residential, commercial and industrial energy users.

Electricity generation and competition

Over 350 power stations sell electricity into the NEM spot market, with a total installed capacity of 77,683 MW (including rooftop solar) as at 1 July 2023. Despite significant new entry over recent years, a small number of large participants control a significant proportion of electricity generation in each NEM region. Ownership of flexible energy generation, which has the capacity to ramp up, ramp down or switch off output as needed, is particularly concentrated. In each NEM Region, the largest two owners account for more than half of the regions output capacity.

Around 14,000 MW of new grid scale solar, wind and battery investment has been added to the NEM in the five years ending 30 June 2023, with over 2,500 MW of coal and gas capacity withdrawn over the same period. In the 12 months ended 30 June 2023, just over 2,400 MW of renewable capacity entered the market, comprising 1,300 MW of solar, 600 MW of wind and 500MW of battery capacity.

The chart below details the generation capacity of each source in the NEM as at 30 June 2023. Electricity generated by rooftop solar systems is not traded through the NEM, however it does lower the demand that market generators need to meet. Rooftop solar has therefore been reflected as a generation source in the diagram.



Source: State of the energy market 2023, Australian Energy Regulator, June 2023

There are four participants that have a significant presence across multiple NEM Regions, with sizeable market share in NSW, Victoria and South Australia. AGL Energy controls the most capacity in the NEM and is the largest participant in NSW, Victoria and South Australia. Despite continued investment in new generation assets, AGL Energy's total market share has fallen to 18% at the end of 2021-22, down from 20% in 2019-20. The total output of AGL Energy has however remained consistent at 24%. With output of 12% and capacity of 10% of the total output, Origin Energy is the second largest participant in the NEM, with a presence in all mainland regions. EnergyAustralia has a presence in NSW, Victoria and South Australia, accounting for 10% of total output and controlling 9% of total registered capacity in the NEM.

Pricing and the spot market

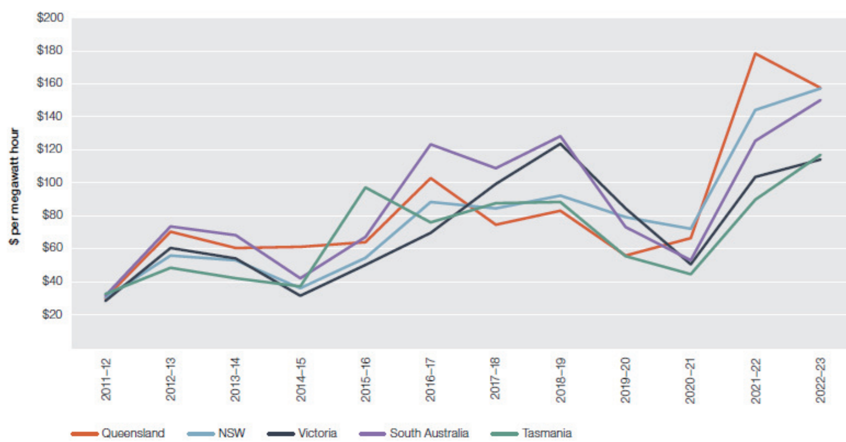
Renewable energy generators can link directly with large energy-intensive business and retailers through Power Purchase Agreements (**PPAs**) to secure the sale of electricity at a fixed price over medium and long terms. PPAs allow generators to hedge against volatility in wholesale markets and allows business to secure electricity at pre-set prices. If PPAs are not entered into, generators of renewable energy in NEM regions are exposed to the market prices in the NEM.

The NEM is a wholesale commodity exchange for electricity across the five interconnected states. Generators and power stations make offers to supply the market with specified amounts of electricity at specified prices for each five-minute dispatch interval. A separate price is determined for each of the five NEM Regions, with prices capped at a maximum of $16,600 and a floor of -$1,000 per megawatt hour (**MWh**) in 2023-24. The maximum price is adjusted in line with the Consumer Price Index each year.

As the power system operator, the AEMO employs forecasting and monitoring tools to monitor electricity demand, generator bids and network capacity. This information is used to determine which generators should be dispatched to produce electricity and is repeated for every five-minute interval for every NEM Region. The cheapest generator bids are put into operation first, adding progressively more expensive offers until enough electricity can be produced to meet consumption. The five-minute price for each region is determined using the highest priced offer needed to cover demand, highlighting the need for a price floor. This operation process is designed to meet the electricity demand in the most cost-efficient way.

NSW remained the NEM's second highest priced region, only behind Queensland in 2022-23, with average wholesale prices increasing 9% on 2021-22 prices to $157 per MWh. Despite falling significantly since the unprecedented prices of mid-2022 (due to the global energy crisis following the conflict in Ukraine), average prices in NSW remain elevated compared with historical levels.

Below is the annual volume weighted average wholesale price for each financial year (1 July to 30 June).



Source: State of the energy market 2023, Australian Energy Regulator, June 2023

Wholesale price volatility is not expected to ease, with the planned shutdown of coal-fired power plants across Australia expected to create a delicate balancing act for regulators and poses risks to both reliability and prices of wholesale electricity.

Australia's renewable energy policy

Australia's Renewable Energy Target (**RET**) is a federal government policy ensuring at least 33,000 gigawatt hours of electricity is obtained from renewable sources by 2020. The RET consists of two main schemes, including a Large-scale Renewable Energy Target (**LRET**) and a Small-scale Renewable Energy (**SRES**). The LRET requires liable entities (mainly electricity retailers) to acquire a fixed proportion of their electricity from renewable sources, which occurs in the form of large-scale generation certificates (**LGCs**). LGCs are created by large renewable energy power stations, including solar and wind farms, and then sold to the retailers who in turn must surrender the certificates to meet the LRET obligations. Similarly, the SRES provides financial incentive to individuals and businesses to install renewable energy systems and are provided small scale technology certificates based on the power generation capacity. A fixed proportion of these certificates are also required to be purchased by retailers to meet their RET obligations. In 2023, renewable energy sold as a percentage of total electricity by retailers was set at 18.96%.

Whilst the RET target was met in 2019, liable entities will be required to continue meeting their obligations under the scheme until 2030. The revenue earned by generators from the sale of LGCs is additional to income received for the sale of electricity, with LGCs traded at a spot rate determined by supply and demand in the market. The number of LGCs generated will continue to increase as more renewable energy is produced, leading to an oversupply of LGCs and reducing their value. LGC prices have declined since 2017-18 and in the absence of a new policy are expected to converge to zero by 2030 when the current RET scheme concludes.

Australian renewable industry outlook

According to the Clean Energy Council's May 2023 publication "Clean Energy Australia Report 2023", the Australian renewable energy industry accounted for 35.9% of Australia's total electricity generation in 2022. This is up from 32.5% in 2021 representing growth of over 10% year on year. With an ambition to reach 82% renewable electricity generation in Australia by 2030, significant growth is still needed, however the progress is encouraging given renewable energy generation was only 16.9% of total electricity generation in 2017.

More investment in renewable energy is planned in Australia, in addition to the 20 large scale renewable energy projects completed in 2022 and the 72 large scale projects under construction at the end of 2022. The projects under construction comprise 48 solar, 21 wind and 3 bioenergy projects, which when complete will add approximately 9,500 MW of capacity.

According to a July 2023 joint publication by the Commonwealth Scientific and Industrial Research Organisation (**CSIRO**) and the AEMO "GenCost 2022-23", solar and onshore wind projects currently are, and are indicated to remain as, the lowest cost new-build technologies. Further, the AEMO's 30 June 2022 publication "2022 Integrated System Plan" highlights that the NEM is continuing its transformation towards higher levels of renewable energy output, forecasting the renewable share of total annual generation will rise from approximately 32% in the 12 months ending 30 June 2022 to 83% in the 12 months ending 30 June 2031 and 98% by 2050.

More ambitious state and federal climate targets are also only going to add momentum to the commissioning of new wind and large-scale solar power projects in the coming years. This is especially true as Australia turns away from fossil fuels. The Australian Labor government has also set a 43% emissions reduction target by 2030 (from 2005 levels) and net zero emissions by 2050.

In addition to the federal government targets and commitments, the NSW the state government has the following renewable energy targets and commitments:

- Halve emissions by 2030 (compared to 2005 levels) while growing the economy.
- Net zero emissions by 2050.
- NSW Electricity Strategy includes $8 billion of new private investment over the next decade.
- Almost 200 large scale renewable energy projects with almost 35,400 MW of capacity are currently in the NSW planning system, representing almost $50 billion in investment.

APPENDIX D: VALUATION METHODOLOGIES

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or discounted cash flows (**DCF**) is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital (**WACC**). The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company.

