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京能集团

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 ACQUISITIONS OF THE ENTIRE EQUITY INTERESTS IN THE TARGET COMPANIES EACH OWNING A PHOTOVOLTAIC POWER GENERATION PROJECT IN LIAONING PROVINCE, THE PRC

THE ACQUISITIONS

On 27 December 2023, the Purchaser (a subsidiary of the Company), the Vendor, each of the Target Companies and each of the Project Companies entered into the Equity Transfer Agreements in relation to the Acquisitions of each of the Target Companies, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interests in each of the Target Companies (and each of the Project Companies, being a respective direct wholly-owned subsidiary of the Target Companies).

LISTING RULES IMPLICATIONS

As the transactions under each of the Equity Transfer Agreements were entered into by the same subsidiary of the Company (i.e. the Purchaser) with the same party (i.e. the Vendor), the Acquisitions are required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

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

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

INTRODUCTION

The Board is pleased to announce that on 27 December 2023, the Purchaser (a subsidiary of the Company), the Vendor, each of the Target Companies and each of the Project Companies entered into the Equity Transfer Agreements in relation to the Acquisitions of each of the Target Companies, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interests in each of the Target Companies (and each of the Project Companies, being a respective direct wholly-owned subsidiary of the Target Companies).

THE ACQUISITIONS

The Equity Transfer Agreements

Each of the Equity Transfer Agreements is of similar principal terms except the identity of the Target Companies and the Project Companies (each being a respective direct wholly-owned subsidiary of the Target Companies) and the consideration, which are set out as below:

Date:	27 December 2023
Parties:	(i) The Purchaser (ii) The Vendor (iii) Each of the Target Companies (iv) Each of the Project Companies

Equity interests to be acquired

Pursuant to the respective Equity Transfer Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interests in each of the Target Companies (and each of the Project Companies, being a respective direct wholly-owned subsidiary of the Target Companies).

Consideration and Payment Terms

The consideration for the transfer of entire equity interests in Target Company 1 and Target Company 2 are approximately RMB101 million ("**Consideration 1**") and approximately RMB84 million ("**Consideration 2**"), respectively.

Each of Consideration 1 and Consideration 2 shall be deposited by the Purchaser into in a co-managed bank account to be mutually designated by the Purchaser and the Vendor within two (2) Business Days before the Completion Date and shall be paid to the Vendor in the following manner:

1. the first instalment of the respective Consideration under each of the Equity Transfer Agreements (being 80% of Consideration 1 and Consideration 2 respectively, tax inclusive) ("**1st Payment**") is released to the Vendor from the co-managed bank account upon the completion of the transfers of the equity interests in the Target Companies to the Purchaser and the required registration procedures thereof, the Purchaser's receipt of all of the new business licenses, certificates, official seals, financial seals, invoice seals, contract seals and all other seals, online banking certificates and other financial information of the Target Companies and the Project Companies;

2. the second instalment of the respective Consideration under each of the Equity Transfer Agreements (being 17.82% of Consideration 1 and 17.38% of Consideration 2 respectively, tax inclusive) ("**2nd Payment**") is released to the Vendor from the co-managed bank account on the date of satisfaction of the following conditions:

    (i) the continuous fulfillment of all of the conditions under the 1st Payment;

    (ii) the completion of the transfers of all information relating to the Target Projects by the Vendor to the Purchaser;

    (iii) the signed land lease agreements in connection with the photovoltaic sites for the Target Projects which are in form and content to the satisfaction of the Purchaser having been provided by the Vendor to the Purchaser; and

    (iv) the completion of audit for the Transition Period within thirty (30) days after the Completion Date;

3. conditional upon the satisfaction of all of the conditions under the 2nd Payment, the third instalment of the respective Consideration under each of the Equity Transfer Agreements (being 2.18% of Consideration 1 and 2.62% of Consideration 2 respectively) ("**3rd Payment**") is released to the Vendor from the co-managed bank account upon the completion of rectification of technical and procedural deficiencies as stipulated in the respective Equity Transfer Agreements.

The Purchaser will settle the Consideration by internal resources available to the Group.

