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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 THE ENTIRE EQUITY INTERESTS OF A TARGET COMPANY OWNING 50MW WIND POWER PLANT IN XINJIANG

THE ACQUISITION

On 9 June 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 (i) the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interests of the Target Company at nil consideration; (ii) the Purchaser agreed that the Target Company will assume the debts of the Target Company to the extent that they were disclosed to the Purchaser, which is in the amount of RMB430,000,000; and (iii) the Target Company will continue to perform all effective contracts signed by the Target Company.

In view of the Equity Transfer Agreement, the Purchaser, the Vendor, the Target Company and the EPC Main Contractor entered into the Cooperation Agreement on 9 June 2021 (after trading hours) for the purpose of development of the Target Project, whereby it was agreed that, among other things, (i) the Vendor shall transfer the entire equity interests of the Target Company to the Purchaser at nil consideration; (ii) the Target Company shall assume the debts of the Target Company to the extent that they were disclosed to the Purchaser; (iii) continue to perform the effective contracts signed by the Target Company; and (iv) the Target Company shall pay an aggregate of approximately RMB376,939,000 under the EPC Agreement (as supplemented by a supplemental agreement) to the EPC Main Contractor.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 9 June 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 (i) the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interests of the Target Company at nil consideration; (ii) the Purchaser agreed that the Target Company will assume the debts of the Target Company to the extent that they were disclosed to the Purchaser, which is in the amount of RMB430,000,000; and (iii) the Target Company will continue to perform all effective contracts signed by the Target Company.

In view of the Equity Transfer Agreement, the Purchaser, the Vendor, the Target Company and the EPC Main Contractor entered into the Cooperation Agreement on 9 June 2021 (after trading hours) for the purpose of development of the Target Project, whereby it was agreed that, among other things, (i) the Vendor shall transfer the entire equity interests of the Target Company to the Purchaser at nil consideration; (ii) the Target Company shall assume the debts of the Target Company to the extent that they were disclosed to the Purchaser; (iii) continue to perform the effective contracts signed by the Target Company; and (iv) the Target Company shall pay an aggregate of approximately RMB376,939,000 under the EPC Agreement (as supplemented by a supplemental agreement) to the EPC Main Contractor.

THE ACQUISITION AND THE COOPERATION AGREEMENT

Equity Transfer Agreement

The principal terms of the Equity Transfer Agreement are summarized as follows:

<i>Date</i>	9 June 2021 (after trading hours)
<i>Parties</i>	(1) the Purchaser (an indirect wholly-owned subsidiary of the Company)
	(2) the Vendor
	(3) the Target Company

Consideration and payment terms

Pursuant to the Equity Transfer Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interests of the Target Company at nil consideration.

The Purchaser agreed that the Target Company will assume the debts of the Target Company to the extent that they were disclosed to the Purchaser, which is in the amount of RMB430,000,000, without assuming the debts of the Target Company undisclosed by the Vendor and/or the Target Company, and the Target Company will continue to perform all effective contracts signed by the Target Company.

Basis of determination of the consideration

The consideration was determined after arm's length negotiation between the Purchaser and the Vendor, and was agreed at nil because the Target Company is still at pre-profit stage and it had no positive net asset as at 30 April 2021. The Directors (including the independent non-executive Directors) considered that the consideration is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Completion

Within ten (10) working days from the date of signing the Equity Transfer Agreement and the Target Project becoming grid-connected power generation in full capacity, the Purchaser and the Vendor shall proceed the registration of the transfer of equity interests in accordance with the terms of the Equity Transfer Agreement. Completion shall take place upon the completion of the registration with the relevant administration for industry and commerce regarding the transfer of equity interests of the Target Company from the Vendor to the Purchaser.

After completion of the equity transfer, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results and assets and liabilities of the Target Company will be consolidated into the consolidated financial statements of the Company.

Cooperation Agreement

Date 9 June 2021 (after trading hours)

Parties

- (1) the Purchaser
- (2) the Vendor
- (3) the Target Company
- (4) the EPC Main Contractor

(collectively, “**Parties to the Cooperation Agreement**”)

Material Terms

In view of signing the Equity Transfer Agreement and for the purpose of the development of the Target Project, the Parties to the Cooperation Agreement agreed that, among others:

Transaction Principles

1. The Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interests of the Target Company at nil consideration;
2. The Purchaser agreed that the Target Company will assume the debts of the Target Company to the extent that they were disclosed to the Purchaser, which is in the amount of RMB430,000,000, without assuming the debts of the Target Company undisclosed by the Vendor and/or the Target Company, and the Target Company will continue to perform the effective contract signed by the Target Company;
3. The total cost of the Target Project amounted to RMB430,000,000, which includes, among others, (i) relevant costs for obtaining and handling all supporting documents and government approvals during the preliminary stage of the Target Project; (ii) relevant costs during the construction stage of the Target Project; (iii) relevant costs of the Target Project related to lands; (iv) relevant processing fees for obtaining all supporting documents and completing related procedure required by the Target Project; and (v) other costs related to the full capacity construction and grid-connected operation of the Target Project;
4. The EPC Main Contractor undertook that the Target Company can obtain a feed-in tariffs amounted to RMB0.48798/kilowatt-hour (“**kWh**”) (tax inclusive). If the feed-in tariffs of the Target Company equaled to the locally applicable feed-in tariff, which is RMB0.24798/kWh (tax inclusive), the payments actually paid by the Purchaser and the Target Company (after the Acquisition) for the Target Project shall be adjusted downward pursuant to the Cooperation Agreement (“**Lowered Contract Sum**”);

5. If all payments actually paid by the Purchaser and the Target Company (after the Acquisition) for the Target Project exceeded the Lowered Contract Sum, the EPC Main Contractor shall issue a bank guarantee of such exceeding amount. The Target Company is entitled to the redemption of the bank guarantee if the feed-in tariffs does not reach RMB0.48798/kWh (tax inclusive) two years after the completion of the Equity Transfer Agreement;
6. The EPC Agreement (as supplemented by a supplemental agreement) (collectively, the “**Agreements**”), were executed between the Target Company and the EPC Main Contractor. Pursuant to the terms of the Agreements, the contract sum has been adjusted to approximately RMB376,939,000 (“**Adjusted Contract Sum**”);
7. The tariff revenue of the Target Project generated from the date of grid-connection shall belong to the Purchaser. Before completion of the Equity Transfer Agreement, the Vendor and the Target Company shall not dispose of the tariff revenue of the Target Project in any form without the written consent from the Purchaser;
8. The EPC Main Contractor shall be responsible for the obligations, responsibilities, guarantees and commitments of the Vendor and the Target Company as agreed in the Equity Transfer Agreement, including but not limited to payment-related obligations, and all documents related to the Acquisition of the Target Project; and
9. The Purchaser had in October 2020 and February 2021 paid, in the form of earnest money for the Acquisition, RMB85,000,000 and RMB75,000,000, respectively, in the name of the Target Company for settlement of the deposits under the EPC Agreement. After the completion of the Equity Transfer Agreement and the payment of the contract sum under the Agreements (to be further discussed below), the EPC Main Contractor shall return the above sums in the total amount of RMB160,000,000 with interests to the Target Company within ten (10) working days after the completion.

Payment arrangement of contract sum under the EPC Agreement by Target Company

After the completion of the equity transfer pursuant to the Equity Transfer Agreement, the Target Company shall pay 90% of the Adjusted Contract Sum, with certain amount being withheld as retention money and shall be released to the EPC Main Contractor upon completion of rectification of any defects in the project.

Upon the achievement by the Target Project of the full capacity of 50MW grid-connected power generation and upon the satisfactory completion inspection of the Target Project, the Target Company shall pay 5% of the Adjusted Contract Sum.

Another 5% of the Adjusted Contract Sum shall be used as quality deposits. Upon the satisfactory completion inspection of the Target Project, the Target Company shall pay the EPC Main Contractor within ten (10) working days after receiving an invoice and letter of quality guarantee of the same amount from the EPC Main Contractor.

Special undertakings

As at the date of the Cooperation Agreement, the construction of the 110kV booster station, the construction site of the transmission line and the relevant building ownership under the Target Project were jointly financed by the Target Company and Qitai County Yue Hydropower Energy Co., Ltd.* (奇台縣粵水電能源有限公司) (“**Qitai Yue Hydropower**”). Accordingly, they are entitled to the rights of ownership collectively thereunder, even though due to policy reasons, the aforementioned properties are registered under the name of Qitai Yue Hydropower only.

Accordingly, the Vendor and the EPC Main Contractor have undertaken that, the Target Company shall be entitled to the full usage rights of all facilities and properties in relation to the Target Project (including but not limited to those properties aforementioned) (the “**Target Project Properties**”), until the Target Company, the Vendor and/or the EPC Main Contractor have entered into a supplemental agreement (the “**Supplemental Agreement**”) with respect to the usage rights of the Target Project Properties (which shall be entered into before the completion of the Equity Transfer Agreement).