The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

APPENDIX E: DISCOUNT RATE CALCULATION

The cost of equity is commonly adopted as the discount rate to calculate the net present value of expected future cash flows where cash flow forecasts consist of cash flows to equity holders (i.e. geared cash flows).

The selection of an appropriate discount rate to apply to the forecast cash flows of any asset is fundamentally a matter of judgement rather than a precise calculated outcome.

We have used the Capital Asset Pricing Model (**CAPM**), which is commonly used by practitioners to calculate the required return on equity capital.

The cost of equity can be derived using CAPM as follows:

R_e $= R_f + \beta * (R_m - R_f) + \alpha$

Where:

R_e = The cost of equity capital

R_f = Risk free rate

R_m = Expected market return

$(R_m - R_f)$ = Market risk premium

β = Beta factor

α = Specific risk factor

In developing an appropriate cost of equity for BJCE Australia's wind and solar farms, we have assumed the following:

Risk free rate

The risk free rate should reflect a period consistent with the longevity of the cash flows of the underlying asset. The 10-year Commonwealth Government bond rate is typically used as a proxy for the risk free rate in Australia for long term cash flows.

We have adopted a risk free rate of 3.96% having regard to the yield of the 10-year Australian Government bond.

Market risk premium

The market risk premium represents the additional return that investors expect in return for holding risk in the form of a well-diversified portfolio of risky assets (such as a market index) over risk-free assets (such as Government bonds).

Analysts and practitioners as well as regulators typically adopt a market risk premium in the range 5% to 7% for Australia.

We have adopted a market risk premium of 6.0%.

Beta factors

The beta factor measures the systematic risk of an investment or business operation relative to a well-diversified portfolio of investments. Systematic risk measures the extent to which the return on the investment is correlated to market returns.

An investment with a beta of more than one is riskier than the market as a whole and an investment with a beta of less than one is less risky.

The observed beta is a function of the underlying risk of the cash flows of the company, together with the capital structure and tax position of that company. This is described as the levered or equity beta.

The equity beta is often adjusted for the effect of the capital structure, being the asset or unlevered beta.

In selecting an appropriate unlevered beta to apply to BJCE Australia's wind and solar farms, we have considered betas for observed listed Australia, New Zealand and international renewable energy companies with a focus on wind, solar and hydro energy.

A summary of the unlevered beta and debt to capital ratio of the observed listed companies is set out below:

Company	Country	Currency	Market capitalisation ('m)	Net debt to value 5-year average %	Net debt to value 2-year average %	Unlevered beta 5-year	Unlevered beta 2-year
Genex Power Limited	Australia	AUD	249	65%	68%	0.48	0.60
Mercury NZ Limited	New Zealand	NZD	9,182	17%	18%	0.90	1.21
Meridian Energy Limited	New Zealand	NZD	14,332	10%	9%	1.22	1.22
NZ Windfarms Limited	New Zealand	NZD	52	9%	4%	0.55	0.31
Boralex Inc.	Canada	CAD	3,461	49%	45%	0.27	0.39
Innergex Renewable Energy Inc.	Canada	CAD	1,878	62%	64%	0.21	0.38
Northland Power Inc.	Canada	CAD	6,127	49%	44%	0.30	0.43
Neoen S.A.	France	EUR	4,602	38%	39%	0.37	0.38
Voltalia SA	France	EUR	1,365	32%	36%	0.39	0.46
ABO Wind AG	Germany	EUR	379		19%		0.42
Encavis AG	Germany	EUR	2,510	39%	34%	0.43	0.51
Energiekontor AG	Germany	EUR	1,153	23%	20%	0.70	0.69
Greencoat Renewables PLC	Ireland	EUR	1,159	38%	42%	0.08	0.12
Alerion Clean Power S.p.A.	Italy	EUR	1,433	32%	24%	0.35	0.32
ERG S.p.A.	Italy	EUR	4,247	34%	34%	0.34	0.34
Cloudberry Clean Energy ASA	Norway	NOK	3,339		–		0.92
EDP Renováveis, S.A.	Portugal	EUR	18,969	22%	21%	1.05	1.30
Arise AB (publ)	Sweden	SEK	1,995	23%	8%	0.78	0.73
Clearway Energy, Inc.	United States	USD	3,145	62%	57%	0.41	0.42
		Australia and New Zealand companies	**Mean**	12%	10%	0.79	1.01
			Median	10%	9%	0.73	1.21
			Low	9%	4%	0.48	0.60
			High	17%	18%	1.22	1.22
		International companies	**Mean**	34%	31%	0.51	0.52
			Median	34%	34%	0.40	0.42
			Low	22%	8%	0.30	0.32
			High	49%	45%	1.05	1.30

Source: S&P Global, SW Securities Analysis

Notes:

1 Based on market capitalisation as at 31 December 2023.

2 Debt is average short-term and long-term debt less average cash as disclosed by S&P Global based on financial accounts available on 8 May 2024.

3 Where a company does not have any interest bearing debt or the net debt is nil or negative, the debt to value ratio is recorded as nil.

4 ABO Wind and Cloudberry were listed in 2020. Therefore, insufficient data points are available to calculate a 5-year beta.

5 Outliers, negative, unavailable (na) or statistically insignificant (ns) betas are shaded in the table above. Mean, median, low and high beta analysis exclude these items.

In selecting an appropriate unlevered beta to apply to BJCE Australia's wind and solar farms, we have considered the following:

- We consider the Australian and New Zealand comparable companies to be more relevant given BJCE Australia operates in Australia.
- The regulatory framework for renewable energy tends to differ for different countries.
- Genex and NZ Windfarms are primarily involved in renewable energy generation in Australia and New Zealand, while Mercury and Meridian have substantial energy retail operations in addition to their energy generation business.
- Genex is an integrated large-scale solar and pumped storage hydro project in north Queensland (Australia), with plans to add further wind generation capacity. NZ Windfarms owns the Te Rere Hau wind farm in New Zealand. Genex and NZ Windfarm's 5-year and 2-year unlevered beta range from 0.48 to 0.60.
- Mercury and Meridian which have substantial energy retail operations have higher 2-year unlevered betas ranging from 1.21 to 1.22.
- Most of the observed international companies have multiple generation asset types across wind, solar and some hydro assets, and are geographically diverse. The 2-year unlevered beta of the international renewable energy companies range from 0.32 to 1.30, with a median of 0.42.

Based on the above, we have adopted an unlevered beta of between 0.50 and 0.60 for BJCE Australia's wind farms, which is at the lower end of the range of Australian and New Zealand companies, and higher than the median beta of the international companies. We have adopted the same unlevered beta for BJCE Australia's solar farm.

Having determined an appropriate ungeared beta, it is necessary to regear the beta to a specified level of financial gearing to determine the equivalent beta.

Gearing

In selecting an appropriate debt to value ratio to apply to BJCE Australia's wind farms, we have considered the following:

- The debt to value ratio of BJCE Australia's wind farms and solar farm over the forecast period.
- The 2-year average debt to value ratio of the Australian and New Zealand companies ranging from 4% to 18%, with a median of 9%.
- The 2-year average debt to value ratio of the international companies ranging from 8% to 45%, with a median of 34%.

- The 5-year average debt to value ratio of the Australian and New Zealand companies ranging from 9% to 17%, with a median of 10%.

- The 5-year average debt to value ratio of the international companies ranging from 22% to 49%, with a median of 34%.

Based on the above, we have adopted a debt to value ratio of 30% for BJCE Australia's wind farms and solar farm, which is within the range of the observed comparable companies.

Corporate tax rate

We have assumed the prevailing Australian corporate tax rate of 30%.

Company specific risk premium

Specific risk premium is applied to capture specific factors particular to an asset and are not captured by the parameters explained above. We have adopted a specific risk premium for NGRWF, Biala and Gullen Solar of 1.5%, 1.5% and 3.0% respectively to account for forecast risk relating to curtailment, exposure to merchant price beyond the terms of the PPA and refinancing risk, as applicable. All else being equal, the impact of curtailment on the generation volume is greater for an asset with a longer remaining life compared to a shorter life asset. We have also considered the additional risk for Gullen wind farm, which is older and has a WOM that will be expiring in December 2024 with no extension option, compared to Biala wind farm. Please refer to Section 10.1, 11.1 and 12.1 for a discussion of the forecast assumptions in the Cash Flow Models.