Basis of the Consideration

The Consideration under the Equity Transfer Agreements was determined after arm's length negotiation between the Group and the Vendor after considering various factors, including (i) the internal analysis of the value of the photovoltaic power plant(s) of approximately RMB630 million for Target Company 1 and approximately RMB610 million for Target Company 2 based on the financial performance of the respective Target Companies as at the Benchmark Date considering the factors including but not limited to the revenue to be generated from the respective Target Companies and the total cost of construction and operation of the photovoltaic power plant(s) owned by the Target Companies; (ii) the cash and cash equivalents of Target Company 1 and Target Company 2 as at the Benchmark Date in the amount of approximately RMB64 million and approximately RMB74 million respectively; (iii) current assets of Target Company 1 and Target Company 2 as at the Benchmark Date of approximately RMB35 million and approximately RMB21 million respectively; (iv) deduction of current liabilities of Target Company 1 and Target Company 2 as at the Benchmark Date of approximately RMB293 million and approximately RMB283 million respectively; and (v) deduction of lease liabilities and long-term loan of Target Company 1 and Target Company 2 as at the Benchmark Date of approximately RMB335 million and approximately RMB338 million respectively.

Conditions Precedent

The Completion is conditional on the satisfaction of or waiver by the Purchaser in writing, among other things, except as disclosed to the Purchaser in appendix of the respective Equity Transfer Agreements:–

(i) each of the Target Companies and the Project Companies is legally incorporated and remains valid, which possesses all valid governmental approvals, certificates and permits as required for the ordinary and lawful operation in accordance with its business license. The registered capital of the Target Companies and the Project Companies has been fully paid. The equity transfer of each of the Target Companies has been recognised and approved by the respective third parties if so required, and there are no undisclosed mortgages, pledges or guarantees affecting the respective change of equity interests;

(ii) each of the Project Companies is the sole legal entity for the preliminary preparation, investment, construction and operation of the respective Target Project, and the ownership and all rights and interests of each of the Target Projects are vested in each of the Project Companies;

(iii) each of the Project Companies has obtained the approval documents for each of the Target Projects and the legally binding annual construction directives from the governmental departments that possess the legal power to review; the full approval for the access systems of each of the Target Projects has been obtained; the documents for the lawful use of the land involved in the Target Projects are available; each of the Project Companies has signed the binding grid connection agreement and the power purchase and sale agreement in respect of each of the Target Projects; and the construction and grid integration of the respective Target Project has been completed;

(iv) the Vendor has provided the Purchaser with the financial statements and relevant information of each of the Target Companies and the Project Companies as at the Benchmark Date, and undertaken that data and information is comprehensive, true and accurate, and there is no error, omission or concealment;

(v) the intermediary agent engaged by the Purchaser to conduct on-site due diligence against each of the Target Companies, the Project Companies and the Target Projects, and issue due diligence reports on each of the Target Companies, the Project Companies and the Target Projects (the "**Due Diligence Reports**") (including but not limited to legal, technical and evaluative assessments as well as financial due diligence reports); and (a) there is no material negative view expressed in the Due Diligence Reports; (b) the Vendor and Purchaser have signed supplemental agreements or other written documents to the satisfaction of the Purchaser and/or reached mutually agreed plan in relation to the issues identified in the Due Diligence Reports; (c) save and except for the issues identified in Due Diligence Reports, there are no other matters of each of the Target Companies, the Project Companies and the Target Projects that may affect the Purchaser acquiring the respective equity interests of the Target Companies;

(vi) the Vendor has undertaken that the respective book values of the deductible value-added tax of the Project Company 1 and the Project Company 2 as at the Benchmark Date are not less than RMB18,150,700 and RMB15,495,300 respectively;

(vii) the land occupied by each of the Target Projects has obtained the certificates of land use, the national construction land use rights transfer agreements/land lease agreements, forestry use permit/approvals and other land-related documentation. All formalities relating to the land occupied by each of the Target Projects (including but not limited to the booster station, transmission lines, etc.) are in compliance with the laws and regulations. The land occupied by each of the Target Projects is in compliance will the laws and regulations, and will not be subject to any penalties or disputes under the current policy;

