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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF ENTIRE EQUITY INTEREST IN A COMPANY OWNING 50MW SOLAR POWER PLANT IN THE PRC

THE ACQUISITION

On 29 January 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interest in the Target Company. One of the holding companies of the Vendor, GNE, agreed to guarantee the obligations of the Vendor under the Equity Transfer Agreement in favour of the Purchaser and the Target Company, and has executed a guarantee in this regards on 29 January 2021.

IMPLICATIONS OF THE LISTING RULES

Pursuant to Rule 14.22 of the Listing Rules, the Previous Acquisition and the Acquisition are required to be aggregated for the purpose of classification of transaction under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio in respect of the aggregation of the Previous Acquisition and the Acquisition is more than 5% but is less than 25%, the Previous Acquisition and the Acquisition together constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and Potential Investors should note that Closing is subject to the satisfaction and/or, where applicable, waiver of the Conditions Precedent. As the Acquisition may or may not proceed, Shareholders and Potential Investors are reminded to exercise caution when dealing in the securities of the Company.

Reference is made to the Voluntary Announcement in relation to the Previous Acquisition.

INTRODUCTION

The Board is pleased to announce that, on 29 January 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendor and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interest in the Target Company.

One of the holding companies of the Vendor, GNE, agreed to guarantee the obligations of the Vendor under the Equity Transfer Agreement in favour of the Purchaser and the Target Company, and has executed a guarantee in this regards on 29 January 2021.

THE ACQUISITION

The Equity Transfer Agreement

Date 29 January 2021 (after trading hours)

Parties (1) The Purchaser

 (2) The Vendor

 (3) The Target Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor, the Target Company and GNE and their respective ultimate beneficial owners, as at the date of this announcement, are third parties independent of the Company and its Connected Persons.

Equity interest to be acquired

Pursuant to the Equity Transfer Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interest in the Target Company. The Target Company owns an operational solar power plant with the grid-connected capacity of 50MW located in Inner Mongolia, the PRC.

The Consideration and payment terms

The Consideration for the Acquisition is RMB52,550,000, which will be satisfied in the following manner:

- (i) an amount of RMB20,000,000 (the “**First Instalment of the Consideration**”) will be paid within ten (10) Business Days upon the execution of the Equity Transfer Agreement;
- (ii) an amount of RMB16,785,000 (the “**Second Instalment of the Consideration**”) will be paid within ten (10) Business Days after (a) the satisfaction or waiver of all Conditions Precedent, (b) the completion of registration in relation to the transfer of the entire equity interest in the Target Company with the relevant administration for industry and commerce, and the Target Company having obtained a new business license and (c) the receipt by the Purchaser of certain constitutive and financial documents of the Target Company as stipulated in the Equity Transfer Agreement; and
- (iii) an amount of RMB15,765,000 (the “**Third Instalment of the Consideration**”) will be paid within ten (10) Business Days after (a) the satisfaction of the Second Instalment of the Consideration, (b) completion of other handover procedures in accordance with the terms of the Equity Transfer Agreement and (c) completion of the Transit Audit.

Within three (3) calendar months of the Closing, the Purchaser shall have the right to request the Vendor to complete the rectification or remediation of remaining defects and contingencies (if any) in respect of the assets of the Target Company. If the relevant rectification or remediation has not been completed, the Purchaser shall be entitled to offset the relevant costs or amounts agreed by both parties in respect of any outstanding remaining defects and contingencies from the Third Instalment of the Consideration.

The Group currently expects to finance the Consideration by the internal resources of the Group.

Transit Period Arrangement

(i) Net Payable Amount

In the event that the amount payable is more than the amount receivable by the Target Company to the Vendor and its affiliates as set out in the Equity Transfer Agreement as confirmed by the Transit Audit, the Purchaser shall procure the Target Company to transfer the difference to the Vendor within ten (10) Business Days after payment of the Third Instalment of the Consideration. As at 30 September 2020, the difference was approximately RMB165,029,000.

(ii) National Subsidy

The Purchaser shall transfer 10% of any national subsidy received by the Target Company during the Transit Period to the Vendor, which shall be payable within ten (10) Business Days after fulfilment of the conditions for the Third Instalment of the Consideration. As at 30 September 2020, the national subsidy receivable by the Target Company shall be approximately RMB127,885,000.

