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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 AND  
CONTINUING CONNECTED TRANSACTION  
ROOFTOP PHOTOVOLTAIC POWER GENERATION  
PROJECT AGREEMENT**

**ROOFTOP PHOTOVOLTAIC POWER GENERATION PROJECT AGREEMENT**

On 10 May 2022 (after trading hours), Beijing United Rongbang (a non wholly-owned subsidiary of the Company) entered into the Rooftop Photovoltaic Power Generation Project Agreement with CMBL, pursuant to which:

- (a) CMBL shall lease to Beijing United Rongbang the rooftops of two warehouses located in Shenzhen for the investment, construction, maintenance, operation and management of rooftop solar photovoltaic power systems by the Group to meet the business plan of the Group for rooftop solar photovoltaic power systems; and
- (b) CMBL shall give preference to using the electricity generated by the aforesaid rooftop solar photovoltaic power systems installed at the rooftops leased under the Rooftop Leases and operated by the Group.

**SUPPLEMENTAL AGREEMENT TO THE ROOFTOP PHOTOVOLTAIC POWER  
GENERATION PROJECT AGREEMENT**

On the same day (after trading hours) as the Rooftop Photovoltaic Power Generation Project Agreement, Beijing United Rongbang, Qianhai Jingping (a wholly-owned subsidiary of Beijing United Rongbang) and CMBL entered into the Supplemental Agreement, pursuant to which, among others, it was agreed by the parties that Qianhai Jingping, as the project company for the development, construction and operation of the rooftop solar photovoltaic power systems, shall (i) assume the obligation to pay the rental for the Rooftop Leases under the Rooftop Photovoltaic Power Generation Project Agreement on behalf of Beijing United Rongbang; and (ii) have the rights to receive the relevant electricity fee from CMBL for using the electricity generated from the rooftop solar photovoltaic power systems. The Supplemental Agreement has the same term of 20 years as the Rooftop Photovoltaic Power Generation Project Agreement.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, as CMBL is an associate of CMG, the substantial shareholder of the Company, CMBL is therefore a connected person of the Company.

Pursuant to the requirement of HKFRS16, the Rooftop Leases under the Rooftop Photovoltaic Power Generation Project Agreement will be recognized as right-of-use assets of the Group for an amount of approximately RMB13,450,000. Accordingly, the Rooftop Leases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

On the other hand, the Power Purchases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Rooftop Leases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement calculated in accordance with the Listing Rules, on the basis of the value of the right-of-use assets to be recognized by the Group in connection with the Rooftop Leases, exceeds 0.1% but is less than 5%, the Rooftop Leases contemplated under the Rooftop Photovoltaic Power Generation Project 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 highest applicable percentage ratio in respect of the highest proposed annual caps for the Power Purchases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement calculated in accordance with the Listing Rules exceeds 0.1% but is less than 5%, such transactions, together with the proposed annual caps thereof, constitute a continuing connected transaction of the Company which is subject to the reporting, announcement and annual review requirements, but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INDEPENDENT FINANCIAL ADVISER'S OPINION**

Given the term of the Rooftop Photovoltaic Power Generation Project Agreement (as supplemented by the Supplemental Agreement) is more than 3 years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Gram Capital as its independent financial adviser to explain why the Rooftop Photovoltaic Power Generation Project Agreement (as supplemented by the Supplemental Agreement) in relation to the Power Purchases is required to be of a term exceeding three years and to confirm that it is normal business practice for agreements of this type to be of such duration.

## INTRODUCTION

The Board is pleased to announce that on 10 May 2022 (after trading hours), Beijing United Rongbang (a non wholly-owned subsidiary of the Company) entered into the Rooftop Photovoltaic Power Generation Project Agreement with CMBL.