Conclusion

Based on the inputs discussed above, we have calculated the cost of equity for each of BJCE Australia's wind and solar farms to be as follows:

	NGRWF Low	NGRWF High	Biala Low	Biala High	Gullen Solar Low	Gullen Solar High
Tax rate	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Capital structure						
Proportion of debt	30.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Proportion of equity	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Cost of equity	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Risk free rate	3.96%	3.96%	3.96%	3.96%	3.96%	3.96%
Unlevered beta	0.50	0.60	0.50	0.60	0.50	0.60
Levered beta	0.65	0.78	0.65	0.78	0.65	0.78
Market risk premium	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Alpha	1.50%	1.50%	1.50%	1.50%	3.00%	3.00%
Cost of equity	**9.36%**	**10.14%**	**9.36%**	**10.14%**	**10.86%**	**11.64%**
Cost of equity (selected)	**9.40%**	**10.10%**	**9.40%**	**10.10%**	**10.90%**	**11.60%**

Source: SW Securities Analysis

APPENDIX F: SHAREMARKET EVIDENCE

The trading multiples of comparable listed companies are based on the listed share price, which represents a marketable minority interest value and therefore do not include a premium for control.

Due to the diversified nature of most of the observed listed companies and differences in regulatory regime, we consider the observed Australian and New Zealand companies to be more comparable to the Clean Assets.

A summary of the trading multiples of the observed listed companies is set out below:

Company name	Country	Latest FY	Enterprise value (A$'m)	Forecast EBITDA multiple FY+1	Forecast EBITDA multiple FY+2	Implied price $'m/MW
Genex Power Limited	Australia	30/06/2023	904	58.3x	18.4x	6.0
Mercury NZ Limited	New Zealand	30/06/2023	10,437	13.5x	13.0x	5.1
Meridian Energy Limited	New Zealand	30/06/2023	14,429	18.6x	15.6x	5.2
NZ Windfarms Limited	New Zealand	30/06/2023	43	na	na	0.9
Boralex Inc.	Canada	31/12/2023	7,783	10.2x	9.6x	2.5
Innergex Renewable Energy Inc.	Canada	31/12/2023	9,476	11.5x	10.9x	2.6
Northland Power Inc.	Canada	31/12/2023	14,829	10.4x	10.0x	5.0
Neoen S.A.	France	31/12/2023	12,397	13.6x	10.7x	2.5
Voltalia SA	France	31/12/2023	4,982	10.7x	9.5x	2.1
ABO Wind AG	Germany	31/12/2023	901	9.1x	8.3x	na
Encavis AG	Germany	31/12/2023	6,557	11.4x	10.5x	3.1
Energiekontor AG	Germany	31/12/2023	2,295	11.3x	9.8x	5.9
Greencoat Renewables PLC	Ireland	31/12/2023	3,885	19.4x	17.0x	2.6
Alerion Clean Power S.p.A.	Italy	31/12/2023	3,203	8.6x	7.6x	3.8
ERG S.p.A.	Italy	31/12/2023	9,989	10.2x	9.8x	3.1
Cloudberry Clean Energy ASA	Norway	31/12/2023	704	13.7x	13.7x	2.6
EDP Renováveis, S.A.	Portugal	31/12/2023	44,626	11.8x	10.6x	2.7
Arise AB (publ)	Sweden	31/12/2023	378	7.6x	6.5x	2.2
Clearway Energy, Inc.	United States	31/12/2023	20,795	12.1x	11.6x	2.5
		Australia and New Zealand companies	**Mean**	16.1x	15.6x	4.3x
			Median	16.1x	15.6x	5.1x
			Low	13.5x	13.0x	0.9x
			High	18.6x	18.4x	6.0x
		International companies	**Mean**	11.4x	10.4x	3.1x
			Median	11.3x	10.0x	2.6x
			Low	7.6x	6.5x	2.1x
			High	19.4x	17.0x	5.9x

Source: S&P Global, ASX announcements, SW Securities analysis

Notes:

1. Enterprise value is the sum of market capitalisation as at Valuation Date and net debt as at the latest reporting date, adjusted for minority interest holdings (if applicable) (downloaded on 14 May 2024)

2. Installed capacity is sourced from the latest publicly available information prior to the Valuation Date (company annual reports, company announcements or company websites)

3. FY – Financial year

4. Forecast based on broker consensus estimates

5. nmf/na– not meaningful or not available

6. Outliers (shaded) have been excluded from the low, high, mean and median analysis

A brief description of the selected comparable companies is set out below:

Genex Power Limited

Genex Power Limited develops and commercializes renewable energy generation and storage projects in Australia. The company generates power through hydro, wind, and solar projects. Its flagship project is the Kidston Clean Energy Hub comprising 50MW solar project and the 250MW Kidston Pumped hydro project located in the north Queensland.

Mercury NZ Limited

Mercury NZ Limited, together with its subsidiaries, engages in the production, trading, and sale of electricity and related activities in New Zealand. The company operates through Generation/Wholesale, Retail, and Other segments. It operates 9 hydro generation stations on the Waikato River; 6 wind plants; and 5 geothermal generation stations in the central North Island. The company sells electricity to residential, commercial, industrial, and spot market customers under the GLOBUG, Trustpower, and Mercury brands. It also provides piped natural gas; broadband and telecommunication; mobile services; and other products.

Meridian Energy Limited

Meridian Energy Limited engages in the generation, trading, and retailing of electricity to residential, business, and industrial customers in New Zealand, Australia, and the United Kingdom. It generates electricity through 7 hydro stations that has a capacity of 2,353 MW; 5 wind farms that has a capacity of 416 MW; and grid-scale solar array, as well as offers solar installation services. It sells electricity under the Meridian Energy and Powershop brands.

NZ Windfarms Limited

NZ Windfarms Limited, together with its subsidiaries, engages in the generation and sale of renewable electricity to the national grid in New Zealand. It operates and maintains the Te Rere Hau wind farm, including turbines.

Boralex Inc.

Boralex Inc., together with its subsidiaries, engages in the development, construction, and operation of renewable energy power facilities primarily in Canada, France, the United States, and the United Kingdom. As of December 31, 2022, the company had interests in 90 wind farms with an installed capacity of 2,584 megawatts (MW); 16 hydroelectric power stations with a capacity of 181 MW; and 12 solar power stations with an installed capacity of 255 MW.

Innergex Renewable Energy Inc.

Innergex Renewable Energy Inc. operates as an independent renewable power producer in Canada, the United States, France, and Chile. It acquires, owns, develops, and operates hydroelectric facilities, and wind and solar farms, as well as energy storage facilities. The company operates through three segments: Hydroelectric Power Generation, Wind Power Generation, and Solar Power Generation. It owns and operates 84 facilities with a net installed capacity of 4,184 MW, which include 40 hydroelectric facilities, 35 wind facilities, and 8 solar farms.

Northland Power Inc.

Northland Power Inc., an independent power producer, develops, builds, owns, and operates clean and green power projects in North America, Europe, Latin America, and Asia. The company produces electricity from renewable resources, such as wind, solar, or hydropower, as well as clean-burning natural gas and biomass for sale under power purchase agreements and other revenue arrangements. It owned or had an economic interest in 3.2 gigawatts of operating generating capacity.

Neoen S.A.

Neoen S.A., an independent renewable energy production company, engages in the development and operation of renewable energy power plants. The company operates through Solar Power, Wind Power, Storage, Farm-Down, Development and Investments, and Eliminations segments. It operates in Argentina, Australia, Canada, Ecuador, the United States, Finland, France, Ireland, Italy, Jamaica, Mexico, Mozambique, Portugal, El Salvador, Sweden, and Zambia.

Voltalia SA

Voltalia SA engages in the production of electricity from renewable energy sources. It operates through two segments, Energy Sales, and Services. The company develops, constructs, operates, and maintains wind, solar, hydro, biomass, and storage plants. It also develops and sells projects, and procures equipment for solar power plants, as well as provides operations and maintenance services. As of December 31, 2022, the company operated solar power plant with an installed capacity of 49.9 MW. It operates in Africa, the Middle East, Asia, other Europe, Brazil, and Latin America.

ABO Wind AG

ABO Wind AG develops renewable energy projects. It develops and constructs wind, solar, battery, and hydrogen plants; and offers operational management services for wind, solar farms, and battery storage. The company operates in Germany, Finland, France, Spain, Argentina, Greece, Ireland, Poland, Tunisia, Hungary, the United Kingdom, the Netherlands, Colombia, Canada, South Africa, and Tanzania.

Encavis AG

Encavis AG, an independent power producer, acquires and operates solar and onshore wind parks in Europe and internationally. It operates through Solar Parks, PV Service, Wind farms, and Asset Management segments. The company's renewable energy plant portfolio includes 219 solar parks and 98 wind farms with a capacity of approximately 3.5 gigawatts. It also provides asset management and fund solutions services to institutional investors in the renewable energy sector; and technical operation and maintenance services for PV parks.

Energiekontor AG

Energiekontor AG, a project developer, engages in the planning, construction, and operation of wind farms and solar parks in Germany, Portugal, and Great Britain. It owns and operates 139 wind farms and 14 solar parks with a total output of approximately 1.3 gigawatt.

