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北京能源國際控股有限公司
Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

DISCLOSEABLE TRANSACTION
EARNEST MONEY PAYMENT AGREEMENT

THE EARNEST MONEY PAYMENT AGREEMENT

On 3 November 2022 (after trading hours), BEJN, an indirect wholly-owned subsidiary of the Company, entered into the Earnest Money Payment Agreement with, among others, Baoshan SASAC, pursuant to which BEJN agreed to pay the refundable Earnest Money of RMB500 million to facilitate the continued negotiation between BEJN and Baoshan SASAC on the Proposed Acquisition. As security against the refundable Earnest Money, the Target Company and Baoshan Electricity undertake to enter into the Ancillary Security Agreements in favour of BEJN.

Whether or not the Formal Agreement will be entered into, Baoshan SASAC shall refund the Earnest Money and capital occupancy fees (if applicable) to BEJN in accordance with the terms of the Earnest Money Payment Agreement.

The Earnest Money Payment Agreement is not legally binding on the parties in respect of the consummation of the Proposed Acquisition and/or the entering into of the Formal Agreement. Save for this, the Earnest Money Payment Agreement is legally binding on the parties in other aspects which include but are not limited to the payment and refund of Earnest Money, exclusivity, due diligence, confidentiality and governing law.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the payment of the Earnest Money exceeds 5% but is less than 25%, the payment of the Earnest Money by BEJN will constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

In case the Formal Agreement has been entered into by BEJN in respect of the Proposed Acquisition, further announcement(s) will be made by the Company in respect thereof in accordance with the requirements of the Listing Rules.

Shareholders and potential investors of the Company should note that as at the date of this announcement, the Earnest Money Payment Agreement may or may not lead to the entering into of the Formal Agreement and the Proposed Acquisition may or may not be consummated. Therefore, shareholders and potential investors of the Company are advised to exercise caution when dealing in or investing in the securities of the Company.

THE EARNEST MONEY PAYMENT AGREEMENT

BEJN and Baoshan SASAC are in discussion with respect to acquiring not less than 51% of the equity interest in the Target Company in order to gain an exclusive right to develop and operate the new energy projects in Baoshan City which include (i) the filed 5.21GW centralized photovoltaic power generation projects (the "**Filed Projects**"); and (ii) the proposed distributed photovoltaic power generation project(s), the 1GW wind power generation projects and the 1,200MW pumped storage projects to be developed in Baoshan City (collectively as the "**New Energy Projects**"). In order to facilitate continued negotiations on the Proposed Acquisition, BEJN, Baoshan SASAC, the Target Company and Baoshan Electricity entered into the Earnest Money Payment Agreement and the Ancillary Security Agreements (as hereinafter defined) on 3 November 2022 (after trading hours).

The following sets out the key terms of the Earnest Money Payment Agreement:

Earnest Money

BEJN shall pay the Earnest Money in the amount of RMB500 million in the following manner:

(i) The first installment of the Earnest Money in the amount of RMB300 million shall be paid by BEJN within five working days upon fulfillment of the following conditions precedent:

- the Earnest Money Payment Agreement have been executed and becomes effective;

- all the Ancillary Security Agreements (as hereinafter defined) have been signed and the pledges and mortgages contemplated thereunder have been registered;

- the shareholders' resolutions of the Target Company and Baoshan Electricity approving their guarantee of joint and several liabilities and pledges of charge collection rights have been provided;

- no material adverse effect has occurred and undermined the credibility of the Target Company and Baoshan Electricity and the value of the Pledged Assets;

- BEJN has completed the internal approval process for the payment of the Earnest Money;

- BEIED has entered into an agreement of intent (the "**Agreement of Intent**") with the Target Company in relation to the Proposed Acquisition;

- BEJN has entered into a share pledge agreement with the Target Company in respect of the pledge over shares of the project company pursuant to the Agreement of Intent, and the share pledge registration procedures have been completed; and

- there is no serious breach of the Earnest Money Payment Agreement by Baoshan SASAC, the Target Company and Baoshan Electricity.

(ii) Provided that the above conditions precedent continue to be satisfied, the second installment of the Earnest Money in the amount of RMB200 million shall be paid by BEJN within two months commencing from the next date of payment of the first installment of the Earnest Money.

Baoshan SASAC has the responsibility of safekeeping the Earnest Money. In the event that the Earnest Money Payment Agreement is terminated or the Proposed Acquisition is not materialised by BEJN due to whatever reason, the total amount of the Earnest Money shall be refunded by Baoshan SASAC together with capital occupancy fees (if applicable) within one year upon receipt of the notice from BEJN. The capital occupancy fees in respect of the Earnest Money shall be an annual interest rate of 5% commencing from the seventh month upon payment of the Earnest Money. In the event that the Earnest Money is not refunded in time, in addition to the capital occupancy fees, Baoshan SASAC shall pay a late payment penalty fee, which is calculated based on the refundable amount at an annual interest rate of 5%, to BEJN.