## ROOFTOP PHOTOVOLTAIC POWER GENERATION PROJECT AGREEMENT

The principal terms of the Rooftop Photovoltaic Power Generation Project Agreement are set out as follows:

**Date:** 10 May 2022 (after trading hours)

**Parties:** (i) Beijing United Rongbang  
(ii) CMBL

**Term:** 20 years, commencing from the effective date of the agreement (i.e. 10 May 2022) (the “**Effective Date**”) and up to 9 May 2042 (both days inclusive)

**Transactions:** (i) *Rooftop Leases*

CMBL shall lease to Beijing United Rongbang the rooftops of two warehouses located in Shenzhen with an aggregate area of approximately 41,345 sq.m. for the investment, construction, maintenance, operation and management of rooftop solar photovoltaic power systems by the Group to meet the business plan of the Group for rooftop solar photovoltaic power systems.

(ii) *Power Purchases*

CMBL shall give preference to using the electricity generated by the aforesaid rooftop solar photovoltaic power systems installed at the rooftops leased under the Rooftop Leases and operated by the Group.

**Pricing Policy:**

(i) *Rooftop Leases*

Pursuant to the terms of the Rooftop Photovoltaic Power Generation Project Agreement, the rent payable for the rooftops leased under the Rooftop Leases shall be calculated based on the actual area of the rooftops being leased (being in aggregate approximately 41,345 sq.m.) at the agreed rates of RMB25.1 per sq.m. per year. The annual rental shall be approximately RMB1,038,000 (tax inclusive).

The above rates were determined pursuant to the Rooftop Photovoltaic Power Generation Project Agreement after arm's length negotiations between the parties with reference to the prevailing market rental rates of comparable premises in the vicinity.

(ii) *Power Purchases*

Pursuant to the terms of the Rooftop Photovoltaic Power Generation Project Agreement, the electricity fees payable by CMBL shall be calculated based on the amount of electricity consumed by CMBL and at the same unit price prescribed by the relevant power supply bureau. In the event the relevant power supply bureau adjusted the unit price, the unit price under the Rooftop Photovoltaic Power Generation Project Agreement shall be adjusted correspondingly at the same time.

**Payment Term:**

(i) *Rooftop Leases*

The rent for the Rooftop Leases shall be paid monthly.

(ii) *Power Purchases*

The electricity fee for the Power Purchases shall be paid on a monthly basis, commencing from the date of supply of electricity by the Group.

## SUPPLEMENTAL AGREEMENT TO THE ROOFTOP PHOTOVOLTAIC POWER GENERATION PROJECT AGREEMENT

On the same day (after trading hours) as the Rooftop Photovoltaic Power Generation Project Agreement, Beijing United Rongbang, Qianhai Jingping (a wholly-owned subsidiary of Beijing United Rongbang) and CMBL entered into the Supplemental Agreement, pursuant to which, among others, it was agreed by the parties that Qianhai Jingping, as the project company for the development, construction and operation of the rooftop solar photovoltaic power systems, shall (i) assume the obligation to pay the rental for the Rooftop Leases under the Rooftop Photovoltaic Power Generation Project Agreement on behalf of Beijing United Rongbang; and (ii) have the rights to receive the relevant electricity fee from CMBL for using the electricity generated from the rooftop solar photovoltaic power systems. The Supplemental Agreement has the same term of 20 years as the Rooftop Photovoltaic Power Generation Project Agreement.

### ANNUAL CAPS

The annual caps for the fees receivable by the Group with respect to the Power Purchases under the Rooftop Photovoltaic Power Generation Project Agreement are estimated amounts for each of the 20 financial years commencing from the Effective Date and up to 9 May 2042, details of which are set out below:

	<b>For the year ending 31 December 2022 (commencing from the Effective Date)</b>	<b>For each of the financial years ending 31 December 2023 – 2041</b>	<b>For the period from 1 January 2042 and up to 9 May 2042</b>
<b>Continuing Connected Transactions</b>			
Electricity fees receivable by the Group under the Rooftop Photovoltaic Power Generation Project Agreement	RMB3,233,000	RMB5,000,000	RMB1,767,000

In determining the annual caps for the electricity fees to be received by the Group with respect to the Power Purchases under the Rooftop Photovoltaic Power Generation Project Agreement, the Board based on information available on the (i) designed capacity of the rooftop solar photovoltaic power systems; (ii) the current unit price of electricity prescribed by the relevant power supply bureau; (iii) estimates of volume of electricity to be generated by the rooftop solar photovoltaic power systems; and (iv) the current development plan of the Group for the rooftop solar photovoltaic power systems at the leased rooftops from CMBL.