Greencoat Renewables PLC

Greencoat Renewables PLC owns and operates renewable infrastructure in Ireland, France, Finland, Germany, Spain, and Sweden. As of December 31, 2022, the company operated 34 wind farms with an aggregate generating capacity of 1,164 MW.

Alerion Clean Power S.p.A.

Alerion Clean Power S.p.A. engages in the production of electricity through solar and wind power in Italy, Spain, Bulgaria, and Romania. It has wind power plants located in Krupen, Bulgaria; and Comiolica, Spain.

ERG S.p.A.

ERG S.p.A., through its subsidiaries, engages in the production of energy through renewable sources in Italy, France, Germany, the United Kingdom, Poland, Bulgaria, Sweden, Romania, and Spain. It generates electricity through wind, solar, hydroelectric, and thermoelectric power plants, as well as natural gas cogeneration plants.

Cloudberry Clean Energy ASA

Cloudberry Clean Energy ASA operates as a renewable energy company. It operates through four segments: Production, Development, Operations and Corporate. The company engages in the ownership, development, and operation of hydropower plants and wind farms in Norway, Sweden, and Denmark.

EDP Renováveis, S.A.

EDP Renováveis, S.A., a renewable energy company, plans, constructs, operates, and maintains electric power generation plants. The company operates wind and solar farms. As of December 31, 2021, it had an installed capacity of 5,908 MW in the United States; 2,194 MW in Spain; 795 MW in Brazil; and 1,142 MW in Portugal.

Arise AB (publ)

Arise AB (publ), together with its subsidiaries, operates in the renewable energy sector. It operates through three segments: Development, Production, and Solutions. The company develops, constructs, manages, and sells wind farms. It is also involved in the production and sale of electricity and electricity certificates. The company operates a project portfolio of approximately 3,000 MW of renewable energy in Sweden, Norway, and the United Kingdom. It has 10 wind farms with a total capacity of 139 MW in southern Sweden. In addition, the company provides operation and maintenance, technical management, hedging, environmental reporting, financial management, and administration solutions.

Clearway Energy, Inc.

Clearway Energy, Inc. operates in the renewable energy business in the United States. The company operates through Conventional, Renewables, and Thermal segments. It has approximately 5,500 net MW of installed wind and solar generation projects; and approximately 2,500 net MW of natural gas generation facilities.

A summary of the EBITDA multiples of observed listed Australian asset management companies is set out below:

Company name	Latest FY	Enterprise value (A$'m)	Historical EBITDA multiple LTM	Forecast EBITDA multiple FY+1
Downer EDI Limited	30/06/2023	4,329	7.8x	6.3x
Monadelphous Group Limited	30/06/2023	1,287	10.8x	10.4x
Lycopodium Limited	30/06/2023	411	5.1x	na
Southern Cross Electrical Engineering Limited	30/06/2023	164	4.5x	na
GR Engineering Services Limited	30/06/2023	318	6.7x	na
		Mean	**7.0x**	**8.4x**
		Median	**6.7x**	**8.4x**
		Low	**4.5x**	**6.3x**
		High	**10.8x**	**10.4x**

Source: S&P Global, ASX announcements, SW Securities analysis

Notes:

1. Enterprise value is the sum of market capitalisation as at Valuation Date and net debt as at the latest reporting date, adjusted for minority interest holdings (if applicable) (downloaded on 8 May 2024)

2. FY – Financial year

3. Forecast based on broker consensus estimates

4. nmf/na– not meaningful or not available

A brief description of the selected asset management companies is set out below:

Downer EDI Limited

Downer EDI Limited operates as an integrated facilities management services provider in Australia and New Zealand.

Monadelphous Group Limited

Monadelphous Group Limited, an engineering group, provides construction, maintenance, and industrial services to resources, energy, and infrastructure industries in Australia, Chile, Mongolia, Papua New Guinea, and internationally.

Lycopodium Limited

Lycopodium Limited provides engineering and project delivery services in the resources, infrastructure, and industrial processes sectors.

Southern Cross Electrical Engineering Limited

Southern Cross Electrical Engineering Limited provides electrical, instrumentation, communication, and maintenance services in Australia.

GR Engineering Services Limited

GR Engineering Services Limited provides engineering, procurement, and construction services to the mining and mineral processing industries in Australia and internationally.

APPENDIX G: TRANSACTION EVIDENCE

The transaction multiples of comparable companies provide guidance as to the price that potential acquirers might be willing to pay for a controlling interest in a company.

Completion date	Target	Acquirer	Stake acquired	Implied enterprise value *($ m)*	Installed capacity[1] *(MW)*	*EV/MW*[2]
Solar farms						
Sep-23	Enel Green Power Australia Pty Ltd (50% Stake)	INPEX Corp; INPEX Renewable Energy Australia Pty Ltd	50%	654	310	2.1
Feb-23	Wirsol Energy	Petronas's Gentari	100%		422	
Jan-23	Power Station (Mugga Lane Solar Farm)	CleanPeak Energy Pty Ltd	100%	35	15	2.3
Sep-22	Three 5MW solar PV sites in Australia	VH Global Sustainable Energy Opportunities plc	100%	36	15	2.4
Jun-22	Elliot Green (Childers, Susan River, Nevertire solar farms)	Atmos Renewables	100%		302	
Jan-22	Oakey 1 and Longreach solar farms	Foresight Solar Fund	51%	88	47	1.9
Dec-21	Gretel Solar Portfolio (Daydream, Hayman solar farms)	Atmos Renewables	100%		240	
Oct-21	Merredin solar farm	SUN Energy	100%	186	132	1.4
Jun-21	Beryl and Manildra solar farms	Banpu Energy Australia Pty Ltd	100%	289	166	1.7
Nov-18	Warwick solar farm	The University of Queensland	100%	125	78	1.6
				Mean		1.9
				Median		1.9
				Low		1.4
				High		2.4

Completion date	Target	Acquirer	Stake acquired	Implied enterprise value ($ m)	Installed capacity[1] (MW)	EV/MW[2]
Wind farms						
Feb-23	Wambo wind farm	Stanwell Corporation	50%	385	252	1.5
Feb-23	Stockyard Hill wind farm (Holding) Pty Ltd (49% Stake)	Aware Super Pty Ltd; Palisade Investment Partners Ltd	49%	1,406	528	2.7
Dec-22	CWP Renewables	Squadron Energy	100%	1,100		
Nov-22	Lal Lal Wind Farms Pty Limited (60% Stake)	First Sentier Investors (Australia) Services Pty Ltd	60%	708	228	3.1
Feb-22	Macarthur Wind Farm	Palisade Investment Partners and First Sentire Investors	50%	420		
Aug-21	Tilt Renewables Limited	A consortium of Powering Australian Renewables and Mercury Energy	100%	3,039	836	3.6
Oct-20	Australian Renewable Energy Trust	Infrastructure Capital Group Limited	75%	533	119	4.5
Oct-20	Infigen Energy Limited	Iberdrola Renewables Australia Pty Ltd	100%	1,330	670	2.0
Oct-20	John Laing Group plc (Australian wind farm assets portfolio of 514 MW)	First Sentier Investors	100%	285	209	1.4
Jun-20	Windlab Limited	Squadron Energy Pty Ltd; Federation Asset Management Pty Ltd	82%	67	39	1.7
Dec-19	Macarthur Wind Farm	Megawatt Financing Pty Ltd; AMPCI Macarthur Wind (T) Pty Ltd	50%	1,760	420	4.2
Dec-19	Snowtown Wind farm (stage 2)	First Sentier Investors (Australia) IM Ltd; Palisade Investment Partners Ltd	100%	1,073	270	4.0
Jun-19	Collgar Wind Farm	Retail Employees Superannuation Pty Limited	60%	417	206	2.0
				Mean		2.8
				Median		2.7
				Low		1.4
				High		4.5

Source: Mergermarket, S&P Global, company announcements, company financial statements, company website, media articles, SW Securities analysis

Notes:

1. Installed capacity is sourced from the latest publicly available information prior to the Valuation Date (company annual reports, company announcements or company websites)

2. MW multiple is implied enterprise value divided by installed capacity

3. nmf/na– not meaningful or not available

A brief description of the selected comparable transactions is set out below:

Enel Green Power Australia Pty Ltd

Enel Green operates three plants in South Australia and Victoria with total installed capacity of 310MW.

Wirsol Energy

Wirsol Energy operates solar farms and a battery storage with total capacity of 422 MW, and has a development pipeline of 765 MW.

Power Stations (Mugga Lane)

Mugga Lane located in Canberra, is one of the oldest and first large scale solar farms built in Australia with installed capacity of 15.3 MW.

Three 5 MW solar PV sites

In 2022, VH Global acquired three new solar PV sites in New South Wales with installed capacity totalling 15 MW. Construction of the three sites is expected to commence in the third quarter of 2022 with anticipated completion expected in 2023.

