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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)**

**POTENTIAL MAJOR TRANSACTION AND  
CONNECTED TRANSACTION  
PROPOSED ESTABLISHMENT OF THE ABS PROGRAM  
AND PROPOSED ISSUANCE OF THE ABS  
TO BE MANAGED BY CMAM**

**PROPOSED ESTABLISHMENT OF THE ABS PROGRAM**

BEIED proposes to launch the ABS Program on the SSE, pursuant to which, the ABS will be issued and managed by CMAM and Ping An Securities, respectively, at different phases. The ABS which are backed by the revolving Underlying Assets will be issued to qualified investors in the PRC.

**PROPOSED ISSUANCE OF THE ABS TO BE MANAGED BY CMAM**

China Merchants Securities will lead and CMAM will manage an issuance of the ABS in the size of approximately RMB2,100 million in December 2022. For the purpose of the issuance of the ABS to be managed by CMAM, BEIED, as the vendor and original interest owner, will transfer the Underlying Assets as at the Benchmark Date to CMAM acting on behalf of the ABS Program pursuant to the Asset Sale and Purchase Agreement. In addition, CMAM will also enter into the Service Agreement with BEJN, pursuant to which CMAM will provide management services for the ABS Program.

**IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio in respect of the Asset Sale and Purchase Agreement and the transactions contemplated thereunder exceeds 25% but is less than 75%, the Asset Sale and Purchase Agreement and the transactions contemplated thereunder constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio for the service fees receivable by CMAM under the Service Agreement is less than 0.1%, it will constitute a de minimis transaction and will be fully exempt from reporting, announcement, circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, CMAM is a direct wholly-owned subsidiary of China Merchants Securities, which is an associate of China Merchants Group Limited, a substantial shareholder of the Company (together with parties acting in concert) holding 3,442,019,329 Shares, representing approximately 15.35% of the issued share capital of the Company. Accordingly, CMAM is a connected person of the Company. Therefore, the Asset Sale and Purchase Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. Therefore, the Asset Sale and Purchase Agreement and the transactions contemplated thereunder is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **SGM**

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Asset Sale and Purchase Agreement and the transactions contemplated thereunder. All Shareholders who have a material interest in the Asset Sale and Purchase Agreement and the transactions contemplated thereunder, together with their close associates, will be required to abstain from voting at the SGM.

As CMAM is a direct wholly-owned subsidiary of China Merchants Securities, which is an associate of China Merchants Group Limited, each of China Merchants Securities, China Merchants Group Limited and their respective close associates are required to abstain from voting on the relevant resolution(s) to be proposed at the SGM.

A circular containing, among other things, (i) details in relation to the Asset Sale and Purchase Agreement and the transactions contemplated thereunder, (ii) the letter of recommendation of the Independent Board Committee to the Independent Shareholders in relation to the proposed issuance of the ABS to be managed by CMAM (including the Asset Sale and Purchase Agreement and the transactions contemplated thereunder), (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed issuance of the ABS to be managed by CMAM (including the Asset Sale and Purchase Agreement and the transactions contemplated thereunder); (iv) a notice convening the SGM; and (v) other information required under the Listing Rules, is expected to be despatched to the Independent Shareholders on or before 2 December 2022.

## **GENERAL**

**The credit rating in relation to the priority tranche of the ABS mentioned herein is strictly for information purpose only. Such rating does not constitute a recommendation to buy, sell or hold any securities of the Company.**

**Shareholders and potential investors of the Company are advised not to rely solely on the information contained herein and should exercise caution when dealing in the securities of the Company. When in doubt, Shareholders and potential investors of the Company are advised to seek professional advice from their own professional or financial advisers.**

## **PROPOSED ESTABLISHMENT OF THE ABS PROGRAM**

The Board is pleased to announce that BEIED proposes to launch the ABS Program on the SSE, pursuant to which, the ABS will be issued and managed by CMAM and Ping An Securities, respectively, at different phases. The ABS which are backed by the revolving Underlying Assets will be issued to qualified investors in the PRC.

The ABS Program will adopt a shelf offering model with a total registration size of RMB5,000 million to be approved by the SSE. The current proposed issue size of the ABS is expected to be RMB3,000 million, which will be backed by revolving Underlying Assets. Under the shelf offering model, China Merchants Securities will lead and CMAM will manage the issuance of the ABS in the size of approximately RMB2,100 million in December 2022. The remaining amount of RMB900 million under the shelf offering will be issued and managed by Ping An Securities in time and manner to be determined by the Group. In the event that the issuance of the ABS to be managed by Ping An Securities is materialised, further announcement(s) will be made by the Company in respect thereof in accordance with the requirements of the Listing Rules.