## **INDEPENDENT FINANCIAL ADVISER'S OPINION**

Given the term of the Rooftop Photovoltaic Power Generation Project Agreement (as supplemented by the Supplemental Agreement) is more than 3 years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Gram Capital as its independent financial adviser to explain why the Rooftop Photovoltaic Power Generation Project Agreement (as supplemented by the Supplemental Agreement) in relation to the Power Purchases is required to be of a term exceeding three years and to confirm that it is normal business practice for agreements of this type to be of such duration.

In assessing the reasons for the duration of the Rooftop Photovoltaic Power Generation Project Agreement in relation to the Power Purchases to be longer than three years, Gram Capital considered the following factors:

- As the designed life of photovoltaic power plant/system shall not be less than 25 years, the Directors expected that there should not be material difference between the designed life and duration of the operations of photovoltaic power plant/system.
- The Power Purchases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement are expected to contribute revenue to the Group. A comparatively long duration of the Power Purchases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement will bring to the Group a long term and sustainable source of income.
- CMBL selected the counterparty of the Rooftop Photovoltaic Power Generation Project Agreement by way of tendering procedures. According to the tendering document, which applied to all participants, the required duration of the rooftop photovoltaic power generation project agreement (being part of the tendering document) was 20 years.

In considering whether it is normal business practice for agreements of similar nature with the Rooftop Photovoltaic Power Generation Project Agreement in relation to the Power Purchases to have a term of such duration (i.e. 20 years), Gram Capital reviewed ten copies of agreements (five of which were with independent third parties) involving the sale of electricity generated by the photovoltaic power plants operated by the Group and such photovoltaic power plants installed at properties leased by counterparties to the agreements. Gram Capital noted that the durations of such agreements were 20 or 25 years, which also exceed three years.

In addition, Gram Capital identified a transaction involving sale of electricity generated by rooftop photovoltaic power plants installed at the rooftops leases by the counterparty to the agreement which is similar to the Power Purchases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement, entered into by a company listed on the Shanghai Stock Exchange, the duration of which was 20 years. Gram Capital also noted from the website of a state-owned enterprise that such enterprise published a tendering notice for the purpose of seeking a participant to cooperate in rooftop photovoltaic power projects, the cooperation model is similar to the transactions contemplated under the Rooftop Photovoltaic Power Generation Project Agreement (i.e. the successful bidder shall sell electricity generated by the rooftop photovoltaic power plants installed at the rooftops leased by the state-owned enterprise to the successful bidder). The required term of the cooperation agreement was 25 years.

Taking into account of the above, Gram Capital confirms that the duration of the Rooftop Photovoltaic Power Generation Project Agreement in relation to the Power Purchases, which is longer than three years, is required and it is normal business practice for agreements of this type to be of such duration.

## **REASONS AND BENEFITS FOR THE TRANSACTIONS**

The Rooftop Leases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement would provide a stable and reliable resource to the installation of rooftop solar photovoltaic power systems at a favorable rate/price, thus enabling the Group to develop its rooftop solar photovoltaic power systems projects at a lower cost. On the other hand, the Power Purchases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement would secure the sale of electricity by the Group once the rooftop solar photovoltaic power systems have achieved on-grid connection and commenced commercial operation. The entering into of the Rooftop Photovoltaic Power Generation Project Agreement will enable the Group to fully utilize the generation hours of its rooftop solar photovoltaic power systems when put in operation, which in turn will bring in stable income streams to the Group.

The Directors (including the independent non-executive Directors) are of the view that (a) the transactions contemplated under the Rooftop Photovoltaic Power Generation Project Agreement (as supplemented by the Supplemental Agreement) are conducted in the ordinary and usual course of business of the Company, on normal commercial terms or better to the Group, the terms of which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole; and (b) the proposed annual caps for the Power Purchases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ABOUT 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 United Rongbang is a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company. It is principally engaged in the investment, development and operation of solar energy and other clean energy.