Elliot Green

Elliot Green operates the Childers, Susan River and Nevertire solar farms backed by long-term offtake agreements with investment-grade counterparties. The solar farms have a total installed capacity of 302 MW.

Oakey 1 and Longreach

Oakey 1 and Longreach solar farms have a 20-year PPA with the Queensland government for the sale of electricity and LGC. The solar farms have a total capacity of 47 MW.

Gretel Solar portfolio

The Gretel Solar portfolio comprise of the 180 MW Daydream solar farm and the 60 MW Hayman solar farm in Queensland, backed by a 10-year PPA with Origin Energy.

Merredin solar farm

The 132 MW Merredin solar farm is located in Western Australia. Merredin commenced operations in August 2020, a year before it was acquired by Sun Energy. 50% of the energy generated by Merredin is sold to BHP under an offtake agreement.

Beryl and Manildra solar farms

The 110.9 MW Beryl and 55.9 MW Manildra solar farms located in New South Wales were acquired by Thailand's Banpu Energy. The solar farms are Banpu Energy's first foray into the renewable energy generation market in Australia.

Warwick solar farm

The University of Queensland acquired the 64 MW Warwick solar farm project in 2018 which is anticipated to begin construction in early 2019.

Wambo wind farm

The 252 MW Wambo wind farm will be developed as a joint venture, with construction expected to commence in April 2023 and commercial operations scheduled for late 2025.

Stockyard Hill wind farm

The 528 MW Stockyard Hill wind farm located in Victoria is the largest wind farm in the NEM since construction was completed in September 2022. The project uses 149 turbines made by Goldwind.

CWP Renewables

CWP Renewables owns 1.1 GW of wind farms and a development pipeline of 1.3 GW of wind and solar farms in Australia.

Lal Lal wind farm

Lal Lal wind farm has a total capacity of 228 MW from the Yendon and Elaine wind farms in Victoria. Both wind farms reached practical completion in April 2022. Revenue of the farm is underpinned by offtake arrangements with a range of investment grade counterparties.

Macarthur wind farm (2022)

Operating since 2013, Macarthur wind farm located in Victoria, is one of the largest wind farms in Australia comprising 140 Vestas V112-3.0 MW wind turbines with a capacity of 420 MW. The project has a power offtake agreement with AGL until 2038. AGL is one of Australia's leading energy generator and retailer. In 2022, Palisade Investment Partners and First Sentire Investors acquired a total of 50% stake in Macarthur wind farm from Morrison & Co, a New-Zealand based global infrastructure manager.

Tilt Renewables Limited

New Zealand incorporated Tilt Renewables, is a developer and operator of renewable energy assets with nine wind farms generating electricity across Australia and New Zealand. On 14 March 2021, Tilt Renewables entered into a Scheme Implementation Agreement with Mercury NZ Limited (**Mercury**) and Pisa Obligor Co 1 Pty Ltd (a wholly-owned subsidiary of Powering Australian Renewables) (**PowAR**) to effect the sale of all outstanding shares in Tilt Renewables. Under the terms of the transaction, PowAR effectively acquires Tilt Renewables' Australian business and effectively acquires Tilt Renewables' New Zealand business.

Australian Renewable Energy Trust (ARET)

ARET is a renewables platform and partnership. ARET will be seeded with the operational Willogoleche wind farm in South Australia with a power generating capacity of 119 MW. The wind farm was commissioned in late 2019 and has a power purchase agreement with Simply Energy until 2030. The investment also includes exclusive rights to more than 1.3 GW of solar and wind development projects in Australia. The projects will be transferred to the platform before construction.

Infigen Energy Limited

Infigen operates a portfolio of wind farms in Australia with a total installed capacity of 670 MW.

John Laing Group plc (Australian wind farm assets portfolio)

The portfolio comprises of six wind farms in South Australia, Victoria and Tasmania, with a total capacity of 514 MW, in which John Laing has an aggregate economic interest of 209MW. They comprise of Cherry Tree wind farm, Kiata wind farm, Granville Harbour wind farm, Hornsdale wind farm (stages 1, 2 and 3). Only Granville Harbour is not fully operational.

Windlab Limited

Listed on the ASX, Windlab is an integrated wind farm developer, owner and asset manager with operations in Australia, South Africa and Sub-Saharan Africa. Windlab was in the process of exiting the North American market at the time of the transaction.

Macarthur wind farm (2019)

Operating since 2013, Macarthur wind farm located in Victoria, is one of the largest wind farms in Australia comprising 140 wind turbines with a capacity of 420 MW. The project has a power offtake agreement with AGL until 2038. AGL is one of Australia's leading energy generator and retailer. In 2019, Megawatt Financing Pty Ltd and AMPCI Macarthur Wind (T) Pty Ltd acquired a total of 50% stake in Macarthur wind farm from Skyfirst Power Sdn Bhd, an indirect wholly-owned subsidiary of Malakoff Corporation Berhad.

Snowtown wind farm (stage 2)

As a result of the strategic review, Tilt Renewables Limited sold the 270 MW Snowtown 2 wind farm in South Australia to an entity wholly-owned by funds managed by Palisade Investment Partners Limited and First State Super.

Collgar wind farm

Collgar is the largest wind farm in Western Australia with a total capacity of 206 MW, and generating, on average, between 40% and 50% of the state's renewable electricity. In 2019, Retail Employees Superannuation Pty Ltd acquired the remaining 60% stake in Collgar which it did not own.

APPENDIX H: DISCOUNTED CASH FLOW CALCULATIONS

NGRWF $'m				FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Total revenue				51.9	69.5	62.6	57.4	56.1	57.0	59.7	55.5
Less: Total cost of sales				(16.7)	(17.1)	(17.5)	(18.0)	(18.4)	(18.9)	(19.3)	(19.8)
EBITDA				**35.2**	**52.4**	**45.1**	**39.5**	**37.7**	**38.1**	**40.4**	**35.7**
Total depreciation				(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)
EBIT				**23.6**	**40.8**	**33.5**	**27.9**	**26.1**	**26.5**	**28.8**	**24.1**
Less: Interest expense (net)				(3.7)	(3.1)	(2.5)	(2.2)	(1.8)	(1.4)	(1.2)	(0.6)
Less: Taxes paid	Tax rate	30%		(6.1)	(11.4)	(9.4)	(7.8)	(7.4)	(7.6)	(8.3)	(7.1)
Less: Increase in working capital				(0.1)	–	–	–	–	–	–	–
Add: Loan payment from Gullen Solar				0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Add: Interest from Gullen Solar				0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2
Add: Total depreciation				11.6	11.6	11.6	11.6	11.6	11.6	11.6	11.6
Add: Net borrowing				(29.9)	(7.2)	(5.9)	(5.9)	(5.9)	(5.9)	(5.9)	(5.9)
Levered free cash flow				**(3.8)**	**31.4**	**28.0**	**24.3**	**23.3**	**23.9**	**25.6**	**22.6**
Add: Opening cash balance				20.4	12.7	20.9	20.2	19.7	19.1	19.7	19.5
Less: Minimum operational cash balance				(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)
Less: Restricted cash balance				(9.7)	(9.7)	(9.7)	(9.7)	(9.7)	(9.7)	(9.7)	(9.7)
Distributions (pre-franking credits)				**3.8**	**23.2**	**28.7**	**24.9**	**23.9**	**23.3**	**25.7**	**23.2**
Low											
Add: Franking credits	Utilisation rate	80%		1.3	8.0	9.8	8.5	8.2	8.0	8.8	7.9
Distributions (post-franking credits)				**5.1**	**31.2**	**38.5**	**33.4**	**32.1**	**31.3**	**34.5**	**31.1**
Present value – Distributions (pre-franking credits)	Cost of equity	10.1%		3.6	19.7	22.2	17.5	15.3	13.5	13.6	11.1
Present value – Franking credits				1.2	6.7	7.6	6.0	5.2	4.6	4.6	3.8
Total present value – Distributions (pre-franking credits)			191.6								
Total present value – Franking credits			58.4								
Equity value – low			**249.9**								
High											
Add: Franking credits	Utilisation rate	80%		1.3	8.0	9.8	8.5	8.2	8.0	8.8	7.9
Distributions (post-franking credits)				**5.1**	**31.2**	**38.5**	**33.4**	**32.1**	**31.3**	**34.5**	**31.1**
Present value – Distributions (pre-franking credits)	Cost of equity	9.4%		3.6	19.9	22.6	17.9	15.8	14.0	14.1	11.7
Present value – Franking credits				1.2	6.8	7.8	6.1	5.4	4.8	4.8	4.0
Total present value – Distributions (pre-franking credits)			200.7								
Total present value – Franking credits			60.9								
Equity value – high			**261.6**								