(viii) the respective EPC contractor of each of the Target Projects has signed the relevant contract (including the technology agreement) to record agreement on, among other matters, outstanding payment in respect of each of the Target Projects;

(ix) Nanwang Finance Leasing Co., Ltd.*（南網融資租賃有限公司）has approved the Acquisitions in writing and agreed to coordinate with subsequent documentations relating to financing replacement;

(x) all internal approvals by all parties regarding the transfer of the equity interests of each of the Target Companies pursuant to the respective Equity Transfer Agreements have been obtained; and

(xi) each of the Project Companies has purchased insurance relating to, among others, natural disasters, according to the requirements of the Purchaser in order to safeguard each of the Project Companies against material damages to each of the Target Projects as a result of natural disasters, environmental impacts and other damages.

Completion

Completion of each of the Equity Transfer Agreements shall take place on the date of completion of the registration with the competent authorities of the transfers of the respective equity interests in each of the Target Companies under the name of the Purchaser and the Purchaser's receipt of all of the new business licenses after the Conditions Precedent have been fulfilled or waived in writing by the Purchaser ("**Completion Date**"). The Vendor shall, within ten (10) Business Days upon the Completion Date, cooperate with the Purchaser, each of the Target Companies and the Project Companies to complete the necessary procedures stipulated in the respective Equity Transfer Agreements in relation to the Acquisitions.

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

Completion of each of the Equity Transfer Agreements is not conditional upon each other.

INFORMATION ABOUT THE PARTIES

Information of the Company and the Purchaser

The Company is a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 686) 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.

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

Information of the Target Companies and the Project Companies

Target Company 1 is a company established in the PRC with limited liability and is principally engaged in provision of consultancy and other services regarding solar energy and electricity technology consulting, construction of solar photovoltaic system and design of new energy engineering. As at the date of this announcement, it is a direct wholly-owned subsidiary of the Vendor.

Target Company 2 is a company established in the PRC with limited liability and is principally engaged in power generation, transmission and power supply business and other engineering construction activities. As at the date of this announcement, it is a direct wholly-owned subsidiary of the Vendor.

Each of the Project Companies is a company established in the PRC with limited liability. The Project Companies are principally engaged in power generation, transmission and power supply business and other engineering construction activities, and specifically engaged in the operation, maintenance and management of new energy power plants located in Liaoning Province, the PRC. Each of the Project Companies is operating one photovoltaic power plant with the construction capacity of 100MW in Fuxin City, Liaoning Province, the PRC.

The table below sets out certain audited financial information of the Target Companies for the years ended 31 December 2021 and 2022:

Target Company 1

	For the year ended 31 December	
	2021	**2022**
	(audited)	(audited)
	RMB' million	*RMB' million*
Loss before taxation	15.6	24.3
Loss after taxation	15.6	24.3

As at 31 October 2023, the unaudited net assets of Target Company 1 amounted to approximately RMB32.1 million.

Target Company 2

	For the year ended 31 December	
	2021	**2022**
	(audited)	(audited)
	RMB' million	*RMB' million*
Loss before taxation	50.9	24.3
Loss after taxation	50.9	24.3

As at 31 October 2023, the unaudited net assets of Target Company 2 amounted to approximately RMB41.9 million.

Information of the Vendor

The Vendor is a company established in the PRC with limited liability and is principally engaged in the provision of engineering management services, wind and solar power generation technology services and professional design services, manufacturing and sale of photovoltaic equipment and components and metal material and product. As at the date of this announcement, each of the Target Companies is a direct wholly-owned subsidiary of the Vendor. The Vendor is directly owned as to 70% and 30% by each of Tianjin Renai Hongyu New Energy Technology Co., Ltd.*（天津仁愛宏裕新能源科技有限公司）(“**Tianjin Renai**”) and Gan Zenghui*（甘增會）respectively. Tianjin Renai is directly wholly-owned by Renai Holding Group Co., Ltd.*（仁愛控股集團有限公司）, a company established in the PRC with limited liability, which is principally engaged in providing corporate management services and is owned as to 99.8% and 0.2% by Ma Ruren*（馬如仁）and Ma Jiying*（馬繼英）respectively, who are Independent Third Parties of the Company and not its connected persons.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor, each of the Target Companies, each of the Project Companies and their respective ultimate beneficial owners (if applicable) are Independent Third Parties of the Company as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group, being principally engaged in the development, investment, operation and management of power plants and other clean energy projects, has been identifying suitable investment opportunities to acquire clean energy projects with good prospects and potential for stable returns.

