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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 LEASE AGREEMENT

#### LEASE AGREEMENT

On 15 March 2022 (after trading hours), the Company entered into the Lease Agreement with Beijing Jingneng Housing Leasing, an indirect wholly-owned subsidiary of BEH, which is the controlling Shareholder of the Company, pursuant to which Beijing Jingneng Housing Leasing agreed to lease the Property to the Company for a term of 3 years from 15 March 2022 to 14 March 2025 (both days inclusive), subject to the terms and conditions provided therein.

#### LISTING RULES IMPLICATIONS

Pursuant to the requirement of HKFRS 16, the lease of Property under the Lease Agreement will be recognised as right-of-use assets of the Group for an amount of approximately RMB23,286,000. As Beijing Jingneng Housing Leasing is an indirect wholly-owned subsidiary of BEH, which is the controlling Shareholder of the Company, Beijing Jingneng Housing Leasing is a connected person of the Company. Accordingly, the transaction contemplated under the Lease Agreement constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio in respect of the transaction contemplated under the Lease Agreement calculated in accordance with the Listing Rules, on the basis of the value of the right-of-use assets to be recognised by the Group in connection with the Lease Agreement, exceeds 0.1% but is less than 5%, the transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements, but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the monthly management fee payable under the Lease Agreement will not be recognised as part of the right-of-use assets of the Group, the payments of monthly management fee constitute a continuing connected transaction under Chapter 14A of the Listing Rules. As the highest percentage ratio in respect of the monthly management fee payments under the Lease Agreement calculated in accordance with the Listing Rules is less than 0.1%, the monthly management fee payments under the Lease Agreement constitute a de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from independent Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

## INTRODUCTION

The Board hereby announces that on 15 March 2022 (after trading hours), the Company entered into the Lease Agreement with Beijing Jingneng Housing Leasing, an indirect wholly-owned subsidiary of BEH, which is the controlling Shareholder of the Company, pursuant to which Beijing Jingneng Housing Leasing agreed to lease the Property to the Company for a term of 3 years from 15 March 2022 to 14 March 2025 (both days inclusive), subject to the terms and conditions provided therein.

## LEASE AGREEMENT

The principal terms of the Lease Agreement are as follows:

|                  |                                                                                                                                                                                        |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Date:</b>     | 15 March 2022 (after trading hours)                                                                                                                                                    |
| <b>Parties:</b>  | (i) Beijing Jingneng Housing Leasing (as the lessor)<br><br>(ii) the Company (as the lessee)                                                                                           |
| <b>Property:</b> | Units 05, 06, 07, 08, 11/F, and entire floors of 12-14/F, Building 7, Sanfeng North Lane, Chaoyang District, Beijing, PRC<br><br>The Property has a gross floor area of 3,916.05 sq. m |
| <b>Term:</b>     | 3 years from 15 March 2022 to 14 March 2025 (both days inclusive)                                                                                                                      |
| <b>Usage:</b>    | The Property shall be used as office premises of the Company                                                                                                                           |

**Rental and aggregate  
value of consideration  
payable:**

- (i) From 15 March 2022 to 14 March 2024, approximately RMB789,000 per month (tax inclusive), being the sum of:
  - (a) monthly basic rental of approximately RMB596,000;
  - (b) monthly amortised renovation costs of approximately RMB122,000; and
  - (c) monthly management fee of approximately RMB71,000.
- (ii) From 15 March 2024 to 14 March 2025, approximately RMB818,000 per month (tax inclusive), being the sum of:
  - (a) monthly basic rental of approximately RMB619,000;
  - (b) monthly amortised renovation costs of approximately RMB127,000; and
  - (c) monthly management fee of approximately RMB72,000.

The outgoing utility charges and other expenses may be paid by Beijing Jingneng Housing Leasing on behalf of the Company or by the Company on its own behalf.

In accordance with the requirement of HKFRS 16, the lease of Property under the Lease Agreement will be recognised as right-of-use assets of the Group for an amount of approximately RMB23,286,000. For the avoidance of doubt, the monthly management fee under the Lease Agreement will not be recognised as right-of-use assets of the Group. Payments under the Lease Agreement is expected to be satisfied by internal resources of the Group.

The consideration paid by the Company under the Lease Agreement is determined after arm's length negotiations between parties after taking into consideration the prevailing market rental for comparable premises in the vicinity of the Property.

**Payment arrangement:**

The Company shall pay to Beijing Jingneng Housing Leasing the rental for the first six months before the commencement date of the Term. Thereafter, the Company pay in advance the rental for every six months within five working days biannually.

**Security Deposit:**

The Company shall pay to Beijing Jingneng Housing Leasing a security deposit of approximately RMB2,368,000 before the commencement date of the Term.

**Delivery of Property:**

Beijing Jingneng Housing Leasing shall deliver the Property to the Company on 15 March 2022.