NGRWF

$'m				**FY32**	**FY33**	**FY34**	**FY35**	**FY36**	**FY37**	**FY38**	**FY39**
Total revenue				53.3	56.6	59.1	59.3	61.2	62.5	63.8	65.1
Less: Total cost of sales				(20.3)	(20.8)	(21.4)	(21.9)	(22.4)	(23.0)	(23.6)	(24.2)
EBITDA				**33.0**	**35.7**	**37.7**	**37.4**	**38.7**	**39.5**	**40.2**	**40.9**
Total depreciation				(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)	(11.6)
EBIT				**21.4**	**24.2**	**26.2**	**25.8**	**27.2**	**28.0**	**28.7**	**29.3**
Less: Interest expense (net)				(0.3)	0.1	0.4	0.4	0.4	0.4	0.4	0.4
Less: Taxes paid	Tax rate	30%		(6.4)	(7.3)	(8.0)	(7.9)	(8.3)	(8.5)	(8.7)	(9.0)
Less: Increase in working capital				–	–	–	–	–	–	–	–
Add: Loan payment from Gullen Solar				0.4	0.4	0.4	0.4	0.4	0.5	–	–
Add: Interest from Gullen Solar				0.1	0.1	0.1	0.1	0.0	0.0	–	–
Add: Total depreciation				11.6	11.6	11.6	11.6	11.6	11.6	11.6	11.6
Add: Net borrowing				(5.9)	(5.9)	(5.9)	–	–	–	–	–
Levered free cash flow				**21.0**	**23.2**	**24.8**	**30.4**	**31.3**	**31.9**	**31.9**	**32.3**
Add: Opening cash balance				19.0	18.6	19.3	11.9	11.1	10.8	11.0	10.8
Less: Minimum operational cash balance				(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	–
Less: Restricted cash balance				(9.7)	(9.7)	–	–	–	–	–	–
Distributions (pre-franking credits)				**21.5**	**22.4**	**32.2**	**31.2**	**31.6**	**31.7**	**32.1**	**43.1**
Low											
Add: Franking credits	Utilisation rate	80%		7.4	7.7	8.4	6.3	6.6	6.8	7.0	7.2
Distributions (post-franking credits)				**28.8**	**30.1**	**40.6**	**37.5**	**38.2**	**38.6**	**39.1**	**50.2**
Present value – Distributions (pre-franking credits)	Cost of equity	10.1%		9.3	8.8	11.5	10.2	9.4	8.5	7.8	9.5
Present value – Franking credits				3.2	3.0	3.0	2.1	2.0	1.8	1.7	1.6
Total present value – Distributions (pre-franking credits)			191.6								
Total present value – Franking credits			58.4								
Equity value – low			**249.9**								
High											
Add: Franking credits	Utilisation rate	80%		7.4	7.7	8.4	6.3	6.6	6.8	7.0	7.2
Distributions (post-franking credits)				**28.8**	**30.1**	**40.6**	**37.5**	**38.2**	**38.6**	**39.1**	**50.2**
Present value – Distributions (pre-franking credits)	Cost of equity	9.4%		9.9	9.4	12.3	11.0	10.1	9.3	8.6	10.5
Present value – Franking credits				3.4	3.2	3.2	2.2	2.1	2.0	1.9	1.8
Total present value – Distributions (pre-franking credits)			200.7								
Total present value – Franking credits			60.9								
Equity value – high			**261.6**								

Biala $'m				FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Total revenue				55.5	54.8	49.2	45.2	44.1	44.8	47.0	43.6	41.9	44.6	46.7
Less: Total cost of sales				(9.1)	(9.3)	(9.5)	(9.8)	(10.1)	(10.3)	(10.6)	(10.9)	(11.1)	(11.5)	(11.8)
Less: Land related opex				(1.4)	(1.4)	(1.2)	(1.1)	(1.1)	(1.1)	(1.2)	(1.1)	(1.0)	(1.1)	(1.2)
EBITDA				**45.0**	**44.1**	**38.5**	**34.2**	**32.9**	**33.3**	**35.2**	**31.7**	**29.7**	**32.0**	**33.7**
Total depreciation				(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)
EBIT				**37.1**	**36.2**	**30.6**	**26.4**	**25.0**	**25.5**	**27.3**	**23.8**	**21.8**	**24.1**	**25.8**
Less: Interest expense (net)				(8.2)	(8.5)	(7.5)	(7.0)	(6.4)	(5.6)	(5.6)	(4.5)	(3.9)	(3.4)	(2.8)
Less: Taxes paid	Tax rate	30%		(8.7)	(8.3)	(6.9)	(5.8)	(5.6)	(6.0)	(6.5)	(5.8)	(5.4)	(6.2)	(6.9)
Less: Increase in working capital				(0.2)	–	–	–	–	–	–	–	–	–	–
Add: Total depreciation				7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9
Add: Net borrowing				(6.4)	(9.0)	(9.0)	(9.0)	(9.0)	(9.0)	(9.0)	(9.0)	(9.0)	(9.0)	(9.0)
Levered free cash flow				**21.5**	**18.3**	**15.1**	**12.5**	**11.9**	**12.8**	**14.1**	**12.4**	**11.4**	**13.4**	**15.0**
Add: Opening cash balance				15.6	9.4	8.4	7.4	7.0	6.6	7.2	7.1	6.8	6.5	7.2
Less: Minimum operational cash balance				(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)
Less: Restricted cash balance				–	–	–	–	–	–	–	–	–	–	–
Distributions (pre-franking credits)				**27.7**	**19.3**	**16.1**	**12.9**	**12.4**	**12.2**	**14.2**	**12.7**	**11.7**	**12.8**	**15.0**
Low														
Add: Franking credits	Utilisation rate	80%		9.5	6.6	5.5	4.4	4.2	4.2	4.9	4.3	4.0	4.4	5.2
Distributions (post-franking credits)				**37.2**	**25.9**	**21.6**	**17.3**	**16.6**	**16.4**	**19.0**	**17.0**	**15.7**	**17.1**	**20.2**
Present value – Distributions (pre-franking credits)	Cost of equity	10.1%		26.2	16.5	12.5	9.0	7.9	7.1	7.5	6.1	5.1	5.0	5.4
Present value – Franking credits				9.0	5.7	4.3	3.1	2.7	2.4	2.6	2.1	1.7	1.7	1.9
Total present value – Distributions (pre-franking credits)			166.8											
Total present value – Franking credits			56.1											
Equity value – low			**222.8**											
High														
Add: Franking credits	Utilisation rate	80%		9.5	6.6	5.5	4.4	4.2	4.2	4.9	4.3	4.0	4.4	5.2
Distributions (post-franking credits)				**37.2**	**25.9**	**21.6**	**17.3**	**16.6**	**16.4**	**19.0**	**17.0**	**15.7**	**17.1**	**20.2**
Present value – Distributions (pre-franking credits)	Cost of equity	9.4%		26.3	16.7	12.7	9.3	8.2	7.3	7.8	6.4	5.4	5.4	5.8
Present value – Franking credits				9.0	5.7	4.4	3.2	2.8	2.5	2.7	2.2	1.8	1.8	2.0
Total present value – Distributions (pre-franking credits)			176.3											
Total present value – Franking credits			59.2											
Equity value – high			**235.5**											