For the purpose of the ABS Program and at different phases of issuance, BEIED, as the vendor and original interest owner, will transfer the revolving Underlying Assets to CMAM and Ping An Securities acting on behalf of the ABS Program, respectively, pursuant to the respective asset sale and purchase agreements.

BEH undertakes the obligation to pay the shortfall if the ABS Program has insufficient funds to settle all the expected returns and the principal amounts for the priority tranche of the ABS and all costs of the ABS Program which are outstanding and payable.

## PROPOSED ISSUANCE OF THE ABS TO BE MANAGED BY CMAM

China Merchants Securities will lead and CMAM will manage an issuance of the ABS in the size of approximately RMB2,100 million in December 2022. The ABS will be classified into priority and subordinated tranches according to their coupon rates and distribution. The book value of the Underlying Assets as at the Benchmark Date which will back the issuance of the ABS to be managed by CMAM is expected to be approximately RMB2,300 million. A summary of the material terms for the issuance of the ABS to be managed by CMAM is set out below:

<b>Tranche</b>	<b>Size of issuance (RMB million) (Approximately)</b>	<b>Credit rating by an independent credit rating agency</b>	<b>Coupon rate</b>
Priority	1,995	AAA	expected to be 2.6%-3.2%
Subordinated	105	Not rated	expected to be 7%-10%

For the purpose of the issuance of the ABS to be managed by CMAM, BEIED, as the vendor and original interest owner, will transfer the Underlying Assets as at the Benchmark Date to CMAM acting on behalf of the ABS Program pursuant to the Asset Sale and Purchase Agreement. In addition, CMAM will also enter into the Service Agreement with BEJN, pursuant to which CMAM will provide management services for the ABS Program.

### Asset Sale and Purchase Agreement

The principal terms of the Asset Sale and Purchase Agreement are summarized below:

#### *Parties*

- (i) BEIED, as the vendor and original interest owner; and
- (ii) CMAM, as the purchaser acting on behalf of the ABS Program.

#### *Underlying Assets*

The Underlying Assets of the Asset Sale and Purchase Agreement include the present and future, actual and the following contingent rights and interests of BEIED as at the Benchmark Date: (i) the accounts receivables of BEIED in respect of renewable energy subsidies and other related revenues (which include but not limited to the overdue deferment charge, default amount and damages if applicable); (ii) the right to request, sue, recover and receive all amounts in relation to the entitlement to receive the renewable energy subsidies; and (iii) the interests from the commitment in relation to the entitlement to receive the renewable energy subsidies as well as all the rights and the legal remedies rights to enforce the entitlement to receive the renewable energy subsidies.

### *Consideration and Payment Terms*

The consideration for the Underlying Assets as at the Benchmark Date is approximately RMB2,100 million, which is equivalent to the principal amount of ABS to be managed by CMAM. Subject to the fulfillment of the conditions precedent as set out below, CMAM shall pay the consideration to the designated account of BEIED on the date of establishment of the ABS Program. The consideration was determined by arm's length negotiations between BEIED and CMAM. The consideration for the Underlying Assets was determined after taking into account the unaudited carrying value of the Underlying Assets of approximately RMB2,300 million as at the Benchmark Date minus the estimated interest payment and relevant taxes and expenses under the ABS to be managed by CMAM.

The Directors consider that the terms of the Asset Sale and Purchase Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### *Conditions Precedent*

The completion of the Asset Sale and Purchase Agreement is conditional upon the satisfaction or waiver of the following:–

- (i) CMAM has signed and delivered to BEIED the Asset Sale and Purchase Agreement and other relevant documents of the ABS Program;
- (ii) CMAM has received or obtained all permissions, approvals or authorisations required for the fulfilment of its obligations under the Asset Sale and Purchase Agreement and other relevant documents under the ABS Program;
- (iii) BEIED has signed and delivered to CMAM the Asset Sale and Purchase Agreement and other relevant documents of the ABS Program;
- (iv) BEIED has delivered a complete list of Underlying Assets to CMAM on or before the date of establishment of the ABS Program or revolving purchase date (if applicable);
- (v) CMAM has received copies of the latest business license and articles of association of BEIED;
- (vi) BEIED has received or obtained all approvals, permissions or authorisations required for the fulfilment of its obligations under the Asset Sale and Purchase Agreement;

- (vii) the ABS Program is established in accordance with the conditions set out under the standard clauses under the ABS Program;
- (viii) as at the date of payment of consideration by CMAM to BEIED, BEIED has not breached any representations and warranties made under the Asset Sale and Purchase Agreement or other documents under the ABS Program;
- (ix) CMAM has completed satisfactory due diligence on the Underlying Assets; and
- (x) the status of the Underlying Assets meet the requirements as set out in the Asset Sale and Purchase Agreement.