**Termination:**

Beijing Jingneng Housing Leasing shall be entitled to terminate the Lease Agreement by written notice to the Company upon any breach by the Company of the terms or conditions of the Lease Agreement (including but not limited to failure to pay rent, management fee etc.) or any representation or undertaking of the Company becomes incorrect or untrue during the lease term and the Company has failed to rectify the same within seven days' notice.

## **VALUE OF THE RIGHT-OF-USE ASSETS**

In accordance with the requirement of HKFRS 16, the total value of the right-of-use assets to be recognised by the Group in respect of the lease of the Property under the Lease Agreement is approximately RMB23,286,000.

## **REASONS AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT**

The entering into the Lease Agreement can provide the Group with enhanced and necessary office and premises to satisfy its daily business operation needs and will also enable the Group to secure a long term premise for office use, which will enhance the operation and management capacity of the Company.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the transaction under the Lease Agreement is entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better, and the terms of the Lease Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. Zhang Ping (the Chairman of Board and executive Director), Mr. Sui Xiaofeng (the former non-executive Director) and Mr. Zhao Bing (the non-executive Director) were the senior management of BEH, they had abstained from voting on the Board resolutions approving the Lease Agreement. Save and except for the aforesaid, none of the then Directors has any material interest in the Lease Agreement and was required to abstain from voting on the Board resolutions in relation to the Lease Agreement.

## **INFORMATION OF THE PARTIES**

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 power plants and other renewable energy projects.

Beijing Jingneng Housing Leasing is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of BEH. Beijing Jingneng Housing Leasing primarily provides leasing services for office.

BEH is a company established in the PRC with limited liability which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. It is a state-owned company in the PRC indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. BEH is the controlling Shareholder of the Company, indirectly holding approximately 32% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules.

## **LISTING RULES IMPLICATIONS**

Pursuant to the requirement of HKFRS 16, the lease of Property under the Lease Agreement will be recognised as right-of-use assets of the Group for an amount of approximately RMB23,286,000. As Beijing Jingneng Housing Leasing is an indirect wholly-owned subsidiary of BEH, which is the controlling Shareholder of the Company, Beijing Jingneng Housing Leasing is a connected person of the Company. Accordingly, the transaction contemplated under the Lease Agreement constitutes a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest percentage ratio in respect of the transaction contemplated under the Lease Agreement calculated in accordance with the Listing Rules, on the basis of the value of the right-of-use assets to be recognised by the Group in connection with the Lease Agreement, exceeds 0.1% but is less than 5%, the transaction contemplated under the Lease Agreement is subject to the reporting and announcement requirements, but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the monthly management fee payable under the Lease Agreement will not be recognised as part of the right-of-use assets of the Group, the payments of monthly management fee constitute a continuing connected transaction under Chapter 14A of the Listing Rules. As the highest percentage ratio in respect of the monthly management fee payments under the Lease Agreement calculated in accordance with the Listing Rules is less than 0.1%, the monthly management fee payments under the Lease Agreement constitute a de minimis transaction pursuant to Rule 14A.76(1) of the Listing Rules and is fully exempt from independent Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

|                                    |                                                                                                                                                                                                                                                                               |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “BEH”                              | Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司), a company established in the PRC with limited liability and a controlling Shareholder of the Company holding 7,176,943,498 shares of the Company, representing approximately 32% of the issued share capital of the Company |
| “Beijing Jingneng Housing Leasing” | Beijing Jingneng Housing Leasing Operation Co., Ltd.* (北京京能房產租賃經營有限責任公司), a company established in the PRC with limited liability, indirectly wholly owned by BEH                                                                                                             |
| “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)                                                                            |
| “connected person(s)”              | has the meaning ascribed to it under the Listing Rules                                                                                                                                                                                                                        |
| “Director(s)”                      | the directors of the Company                                                                                                                                                                                                                                                  |
| “Group”                            | the Company and its subsidiaries                                                                                                                                                                                                                                              |
| “HKFRS”                            | Hong Kong Financial Reporting Standards                                                                                                                                                                                                                                       |
| “Hong Kong”                        | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                        |
| “Lease Agreement”                  | the lease agreement dated 15 March 2022 entered into between the Company and Beijing Jingneng Housing Leasing in relation to the lease of the Property                                                                                                                        |

|                  |                                                                                                                                                                |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Listing Rules”  | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time                          |
| “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 |
| “Property”       | Units 05, 06, 07, 08, 11/F, and entire floors of 12-14/F, Building 7, Sanfeng North Lane, Chaoyang District, Beijing, the PRC                                  |
| “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                                                                                                                        |
| “sq. m”          | square meter                                                                                                                                                   |
| “Term”           | 3 years from 15 March 2022 to 14 March 2025 (both days inclusive)                                                                                              |
| “%”              | per cent                                                                                                                                                       |

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

Hong Kong, 15 March 2022

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman), Mr. Lu Zhenwei and Mr. Wang Heng; the non-executive directors of the Company are Mr. Zhao Bing, Mr. Su Yongjian and Mr. Li Hao and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao.*

\* For identification purposes only