Biala **$'m**				**FY35**	**FY36**	**FY37**	**FY38**	**FY39**	**FY40**	**FY41**	**FY42**	**FY43**	**FY44**	**FY45**	**FY46**
Total revenue				46.7	48.3	49.4	50.4	51.3	52.4	57.6	57.4	57.8	60.5	61.5	63.7
Less: Total cost of sales				(12.1)	(12.3)	(12.6)	(12.9)	(13.2)	(13.6)	(13.9)	(14.2)	(14.6)	(15.0)	(15.4)	(15.7)
Less: Land related opex				(1.2)	(1.2)	(1.2)	(1.3)	(1.3)	(1.3)	(1.4)	(1.4)	(1.4)	(1.5)	(1.5)	(1.6)
EBITDA				**33.5**	**34.8**	**35.6**	**36.3**	**36.8**	**37.5**	**42.2**	**41.7**	**41.7**	**44.0**	**44.6**	**46.4**
Total depreciation				(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)	(7.9)
EBIT				**25.6**	**26.9**	**27.7**	**28.4**	**28.9**	**29.6**	**34.3**	**33.9**	**33.8**	**36.1**	**36.7**	**38.5**
Less: Interest expense (net)				(2.5)	(1.6)	(1.1)	(0.5)	0.0	0.3	0.3	0.4	0.4	0.4	0.4	0.4
Less: Taxes paid	Tax rate	30%		(6.9)	(7.6)	(8.0)	(8.4)	(8.7)	(9.0)	(10.4)	(10.3)	(10.3)	(10.9)	(11.1)	(11.7)
Less: Increase in working capital				–	–	–	–	–	–	–	–	–	–	–	–
Add: Total depreciation				7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9
Add: Net borrowing				(9.0)	(9.0)	(9.0)	(9.0)	(8.6)	–	–	–	–	–	–	–
Levered free cash flow				**15.1**	**16.6**	**17.5**	**18.4**	**19.6**	**28.8**	**32.2**	**31.8**	**31.8**	**33.4**	**33.8**	**35.1**
Add: Opening cash balance				7.2	7.3	7.3	7.5	7.6	7.9	9.9	10.8	10.6	10.7	11.0	11.1
Less: Minimum operational cash balance				(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	(4.0)	–
Less: Restricted cash balance				–	–	–	–	–	–	–	–	–	–	–	–
Distributions (pre-franking credits)				**14.9**	**16.6**	**17.3**	**18.3**	**19.3**	**26.8**	**31.3**	**32.0**	**31.7**	**33.1**	**33.8**	**46.2**
Low															
Add: Franking credits	Utilisation rate	80%		5.1	5.7	5.9	6.3	6.6	9.2	10.7	11.0	10.9	11.1	8.9	9.3
Distributions (post-franking credits)				**20.0**	**22.2**	**23.2**	**24.6**	**25.9**	**36.0**	**42.1**	**42.9**	**42.6**	**44.2**	**42.6**	**55.5**
Present value – Distributions (pre-franking credits)	Cost of equity	10.1%		4.9	4.9	4.7	4.5	4.3	5.4	5.7	5.3	4.8	4.5	4.2	5.2
Present value – Franking credits				1.7	1.7	1.6	1.5	1.5	1.9	2.0	1.8	1.6	1.5	1.1	1.1
Total present value – Distributions (pre-franking credits)			166.8												
Total present value – Franking credits			56.1												
Equity value – low			**222.8**												
High															
Add: Franking credits	Utilisation rate	80%		5.1	5.7	5.9	6.3	6.6	9.2	10.7	11.0	10.9	11.1	8.9	9.3
Distributions (post-franking credits)				**20.0**	**22.2**	**23.2**	**24.6**	**25.9**	**36.0**	**42.1**	**42.9**	**42.6**	**44.2**	**42.6**	**55.5**
Present value – Distributions (pre-franking credits)	Cost of equity	9.4%		5.2	5.3	5.1	4.9	4.7	6.0	6.4	6.0	5.4	5.2	4.8	6.0
Present value – Franking credits				1.8	1.8	1.7	1.7	1.6	2.1	2.2	2.1	1.9	1.7	1.3	1.2
Total present value – Distributions (pre-franking credits)			176.3												
Total present value – Franking credits			59.2												
Equity value – high			**235.5**												

Gullen Solar $'000				FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Total revenue				1,815	1,705	1,521	1,470	1,517	1,575	1,664	1,544	1,531
Less: Total cost of sales				(534)	(547)	(561)	(575)	(589)	(604)	(619)	(635)	(651)
Less: Maintenance				–	–	–	–	(1,131)	–	–	–	–
EBITDA				**1,281**	**1,158**	**960**	**895**	**(204)**	**971**	**1,045**	**909**	**881**
Total depreciation				(1,103)	(1,103)	(1,103)	(1,103)	(1,103)	(1,103)	(1,103)	(1,103)	(1,103)
EBIT				**178**	**55**	**(143)**	**(209)**	**(1,307)**	**(132)**	**(58)**	**(194)**	**(222)**
Less: Interest expense (net)				(212)	(319)	(276)	(252)	(237)	(215)	(201)	(144)	(118)
Less: Taxes paid	Tax rate	30%		(17)	–	–	–	–	–	–	–	–
Less: Increase in working capital				12	–	–	–	–	–	–	–	–
Add: Total depreciation				1,103	1,103	1,103	1,103	1,103	1,103	1,103	1,103	1,103
Add: Net borrowing				(420)	(420)	(420)	(420)	(420)	(420)	(420)	(420)	(420)
Levered free cash flow				**644**	**419**	**265**	**222**	**(861)**	**336**	**424**	**346**	**343**
Add: Opening cash balance				4,835	938	639	576	575	(286)	50	474	578
Less: Minimum operational cash balance				(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Less: Restricted cash balance				–	–	–	–	–	–	–	–	–
Distributions (pre-franking credits)				**4,541**	**718**	**327**	**224**	**–**	**–**	**–**	**241**	**333**
Low												
Add: Franking credits	Utilisation rate	80%		893	–	–	–	–	–	–	–	–
Distributions (post-franking credits)				**5,434**	**718**	**327**	**224**	**–**	**–**	**–**	**241**	**333**
Present value – Distributions (pre-franking credits)	Cost of equity	11.6%		4,319	607	247	150	–	–	–	104	129
Present value – Franking credits				866	–	–	–	–	–	–	–	–
Total present value – Distributions (pre-franking credits)			6,926									
Total present value – Franking credits			866									
Equity value – low			**7,793**									
High												
Add: Franking credits	Utilisation rate	80%		893	–	–	–	–	–	–	–	–
Distributions (post-franking credits)				**5,434**	**718**	**327**	**224**	**–**	**–**	**–**	**241**	**333**
Present value – Distributions (pre-franking credits)	Cost of equity	10.9%		4,332	613	251	153	–	–	–	109	136
Present value – Franking credits				868	–	–	–	–	–	–	–	–
Total present value – Distributions (pre-franking credits)			7,093									
Total present value – Franking credits			868									
Equity value – high			**7,961**									

Gullen Solar $'000				FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42
Total revenue				1,631	1,690	1,626	1,573	1,509	1,524	1,554	1,575	1,700	1,717
Less: Total cost of sales				(667)	(684)	(701)	(718)	(736)	(755)	(773)	(793)	(813)	(833)
Less: Maintenance				–	–	–	–	–	–	–	–	–	–
EBITDA				**964**	**1,006**	**925**	**855**	**773**	**770**	**780**	**783**	**888**	**884**
Total depreciation				(1,103)	(1,103)	(1,103)	(1,103)	(1,103)	(1,103)	(84)	–	–	–
EBIT				**(139)**	**(97)**	**(178)**	**(248)**	**(330)**	**(333)**	**696**	**783**	**888**	**884**
Less: Interest expense (net)				(93)	(67)	(51)	(19)	6	19	21	21	22	22
Less: Taxes paid	Tax rate	30%		–	–	–	–	–	–	–	–	–	–
Less: Increase in working capital				–	–	0	–	–	0	(0)	(0)	–	–
Add: Total depreciation				1,103	1,103	1,103	1,103	1,103	1,103	84	–	–	–
Add: Net borrowing				(420)	(420)	(420)	(420)	(481)	–	–	–	–	–
Levered free cash flow				**451**	**519**	**454**	**416**	**298**	**789**	**801**	**804**	**909**	**906**
Add: Opening cash balance				588	616	604	595	567	525	652	657	654	673
Less: Minimum operational cash balance				(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	(500)	–
Less: Restricted cash balance				–	–	–	–	–	–	–	–	–	–
Distributions (pre-franking credits)				**423**	**531**	**463**	**444**	**341**	**662**	**796**	**807**	**890**	**1,579**
Low													
Add: Franking credits	Utilisation rate	80%		–	–	–	–	–	–	–	–	–	–
Distributions (post-franking credits)				**423**	**531**	**463**	**444**	**341**	**662**	**796**	**807**	**890**	**1,579**
Present value – Distributions (pre-franking credits)	Cost of equity	11.6%		147	166	130	112	77	133	144	131	129	201
Present value – Franking credits				–	–	–	–	–	–	–	–	–	–
Total present value – Distributions (pre-franking credits)			6,926										
Total present value – Franking credits			866										
Equity value – low			**7,793**										
High													
Add: Franking credits	Utilisation rate	80%		–	–	–	–	–	–	–	–	–	–
Distributions (post-franking credits)				**423**	**531**	**463**	**444**	**341**	**662**	**796**	**807**	**890**	**1,579**
Present value – Distributions (pre-franking credits)	Cost of equity	10.9%		156	178	140	121	84	146	159	145	144	227
Present value – Franking credits				–	–	–	–	–	–	–	–	–	–
Total present value – Distributions (pre-franking credits)			7,093										
Total present value – Franking credits			868										
Equity value – high			**7,961**										