### *Completion*

Subject to the above conditions precedents, upon payment of the consideration by CMAM to BEIED, BEIED and CMAM shall sign the completion confirmation to transfer the Underlying Assets to CMAM. The execution of the completion confirmation shall be considered as a confirmation of the completion of the sale and purchase of the Underlying Assets between BEIED and CMAM acting on behalf of the ABS Program.

### **The Service Agreement**

CMAM as the project manager will enter into the Service Agreement with BEJN, pursuant to which, CMAM will provide management service for the ABS Program and will receive a service fee from BEJN under the Service Agreement.

### **FINANCIAL IMPACT AND USE OF PROCEEDS FROM THE FIRST PHASE OF ISSUANCE OF ABS**

Immediately upon the completion of the Assets Sale and Purchase Agreement for the issuance of the ABS to be managed by CMAM, BEIED will cease to have rights or interests in the Underlying Assets. It is expected that the Company would realize a net loss of approximately RMB200 million from this phase of issuance of the ABS, which represents the difference between the proceeds from the issuance of the ABS of RMB2,100 million and the unaudited carrying value of the Underlying Assets of approximately RMB2,300 million as at the Benchmark Date. The proceeds received from the issuance of the ABS will be used for the daily operations of the Group.

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

The Board believes that the issuance of the ABS under the ABS Program can diversify the Group's fund-raising channels to access low-cost capital, which in turn can be used to improve the financing structure of the Group and promote its operating activities and investments. It also allows the Group to meet liquidity development needs and therefore increase capital use efficiency and enhance operational capabilities for the Group. Upon the completion of the issuance of ABS, the Directors believe that it will accelerate the overall turnover of the Group's assets and increase the overall revenue generated. Furthermore, the proposed transfer of the Underlying Assets through this arrangement will accelerate the collection of the accountants receivables of the Group. In addition, CMAM provides a full range of asset management services and has built up significant competitive advantages. The Directors believe that the proposed issuance of the ABS to be managed by CMAM, meeting the current requirements and circumstances of the Group, would enable the Group to benefit from the expertise, experience and resources of CMAM.

The Directors (including the independent non-executive Directors) are of the view that the terms of the ABS Program and the proposed issuance of the ABS to be managed by CMAM (including the Asset Sale and Purchase Agreement and the transactions contemplated thereunder) are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **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 clean energy projects.

BEIED is a company established in the PRC with limited liability and an indirect subsidiary of the Company. It is principally engaged in the investment, development and operation of solar energy and other clean energy.

CMAM is a company established in the PRC with limited liability and is principally engaged in entrusted management of client's funds, issuance of asset management products and asset management related consultation business. CMAM is a direct wholly-owned subsidiary of China Merchants Securities, which is a joint stock company established in the PRC with limited liability, the H shares and A shares of which are listed on the main board of the Stock Exchange (stock code: 6099) and on the SSE (stock code: 600999), respectively.



As Mr. Lu Zhenwei, being an executive Director, is a director of several companies controlled by the holding company of China Merchants Securities, he had abstained from voting on the Board resolution approving the proposed issuance of the ABS to be managed by CMAM.

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 proposed establishment of the ABS Program and the proposed issuance of the ABS to be managed by CMAM.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio in respect of the Asset Sale and Purchase Agreement and the transactions contemplated thereunder exceeds 25% but is less than 75%, the Asset Sale and Purchase Agreement and the transactions contemplated thereunder constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio for the service fees receivable by CMAM under the Service Agreement is less than 0.1%, it will constitute a de minimis transaction and will be fully exempt from reporting, announcement, circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, CMAM is a direct wholly-owned subsidiary of China Merchants Securities, which is an associate of China Merchants Group Limited, a substantial shareholder of the Company (together with parties acting in concert) holding 3,442,019,329 Shares, representing approximately 15.35% of the issued share capital of the Company. Accordingly, CMAM is a connected person of the Company. Therefore, the Asset Sale and Purchase Agreement and the transactions contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Therefore, the Asset Sale and Purchase Agreement and the transactions contemplated thereunder is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **SGM**

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Asset Sale and Purchase Agreement and the transactions contemplated thereunder. All Shareholders who have a material interest in the Asset Sale and Purchase Agreement and the transactions contemplated thereunder, together with their close associates, will be required to abstain from voting at the SGM.



