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

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

CONNECTED TRANSACTION
PAYMENT OF EARNEST MONEY UNDER
FRAMEWORK AGREEMENT
IN RESPECT OF A PROPOSED ACQUISITION OF
A PROJECT COMPANY

On 31 December 2020, the Purchaser entered into the Framework Agreement with the Vendor in relation to the Proposed Acquisition.

Under the Framework Agreement, the Purchaser shall pay a refundable amount of RMB50 million to the Vendor as the Earnest Money within seven days after the date of signing of the Framework Agreement.

As the Vendor is ultimately owned and controlled by the family members of Ms. Xie Yi, a non-executive Director of the Company, the Vendor is therefore an associate of a connected person of the Company under Chapter 14A of the Listing Rules and thus the payment of the Earnest Money by the Purchaser to the Vendor constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules in respect of the payment of the Earnest Money exceeds 0.1% but is less than 5%, the payment of the Earnest Money under the Framework Agreement is therefore subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The shareholders and potential investors of the Company should note that neither the Company nor any of its subsidiaries has entered into any definitive agreement or agreed with the Vendor on any terms relating to the Proposed Acquisition. As the Proposed Acquisition may or may not proceed, shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

If the Proposed Acquisition materialises, it will be a connected transaction under Chapter 14A of the Listing Rules and may constitute a notifiable transaction under Chapter 14 of the Listing Rules as well. The Company will comply with the relevant requirements under the Listing Rules as and when it requires.

The board (the “**Board**”) of directors (the “**Directors**”) of Beijing Energy International Holding Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that on 31 December 2020, United Photovoltaics (Shenzhen) Limited* (聯合光伏(深圳)有限公司)(the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company, entered into a cooperation framework agreement (the “**Framework Agreement**”) with Tibet Huaxing New Energy Technology Co., Ltd.* (西藏華星新能源科技有限公司)(the “**Vendor**”) in relation to the proposed acquisition (the “**Proposed Acquisition**”) of the entire equity interest in a project company (the “**Target Company**”) which owns a photovoltaic power generation project with total installed capacity of 20MW in Tibet, the PRC from the Vendor.

Under the Framework Agreement, the Purchaser shall pay a refundable amount of RMB50 million to the Vendor as earnest money (the “**Earnest Money**”) within seven days after the date of signing of the Framework Agreement. The amount of Earnest Money was determined after arm’s length negotiations between the parties. The Purchaser intends to finance the Earnest Money by its internal resources. Pursuant to the Framework Agreement, the Vendor will give certain discount to the Purchaser for the consideration to be paid for the Proposed Acquisition, which will be determined with reference to the appraised value of the Target Company in the valuation report.

Pursuant to the Framework Agreement, the Purchaser may conduct due diligence review on the Target Company upon signing the Framework Agreement. The Vendor shall provide such assistance and information as requested by the Purchaser to complete its due diligence review on the Target Company.

Pursuant to the Framework Agreement, the Vendor agreed that for a six-month period from the date of the signing of the Framework Agreement (the “**Exclusivity Period**”), the Vendor itself or its affiliates shall not enter into any agreement with or make any promise to any third party which conflicts with the Proposed Acquisition pursuant to the Framework Agreement save with the consent of the Purchaser.

The parties shall procure the entering into of a definitive agreement in relation to the Proposed Acquisition within the Exclusivity Period. If the parties do not enter into a definitive agreement within the Exclusivity Period or the parties entered into a definitive agreement within the Exclusivity Period but then terminated such agreement, the Earnest Money together with an interest at the rate of 8% per annum for the period that the Vendor holds the Earnest Money (the “**Interest**”) shall be fully refunded to the Purchaser within seven business days of the issue of a written notice by either party. If the Purchaser confirms that it would not proceed with the Proposed Acquisition, the Purchaser would no longer enjoy exclusivity in relation to the Proposed Acquisition, and the Earnest Money together with the Interest shall be fully refunded to the Purchaser within seven business days of the Purchaser’s confirmation. If the Proposed Acquisition fails to complete due to any reason relating to the Vendor, the Vendor shall refund the Earnest Money together with the Interest to the Purchaser.