APPENDIX I: GLOSSARY

$ or A$	Australian dollar
$'000 or k	Thousands of Australian dollars or thousands
$'m or m	Millions of Australian dollars or millions
AEMO	Australia Energy Market Operator
ASX	Australian Securities Exchange
BJCE	Beijing Jingneng Clean Energy Co., Limited
BJCE Hong Kong	Beijing Jingneng Clean Energy (Hong Kong) Co., Limited
BJCE Australia or the Company	Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd
BJEI	Beijing Energy International Holding Co., Ltd
BJEI Australia	Beijing Energy International (Australia) Holding Pty Ltd
Biala	Newtricity Developments Biala Pty Ltd
Cash Flow Model(s)	Long-term financials model(s) of NGRWF, Biala and Gullen Solar provided by BJEI Australia
Clean Assets	Collectively, NGRWF, Biala and Gullen Solar
DCF	Discounted cash flows
DSRA	Debt Service Reserve Account
DWA	Dispatch weighted average price
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest and tax, depreciation and amortisation
EBITDAF	Earnings before interest and tax, depreciation, amortisation and fair value adjustments
EPC	Engineering, procurement and construction
EV	Enterprise value
FME	Future maintainable earnings

FSG	Financial Services Guide
FYXX	Financial year ended 31 December
Goldwind Australia	Goldwind Australia Pty Ltd
Gullen Solar	Gullen Solar Pty Ltd
HKEX	The Stock Exchange of Hong Kong Limited
LGC	Large scale generation certificates
LTM	Last twelve months
MLF	Marginal loss factors
MW	Megawatt
MWh	Megawatt hour
Management	Management of BJEI Australia
NEM	National Electricity Market
NSW	New South Wales
NGRWF	New Gullen Range Wind Farm Pty Ltd
NPAT	Net profit after tax
O&M	Operating and maintenance
PPA	Power purchase agreement
PV	Photovoltaic
Proposed Transaction	Proposed acquisition of 40% of the equity interest in BJCE Australia
Report	Valuation report
ShineWing Australia Securities or SW Securities	ShineWing Australia Securities Pty Ltd
Valuation Date	31 December 2023
WOM	Warranty, Operating and Maintenance
WTG	Wind turbine generator

The following is the text of a report from Grant Thornton Hong Kong Limited, the auditor of the Company, for the purpose of inclusion in this circular.

The Board of Directors
Beijing Energy International Holding Co., Ltd.
Unit 1012, 10th Floor
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

13 September 2024

Dear Sirs

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

To the board of directors of Beijing Energy International Holding Co., Ltd. (the "Company")

We have examined the calculations of the discounted future estimated cash flows on which the valuation dated 10 September 2024 prepared by ShineWing Australia Securities Pty Ltd in respect of the 40% equity interest in Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd (the "**Target Company**") as at 31 December 2023 is based (the "**Valuation**"). The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and reference to the Valuation will be included in a circular issued by the Company in connection with acquisition of the Target Company (the "**Circular**").

Directors' Responsibilities

The directors of the Company are responsible for the reasonableness and validity of the assumptions as set out in the Circular (the "**Assumptions**"), based on which the discounted future estimated cash flows and the Valuation are prepared.

Professional Ethics and Quality Management

We have complied with the ethical requirements in "Code of Ethics for Professional Accountants" issued by HKICPA. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

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

Reporting Accountants' Responsibilities

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.60A(2) of the Listing Rules, and for no other purpose. The discounted future estimated cash flows does not involve the adoption of accounting policies. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in accordance with the Assumptions.

Our work does not constitute any valuation of the 40% equity interest in the Target Company. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

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

Grant Thornton Hong Kong Limited
Certified Public Accountants

Hong Kong

13 September 2024

The Stock Exchange of Hong Kong Limited
12th Floor,
Two Exchange Square,
8 Connaught Place,
Central, Hong Kong

Dear Sirs or Madams,

MAJOR TRANSACTION AND CONNECTED TRANSACTION – ACQUISITION OF 40% EQUITY INTEREST IN THE TARGET COMPANY

We refer to the circular of the Company dated 13 September 2024 in relation to the captioned transaction (the "**Circular**"). Unless the context otherwise requires, terms defined in the Circular shall have the same meanings in this letter when used herein.

We refer to the valuation report dated 10 September 2024 prepared by the Valuer, ShineWing Australia Securities Pty Ltd, in relation to the valuation (the "**Valuation**") related to the acquisition of 40% equity interest in Beijing Jingneng Clean Energy (Australia) Holding Pty Ltd (the "**Target Company**"). Such Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

The Board has reviewed information and documents and the method of calculation adopted in relation to the basis and assumptions based upon which the discounted cash flows in the Valuation has been prepared, and has reviewed the Valuation prepared by the Valuer for which the Valuer is responsible for. The Board has also considered the report from Grant Thornton Hong Kong Limited, the auditor of the Company, as set out in Appendix VI to the Circular regarding the calculations of the discounted cash flows in the Valuation.

On the basis of the foregoing, in accordance with the requirements under Rule 14.60A(3) of the Listing Rules, the Board confirms that the Valuation prepared by the Valuer has been made after due and careful enquiry by us.

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

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 corporation

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 (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in 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 Directors or the chief executive(s) of the Company	Capacity/ Nature of interest	Number of Shares/ underlying Share held	Total number of Shares/ underlying Shares held	Approximately 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 a 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, none of the Company, any member of the Group or any member of the Target Group was engaged in any litigation or claim of material importance to the Company, the Group or the Target Group and there is no significant litigation or claim of material importance to the Company, the Group or the Target Group known to the Directors pending by the Company, any member of the Group or any member of the Target Group.

4. DIRECTORS' SERVICE CONTRACTS

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

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

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Enlarged 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 Enlarged 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 was 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 contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the date of this circular and up to and including the Latest Practicable Date of this circular and are or may be material:

(a) the 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 BEI Energy Development (Beijing) Co., Ltd.*(京能國際能源發展(北京)有限公司) ("**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 Energy 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 conditional equity transfer agreement dated 20 December 2023 entered into among BEIED, ABC Financial Asset Investment Co., Ltd.*(農銀金融資產投資有限公司), Beijing Energy International Investment Limited*(北京能源國際投資有限公司), Silk Road New Energy (Changzhou) Co., Ltd.*(絲綢之路新能源(常州)有限公司) and BEJN International Holding Co., Ltd.*(北京京能國際控股有限公司) in relation to the acquisition of 42.01% of the issued share capital in BEIED at a consideration of RMB1 billion subject to adjustment;

(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 102.1 million;

(h) the trust contract dated 10 March 2023 entered into between BEIED and China Industrial International Trust Limited*（興業國際信託有限公司）("**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. EXPERTS AND CONSENTS

The following is the qualifications of the experts who have given their opinion or advice, which are contained or referred to in this circular:

Name	Qualification
ShineWing Australia Securities Pty Ltd	Independent valuer
EY Australia	Independent Reporting Accountants Recognised Public Interest Entity Auditor

Name	Qualification
Pulsar Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Grant Thornton Hong Kong Limited	Certified Public Accountants Registered Public Interest Entity Auditor

The above mentioned experts are independent third parties of the Company and its connected persons and are collectively referred to as the "Experts" hereinafter.

Each of the Experts 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 and logo, in the form and context in which it appears.

As at the Latest Practicable Date, each of the Experts 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, each of the Experts 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.

The accountants' report from EY Australia on the financial information of the Target Company as set out in Appendix II is given as at the date of this circular for incorporation herein. The report from Grant Thornton Hong Kong Limited on the unaudited pro forma statement of assets and liabilities of the Enlarged Group as set out in Appendix III is given as at the date of this circular for the incorporation herein.

The Valuation Report from the Valuer is set out in Appendix V of this circular and is given as at the date of this circular for incorporation herein.

The letter from Grant Thornton Hong Kong Limited in relation to the Valuation Report is set out in Appendix VI of this circular and is given as at the date of this circular for incorporation herein.

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 both English and Chinese. In the event of inconsistency, the English text shall prevail.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published and displayed on the 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 SPA;

(b) the accountant's report on the financial information of the Target Company, 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;

(d) the Valuation Report from the Valuer, the summarised text of which is set out in Appendix V of this circular;

(e) the letter from Grant Thornton Hong Kong Limited in relation to the Valuation Report, the text of which is set out in Appendix VI of this circular;

(f) the letter from the Board in relation to the profit forecast, the text of which is set out in Appendix VI of this circular;

(g) the letter from Pulsar Capital, the Independent Financial Adviser, as set out on pages 31 to 53 of this circular; and

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

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)

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 Monday, 30 September 2024 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification or amendment the following resolution:

ORDINARY RESOLUTION

"**THAT**:

1. (a) the SPA (as defined in the circular of the Company dated 13 September 2024 (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 as set out in the Circular be and are hereby approved, confirmed and ratified; and

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

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

Hong Kong, 13 September 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 Wednesday, 25 September 2024 to Monday, 30 September 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 Tuesday, 24 September 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 holders may vote at the SGM, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint holders are present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

6. Votes on the ordinary resolution set out herein and is 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 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