The Board is of the view that the Acquisitions align with both the national renewable energy ambitions and the Group's development strategy. On the national level, developing renewable energy, advocating for energy transition, and establishing a green and low carbon energy system are the core breakthroughs in the era of renewable energy in the PRC. The Acquisitions and the consequential acquisition of the Target Projects aligns with the national vision on renewable energy as well as the 14th Five-Year Plan.

Upon Completion of the Acquisitions, each of Target Projects with the installed capacity of up to 100MW, coupled with the proximity of the Target Projects, creates a synergy effect. They are all located in the Liaoning Province, the PRC and are more easily managed as a group with an enhanced power generation capacity and profitability.

The Directors (including the independent non-executive Directors) consider that the Acquisitions were negotiated on normal commercial terms and the terms and conditions of the Equity Transfer Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the transactions under each of the Equity Transfer Agreements were entered into by the same indirect subsidiary of the Company (i.e. the Purchaser) with the same party (i.e. the Vendor), the Acquisitions are required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

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

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

DEFINITIONS

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

"Acquisition(s)"	all or any of the proposed acquisition of the entire equity interests in each of the Target Companies by the Purchaser from the Vendor, as contemplated under the Equity Transfer Agreements
"Benchmark Date"	31 October 2023
"Board"	the board of Directors of the Company
"Business Days"	a day excluding Saturdays, Sundays and statutory holidays in the PRC
"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)
"Completion"	completion of the relevant Acquisition pursuant to the corresponding Equity Transfer Agreement
"Conditions Precedent"	the conditions precedent to the completion of the sale and purchase of the entire equity interests in the Target Companies set out in each of the Equity Transfer Agreements
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"Consideration"	collectively, Consideration 1 and Consideration 2
"Director(s)"	the directors of the Company
"EPC"	engineering, procurement and construction
"Equity Transfer Agreement(s)"	the conditional equity transfer agreement(s) dated 27 December 2023 entered into by the Purchaser, the Vendor, the respective Target Companies and the respective Project Companies respectively, in relation to the relevant Acquisitions, on the terms and conditions set out therein
"Group"	the Company and its subsidiaries
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Group and its connected persons and their respective ultimate beneficial owner(s) or their respective associates
"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
"Project Companies"	collectively, Project Company 1 and Project Company 2
"Project Company 1"	Fuxin Shengbu Solar Energy Generation Co., Ltd.*（阜新市盛步太陽能發電有限公司）, a company established in the PRC with limited liability and is directly wholly owned by Target Company 1 as at the date of this announcement

"Project Company 2"	Fuxin Hongsheng Solar Energy Generation Co., Ltd.* (阜新鴻昇太陽能發電有限公司), a company established in the PRC with limited liability and is directly wholly owned by Target Company 2 as at the date of this announcement
"Purchaser"	BEI 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 a 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
"Target Company 1"	Daqing City Shengbu Electric Power Co., Ltd.* (大慶市盛步電力有限公司), a company established in the PRC with limited liability and is directly wholly owned by the Vendor as at the date of this announcement
"Target Company 2"	Tianjin Huitong New Energy Co., Ltd.* (天津匯通新能源有限公司), a company established in the PRC with limited liability and is directly wholly owned by the Vendor as at the date of this announcement
"Target Companies", and each a "Target Company"	collectively, Target Company 1 and Target Company 2
"Target Projects", and each a "Target Project"	the construction and operation of a photovoltaic power plant by each of the Project Companies in Fuxin City, Liaoning Province, the PRC each with construction capacity of 100MW

"Transition Period"	the period between the Benchmark Date and the Completion Date
"Vendor"	Tianjin Renhui New Energy Technology Co., Ltd.* (天津仁匯新能源科技有限公司), 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, 27 December 2023

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. Liu Guoxi, 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 purpose only*