As CMAM is a direct wholly-owned subsidiary of China Merchants Securities, which is an associate of China Merchants Group Limited, each of China Merchants Securities, China Merchants Group Limited and their respective close associates are required to abstain from voting on the relevant resolution(s) to be proposed at the SGM.

The Independent Board Committee comprising Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the proposed issuance of the ABS to be managed by CMAM (including Asset Sale and Purchase Agreement and the transactions contemplated thereunder). The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the same.

A circular containing, among other things, (i) details in relation to the Asset Sale and Purchase Agreement and the transactions contemplated thereunder, (ii) the letter of recommendation of the Independent Board Committee to the Independent Shareholders in relation to the proposed issuance of the ABS to be managed by CMAM (including Asset Sale and Purchase Agreement and the transactions contemplated thereunder), (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the proposed issuance of the ABS to be managed by CMAM (including Asset Sale and Purchase Agreement and the transactions contemplated thereunder); (iv) a notice convening the SGM; and (v) other information required under the Listing Rules, is expected to be despatched to the Independent Shareholders on or before 2 December 2022.

## **GENERAL**

**The credit rating in relation to the priority tranche of the ABS mentioned herein is strictly for information purpose only. Such rating does not constitute a recommendation to buy, sell or hold any securities of the Company.**

**Shareholders and potential investors of the Company are advised not to rely solely on the information contained herein and should exercise caution when dealing in the securities of the Company. When in doubt, Shareholders and potential investors of the Company are advised to seek professional advice from their own professional or financial advisers.**

## DEFINITIONS

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

“ABS”	the asset-backed securities issued under the ABS Program
“ABS Program”	the asset-backed securities program to be launched by BEIED and to be managed by CMAM and Ping An Securities
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Asset Sale and Purchase Agreement”	the sale and purchase agreement to be entered into between BEIED, as the vendor and original interest owner, and CMAM, as the purchaser and project manager of the ABS Program in relation to the sale of the Underlying Assets as at Benchmark Date
“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 the controlling Shareholder of the Company holding 7,176,943,498 Shares, representing approximately 32% of the issued share capital of the Company as at the date of this announcement
“BEIED”	BEI Energy Development (Beijing) Co., Ltd.* (京能國際能源發展(北京)有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“BEJN”	BEJN International Holding Co., Ltd.* (北京京能國際控股有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Benchmark Date”	30 June 2022
“Board”	the board of Directors of the Company

“China Merchants Securities”	China Merchants Securities Co., Ltd. (招商證券股份有限公司), a joint stock company established in the PRC with limited liability
“close associates”	has the meaning ascribed to it under the Listing Rules
“CMAM”	China Merchants Securities Assets Management Co., Ltd.* (招商證券資產管理有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of China Merchants Securities
“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 director(s) of the Company
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation permitted to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders on the issuance of the ABS to be managed by CMAM (including the Asset Sale and Purchase Agreement and the transactions contemplated thereunder)
“Group”	the Company and its subsidiaries
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, namely Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao, established for the purpose of advising the Independent Shareholders on the proposed issuance of the ABS to be managed by CMAM (including the Asset Sale and Purchase Agreement and the transactions contemplated thereunder)

“Independent Shareholders”	the shareholders of the Company, other than China Merchants Securities, China Merchants Group Limited and their respective close associates who are required under the Listing Rules to abstain from voting at the SGM for the resolution approving the proposed issuance of the ABS to be managed by CMAM (including the Asset Sale and Purchase Agreement and the transactions contemplated thereunder)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Ping An Securities”	Ping An Securities Co., Ltd.* (平安證券股份有限公司), a joint stock company established in the PRC with limited liability
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Service Agreement”	the service agreement to be entered into between CMAM and BEJN in relation to the management services to be provided by CMAM for the ABS Program
“SGM”	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the resolution(s) in relation to the proposed issuance of the ABS to be managed by CMAM
“Shareholder(s)”	holder(s) of issued share(s) of the Company
“SSE”	Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Underlying Assets”

the Underlying Assets include the present and future, actual and the following contingent rights and interests of BEIED: (i) the accounts receivables of BEIED in respect of renewable energy subsidies and other related revenues (which include but not limited to the overdue deferment charge, default amount and damages if applicable); (ii) the right to request, sue, recover and receive all amounts in relation to the entitlement to receive the renewable energy subsidies; and (iii) the interests from the commitment in relation to the entitlement to receive the renewable energy subsidies as well as all the rights and the legal remedies rights to enforce the entitlement to receive the renewable energy subsidies

“%”

per cent

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

Hong Kong, 15 November 2022

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

\* *For identification purposes only*