The Vendor and the EPC Main Contractor further undertake that all expenses in relation to or set out in the Supplemental Agreement are already covered by the total contract sum under the Agreements as agreed under the Cooperation Agreement, and the Purchaser shall not be required to make any additional payment in relation to such expenses. The Vendor and the EPC Main Contractor shall also settle, and shall indemnify the Purchaser and the Target Company against, all claims that may be instituted against the Purchaser or the Target Company from Qitai Yue Hydropower or any other third parties in relation to the Supplemental Agreement.

In the event the Vendor and/or the EPC Main Contractor fail to comply with the aforementioned undertakings, the Purchaser shall have the right to withhold payments payable under the Cooperation Agreement until the undertakings are being complied with. In the event the Vendor and/or the EPC Main Contractor fail to comply with the undertakings within the period required by the Purchaser, or refused to comply with the undertakings either expressly or impliedly, the Purchaser shall have the right to terminate the Cooperation Agreement and require the Vendor and/or the EPC Main Contractor to return all payments with interests made by the Purchaser in relation to the Target Project. Further, if in the above circumstances the operation of the Target Company is adversely affected as a result, the Purchaser shall have the right to require the Vendor to purchase back from it the equity interests of the Target Company at the same consideration as the Purchaser has actually paid for acquiring the Target Company.

INFORMATION OF THE PARTIES

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 solar energy and other clean energy.

The Vendor

The Vendor is a company established in the PRC with limited liability, which is principally engaged in self-funded investment in energy industry, electrical industry, real estate industry and agricultural industry. As at the date of this announcement, it is owned as to 40% by Liu Fangliang, 30% by Ma Hongbing, 10% by Xue Yongsheng, 10% by Gao Qiangsheng and 10% by Chen Shenghong.

The EPC Main Contractor

The EPC Main Contractor is a company established in the PRC with limited liability, which is principally engaged in power generation engineering and construction. It is a wholly-owned subsidiary of Power Construction Corporation of China* (中國電力建設集團有限公司), which is a state-owned enterprise in the PRC directly and wholly owned by the State-owned Assets Supervision and Administration Commission of the State Council.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor, the Target Company and the EPC Main Contractor, and their respective ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

INFORMATION OF THE TARGET COMPANY

The Target Company

The Target Company is a company established in the PRC with limited liability, which is principally engaged in the investment in construction of thermal power plants, thermal power generation, wind power generation, solar power generation and other energy generation and it is the owner of the Target Project. As at the date of this announcement, the Target Company is wholly owned by the Vendor.

The table below sets out certain financial information of the Target Company for the years ended 31 December 2019 and 2020 in accordance with the Chinese Accounting Standards:

	For the year ended	
	31 December	
	2020	2019
	(audited)	(audited)
	<i>RMB '000</i>	<i>RMB '000</i>
Revenue	0	0
Profit before tax	0	0
Profit after tax	0	0
		As at
		30 April 2021
		(unaudited)
		<i>RMB '000</i>
Total assets		430,040
Total liabilities		430,112

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. Notwithstanding that the Target Company is still at a pre-profit stage, after taking into account the above and the prospect and potential of business of the Target Company, 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 Equity Transfer Agreement and the Cooperation Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the entire equity interests in the Target Company by the Purchaser from the Vendor, as contemplated under the Equity Transfer Agreement and the Cooperation Agreement
“Board”	the board of Directors of the Company
“Company”	Beijing Energy International Holding Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 686)

“Cooperation Agreement”	the cooperation agreement dated 9 June 2021 entered into between the Purchaser, the Vendor, the Target Company and the EPC Main Contractor in relation to the Acquisition
“Director(s)”	director(s) of the Company
“EPC Agreement”	an engineering procurement construction contract entered into between the Target Company and the EPC Main Contractor on 22 July 2020 (which was supplemented by a supplemental agreement dated 22 January 2021) in relation to the construction of the Target Project
“EPC Main Contractor”	Powerchina Jiangxi Electric Power Construction Co., Ltd.* (中國電建集團江西省電力建設有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Power Construction Corporation of China* (中國電力建設集團有限公司)
“Equity Transfer Agreement”	the equity transfer agreement dated 9 June 2021 entered into between the Purchaser, the Vendor and the Target Company in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are third parties independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“MW”	megawatts
“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
“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
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Xinjiang Xinyou New Energy Power Co., Ltd.* (新疆信友新能源發電有限公司), a company established in the PRC with limited liability, which is wholly owned by the Vendor
“Target Project”	50MW wind power project in Xinjiang, PRC
“Vendor”	Shanxi Xinyou Investment Group Co., Ltd.* (山西信友投資集團有限公司), a company established in the PRC with limited liability
“%”	per cent

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

Hong Kong, 9 June 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 identification purposes only