Ms. Liao Guanghui, who indirectly owns 40% of equity interest in the Vendor, has agreed to provide certain real estate with total value of approximately RMB70 million as mortgage to Sichuan United Photovoltaics Limited* (四川聯合光伏有限公司), an indirect wholly-owned subsidiary of the Company, to secure the refund of the Earnest Money to the Purchaser pursuant to the Framework Agreement.

REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT AND PAYMENT OF EARNEST MONEY

The Group, being principally engaged in the development, investment, operation and management of solar power plants and other renewable energy projects, has been identifying suitable investment opportunities to acquire renewable energy projects with good prospects and potential for stable returns. The Directors are of the view that the Proposed Acquisition will supplement the Group’s existing renewable power plant portfolio and further expand its scale of business in the renewable energy sector to enhance return to the shareholders of the Company.

The Directors consider that the Framework Agreement and the payment of the Earnest Money can secure the exclusive negotiation right of the Group in relation to the Proposed Acquisition during the Exclusivity Period.

The Board (including the independent non-executive Directors) considers that although the Framework Agreement and the payment of Earnest Money are not in the ordinary and usual course of business of the Group, the terms of the Framework Agreement and the payment of the Earnest Money which is secured by certain real estate as mortgage are fair and reasonable and are entered into on normal commercial terms and in the interests of the Group and its shareholders as a whole.

INFORMATION OF THE GROUP AND THE PURCHASER

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of solar power plants and other renewable energy projects. The Purchaser is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the development and operation of clean energy such as solar energy.

INFORMATION ABOUT THE VENDOR AND THE TARGET COMPANY

The Vendor is a company established in the PRC with limited liability. The ultimate beneficial owners of the Vendor are Mr. Xie Tian and Ms. Liao Guanghui, who owns 60% and 40% of the equity interest in the Vendor respectively. Mr. Xian Tian and Ms. Liao Guanghui are the family members of Ms. Xie Yi, a non-executive Director of the Company. The Target Company is a company established in the PRC with limited liability and is principally engaged in the operation, maintenance and management of solar power plants in the PRC. As at the date of this announcement, the Target Company is wholly-owned by the Vendor. The Target Company currently owns a photovoltaic power generation project with total installed capacity of 20MW.

IMPLICATIONS UNDER THE LISTING RULES

As the Vendor is ultimately owned and controlled by the family members of Ms. Xie Yi, a non-executive Director of the Company, the Vendor is therefore an associate of a connected person of the Company under Chapter 14A of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and thus the payment of the Earnest Money by the Purchaser to the Vendor constitutes a connected transaction of the Company under the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules in respect of the payment of the Earnest Money exceeds 0.1% but is less than 5%, the payment of the Earnest Money under the Framework Agreement is therefore subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Ms. Xie Yi is a non-executive Director of the Company and her family members indirectly own the entire equity interest in the Vendor, Ms. Xie Yi is considered to have material interests in the Framework Agreement (including the payment of the Earnest Money) and has abstained from voting on the Board resolutions approving the Framework Agreement (including the payment of the Earnest Money). Save as disclosed above, no Director has a material interest in the Framework Agreement (including the payment of the Earnest Money).

The shareholders and potential investors of the Company should note that neither the Company nor any of its subsidiaries has entered into any definitive agreement or agreed with the Vendor on any terms relating to the Proposed Acquisition. As the Proposed Acquisition may or may not proceed, shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

If the Proposed Acquisition materialises, it will be a connected transaction under Chapter 14A of the Listing Rules and may constitute a notifiable transaction under Chapter 14 of the Listing Rules as well. The Company will comply with the relevant requirements under the Listing Rules as and when it requires.

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

Hong Kong, 31 December 2020

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman), Mr. Lu Zhenwei and Mr. Xu Jianjun; the non-executive directors of the Company are Mr. Sui Xiaofeng, Mr. Chen Dayu, Mr. Li Hao and Ms. Xie Yi; and the independent non-executive directors of the Company are Mr. Kwan Kai Cheong, Mr. Yen Yuen Ho, Tony, Mr. Chen Hongsheng and Ms. Jin Xinbin.

* *For identification purpose only*