CMBL is a company established in the PRC with limited liability which principally engages in logistics support services. CMBL is held as to 40% directly by China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 1872), and 60% indirectly by China Merchants Port Holdings Company Limited (招商局港口控股有限公司), the shares of which are listed on the Stock Exchange (stock code: 144). Each of China Merchants Port Group Co., Ltd. (招商局港口集團股份有限公司) and China Merchants Port Holdings Company Limited (招商局港口控股有限公司) are controlled by CMG, which is a substantial shareholder of the Company.

As Mr. Lu Zhenwei (the executive Director) is a director of several companies controlled by CMG, he had abstained from voting on the Board resolution approving the Rooftop Photovoltaic Power Generation Project Agreement. Save and except for the aforesaid, none of the Directors has any material interest or was required to abstain from voting on the Board resolution in relation to the Rooftop Photovoltaic Power Generation Project Agreement.



## LISTING RULES IMPLICATIONS

As at the date of this announcement, as CMBL is an associate of CMG, the substantial shareholder of the Company, CMBL is therefore a connected person of the Company.

Pursuant to the requirement of HKFRS16, the Rooftop Leases under the Rooftop Photovoltaic Power Generation Project Agreement will be recognized as right-of-use assets of the Group for an amount of approximately RMB13,450,000. Accordingly, the Rooftop Leases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

On the other hand, the Power Purchases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Rooftop Leases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement calculated in accordance with the Listing Rules, on the basis of the value of the right-of-use assets to be recognized by the Group in connection with the Rooftop Leases, exceeds 0.1% but is less than 5%, the Rooftop Leases contemplated under the Rooftop Photovoltaic Power Generation Project 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 highest applicable percentage ratio in respect of the highest proposed annual caps for the Power Purchases contemplated under the Rooftop Photovoltaic Power Generation Project Agreement calculated in accordance with the Listing Rules exceeds 0.1% but is less than 5%, such transactions, together with the proposed annual caps thereof, constitute a continuing connected transaction of the Company which is subject to the reporting, announcement and annual review requirements, but is exempt from independent Shareholders' approval requirement 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:

“associate(s)”	has the meaning as ascribed to it under the Listing Rules
“Beijing United Rongbang”	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 incorporated in the PRC with limited liability, and a non wholly-owned subsidiary of the Company
“Board”	the board of directors of the Company
“CMBL”	China Merchants Bonded Logistics Co., Ltd.* (招商局保稅物流有限公司), a company established in the PRC with limited liability, which is an associate of CMG and a connected person of the Company
“CMG”	China Merchants Group Limited, a company established in the PRC with limited liability, which is a substantial shareholder 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 meanings as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong), and being the independent financial adviser appointed for the purpose of Rule 14A.52 of the Listing Rules
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards

“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
“Power Purchases”	the sale of electricity generated from the rooftop solar photovoltaic power systems to be installed on the rooftops leased under the Rooftop Leases and operated by the Group, as contemplated under the Rooftop Photovoltaic Power Generation Project 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 announcement
“Qianhai Jingping”	Shenzhen Qianhai Jingping New Energy Technology Service Co., Ltd.* (深圳前海京平新能源技術服務有限公司), a company established in the PRC with limited liability, and a wholly-owned subsidiary of Beijing United Rongbang
“RMB”	Renminbi, the lawful currency of the PRC
“Rooftop Leases”	the leases of the rooftops of two warehouses located in Shenzhen with an aggregate area of approximately 41,345 sq.m. for the investment, construction, maintenance, operation and management of rooftop solar photovoltaic power systems by the Group, as contemplated under the Rooftop Photovoltaic Power Generation Project Agreement
“Rooftop Photovoltaic Power Generation Project Agreement”	the agreement entered into on 10 May 2022 between Beijing United Rongbang and CMBL in relation to, among other things, the Rooftop Leases and the Power Purchases, which is supplemented by the Supplemental Agreement

“Shareholders”	holder(s) of issued share(s) of the Company
“sq. m”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Rooftop Photovoltaic Power Generation Project Agreement entered into on 10 May 2022 between Beijing United Rongbang, Qianhai Jingping and CMBL
“%”	percent

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

Hong Kong, 10 May 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*