Basis of the Consideration

The Consideration was determined after arm's length negotiation between the Company and the Vendor after considering various factors, including (i) the financial performance of the Target Company considering the factors including but not limited to the revenue to be generated from the assets held by the Target Company and the total cost of construction of the solar power projects owned by the Target Company; (ii) the subsidies received by the assets held by the Target Company, which was entitled by the Vendor; and (iii) the consolidated liabilities and expenses payable by the Target Company.

Based on the above, the Directors are of the view that the Consideration and the terms and transactions contemplated under the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

The Closing is conditional on, among other things:

- (i) each party having obtained all necessary internal approvals and the approval from the Stock Exchange (if applicable) regarding the transaction contemplated under the Equity Transfer Agreement, including: (a) with respect to the Target Company, the approval from its sole shareholder, the Vendor; (b) with respect to the Vendor, the approval from its shareholders and if applicable, the approval from the shareholders of GNE in accordance with the Listing Rules; and (c) with respect to the Purchaser, the approval from its shareholders and if applicable, the approvals from the Board and the Shareholders in accordance with the Listing Rules;
- (ii) the Vendor having procured the provision by the Purchaser, the Target Company and the relevant financial institution of all necessary documents to release the existing pledge over the equity interest of the Target Company and the subsequent re-pledge in favour the financial institution by the Purchaser;
- (iii) the Vendor having procured the restructuring of the Target Company's credits and debts.

Long Stop Date

If the Conditions Precedent are not fulfilled due to any reason caused by the Vendor or the Target Company within six months after the execution of the Equity Transfer Agreement, the Purchaser is entitled to terminate the Equity Transfer Agreement and the Vendor shall refund all payments already made by the Purchaser to the Vendor with an interest of 8% per annum and pay for reasonable fees and expenses to third parties incurred by the Purchaser arising out of, related to or in connection with the Equity Transfer Agreement. If the Conditions Precedent are not fulfilled due to any reason caused by the Purchaser within six months after the execution of the Equity Transfer Agreement, the Vendor is entitled to terminate the Equity Transfer Agreement and the Purchaser shall pay for reasonable fees and expenses to third parties incurred by the Vendor and the Target Company arising out of, related to or in connection with the Equity Transfer Agreement.

Closing

Closing shall take place when the Conditions Precedent have been fulfilled or waived (as the case may be) and the registration of the transfer of the entire equity interest in the Target Company to the Purchaser with the relevant administration for industry and commerce has been completed and a new business license has been issued to the Target Company.

Upon Closing, the Target Company will become an indirect wholly-owned subsidiary of the Company and the results and assets and liabilities of the Target Company will be consolidated into the consolidated financial statements of the Company.

INFORMATION ABOUT THE PARTIES

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 of the Target Company

The Target Company is a company established in the PRC with limited liability. The Target Company owns an operational solar power plant with the grid-connected capacity of 50MW located in Inner Mongolia, the PRC, and is principally engaged in the operation of solar power plants in the PRC.

The table below sets out an extract of the audited financial statements of the Target Company for the financial years ended 31 December 2018 and 31 December 2019 and the nine months ended 30 September 2020 prepared by the accountants engaged by the Purchaser in accordance with China Accounting Standards:

	For the nine months ended 30 September 2020	For the year ended 31 December	
	2020	2019	2018
	(audited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax	15,914	21,753	20,563
Profit after income tax	14,706	20,307	20,265

As at 31 December 2018, 31 December 2019 and 30 September 2020, the net assets of the Target Company amounted to approximately RMB67,473,000, RMB58,197,000 and RMB72,904,000, respectively.

Information of the Vendor and GNE

The Vendor is a company established in the PRC with limited liability and is principally engaged in the development, operation and management of solar power plants in the PRC. As at the date of this announcement, the Target Company is a direct wholly-owned subsidiary of the Vendor.

The Vendor is indirectly wholly-owned by Suzhou GNE, a company established in the PRC with limited liability and an indirect subsidiary of GCL-Poly. Suzhou GNE is principally engaged in photovoltaic power investment, investment management and consultation, business management consultation, technology development, technology transfer, technical advice related to photovoltaic power projects, and sales of photovoltaic materials and equipment and it indirectly owns a majority of solar power plants of GNE in the PRC.

GNE is an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 451), and is a subsidiary of GCL-Poly, an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (Stock code: 3800). GNE is principally engaged in investment and holding its business through its subsidiaries.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor, the Target Company and GNE and their respective ultimate beneficial owners, as at the date of this announcement, are third parties independent of the Company and its Connected Persons.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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 Board is of the view that the Acquisition will be complementary to the Group's existing renewable power plant portfolio and enables the Group to further expand its scale of business in the renewable energy sector to enhance return to the Shareholders. The Acquisition is therefore considered by the Board to be a good opportunity to expand the Group's existing renewable energy business.

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

IMPLICATIONS OF THE LISTING RULES

Pursuant to Rule 14.22 of the Listing Rules, the Previous Acquisition and the Acquisition are required to be aggregated for the purpose of classification of transaction under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio in respect of the aggregation of the Previous Acquisition and the Acquisition is more than 5% but is less than 25%, the Previous Acquisition and the Acquisition together constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and Potential Investors should note that Closing is subject to the satisfaction and/or, where applicable, waiver of the Conditions Precedent. As the Acquisition may or may not proceed, Shareholders and Potential Investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire equity interest in the Target Company by the Purchaser from the Vendor, as contemplated under the Equity Transfer Agreement
“Board”	the board of Directors of the Company
“Business Days”	a day excluding Saturdays, Sundays and statutory holidays in the PRC
“Closing”	completion of the Acquisition
“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)
“Conditions Precedent”	the conditions precedent to the completion of the sale and purchase of the entire equity interest in the Target Company set out in the Equity Transfer Agreement, which shall be satisfied or waived within three (3) calendar months of the date of the Equity Transfer Agreement, or failing which, no later than the Long Stop Date
“Connected Person(s)”	has the same meaning as ascribed thereto under the Listing Rules
“Consideration”	the consideration of RMB52,550,000 for the Acquisition
“Director(s)”	the Directors of the Company

“Equity Transfer Agreement”	the conditional Equity Transfer Agreement dated 29 January 2021 entered into by the Purchaser, the Vendor and the Target Company in relation to the Acquisition, on the terms and conditions set out therein
“GCL-Poly”	GCL-Poly Energy Holdings Limited (保利協鑫能源控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 3800)
“GNE”	GCL New Energy Holdings Limited (協鑫新能源控股有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 451) , being a subsidiary of GCL-Poly
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Long Stop Date”	the date falling six (6) calendar months after the date of the Equity Transfer Agreement
“Potential Investors”	potential investors of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Previous Acquisition”	the Purchaser’s acquisition from Suzhou GNE of 99.2% equity interests in Zhenglanqi State Power Photovoltaic Co., Ltd.* (正藍旗國電光伏發電有限公司) which holds an operating solar power plant in the PRC as disclosed in the Voluntary Announcement
“Purchaser”	Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou GNE”	Suzhou GCL New Energy Investment Co., Ltd.* (蘇州協鑫新能源投資有限公司), a company established in the PRC with limited liability and an indirect subsidiary of GNE and GCL-Poly
“Target Company”	Wulate Houqi Banner Yuanhai New Energy Co., Ltd.* (烏拉特後旗源海新能源有限責任公司), a company established in the PRC with limited liability and is wholly owned by the Vendor as at the date of this announcement
“Transit Audit”	the audit with respect to the Target Company for the Transit Period
“Transit Period”	the period from 30 September 2020 to the date of Closing

“Vendor”	Inner Mongolia Yuanhai New Energy Co., Ltd.* (內蒙古源海新能源有限責任公司), a company established in the PRC with limited liability, and an indirect subsidiary of GCL-Poly
“Voluntary Announcement”	the voluntary announcement of the Company dated 4 December 2020 in relation to the Previous Acquisition by the Purchaser from Suzhou GNE of the 99.2% equity interests in Zhenglanqi State Power Photovoltaic Co., Ltd.* (正藍旗國電光伏發電有限公司) which holds an operating solar power plant in the PRC
“%”	per cent

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

Hong Kong, 29 January 2021

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. Zhao Bing, 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 the purposes of identification only*