Due Diligence and Proposed Acquisition

Upon the payment of Earnest Money, BEJN is entitled to conduct or appoint an intermediate party to conduct due diligence investigation on various aspects of the Target Company, including legal, finance, audit, asset valuation and technologies. Baoshan SASAC, the Target Company and Baoshan Electricity have the obligation to cooperate with BEJN's due diligence request.

BEJN will make the decision on whether to proceed with the Proposed Acquisition with reference to the results of the due diligence investigations, based on which the Target Company is obligated to make relevant amendments accordingly.

The materialisation of the Proposed Acquisition will not impact the obligation of returning the Earnest Money by Baoshan SASAC. Whether or not the Formal Agreement will be entered into, the Earnest Money shall be refunded, if applicable, together with capital occupancy fees.

Exclusivity

Pursuant to the Earnest Money Payment Agreement, Baoshan SASAC and the Target Company undertake that BEJN is entitled to an exclusive right to develop and operate the Filed Projects with the Target Company during the term of the agreement. Baoshan SASAC and the Target Company shall not engage any other third parties in the development and construction of the Filed Projects.

Ancillary Security Agreements and Security Assets

For the benefit of BEJN, the Target Company and Baoshan Electricity undertakes to enter into the following Ancillary Security Agreements (as hereinafter defined) in favour of BEJN to guarantee the refund of the Earnest Money:

- pledge agreements, pursuant to which pledges will be created in favour of BEJN over: (a) assets and electricity charge collection rights of the four hydropower stations of the Target Company; and (b) electricity charge collection rights of Baoshan Electricity (collectively as the "**Pledge Assets**");

- a guarantee agreement, pursuant to which the Target Company and Baoshan Electricity provide the guarantee of joint and several liabilities for a term of three years commencing from the date that the Earnest Money shall be refunded to BEJN; and

- a share pledge agreement as mentioned in the paragraph headed "Earnest Money" above, pursuant to which, pledge over shares of the project companies will be created in favour of BEJN according to the Agreement of Intent (collectively as the "**Ancillary Security Agreements**").

The Target Company and Baoshan Electricity have the obligation to provide additional security or replace part or all of the collaterals under the Ancillary Security Agreements in the occurrence of material adverse effect on the Pledged Assets.

Termination

The Earnest Money Payment Agreement can be mutually terminated by parties to the agreement. Alternatively, BEJN may unilaterally terminate the Earnest Money Payment Agreement in the event of breach of contract by the other parties to the 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 clean energy projects.

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

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.

The Target Company is a joint stock limited company established in the PRC and is ultimately owned by Baoshan SASAC. The Target Company is principally engaged in the operation, maintenance and management of hydropower stations in Baoshan City, Yunnan Province, the PRC.

Baoshan Electricity is a joint stock limited company established in the PRC and is ultimately owned by Baoshan SASAC. Baoshan Electricity is principally engaged in power distribution and supply, power engineering, investment, maintenance and management in Baoshan City, Yunnan Province, the PRC.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Baoshan SASAC, the Target Company, Baoshan Electricity and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company as at the date of this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EARNEST MONEY PAYMENT AGREEMENT

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.

Having considered the development and the expected return from investment in the photovoltaic industry in the PRC, the Company is optimistic about the prospect of the photovoltaic industry in the PRC in the foreseeable future. The Board is of the view that the Proposed Acquisition, if materialises, will be complementary to the Group's existing new energy power plant portfolio and enables the Group to further expand its scale of business in the new energy sector to enhance return to the Shareholders. The Proposed Acquisition is therefore considered by the Board to be a good opportunity to expand the Group's existing clean energy business. The Earnest Money is provided to Baoshan SASAC to facilitate the negotiation of the Proposed Acquisition. Pursuant to the Earnest Money Payment Agreement, BEJN has the aforesaid exclusive right in respect of the development and operation of the Filed Projects during the term of the agreement. The Earnest Money is refundable and the return of which is guaranteed by the Ancillary Security Agreements. The Directors consider the payment of the Earnest Money is able to secure the aforesaid exclusive negotiation and development right of BEJN.

Based on the above, the Directors consider that the terms of the Earnest Money Payment Agreement and the payment of the Earnest Money which is secured by certain assets, electricity charge collection rights etc as mortgage, are fair and reasonable and are entered into on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the payment of the Earnest Money exceeds 5% but is less than 25%, the payment of the Earnest Money by BEJN will constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

In case the Formal Agreement has been entered into by BEJN in respect of the Proposed Acquisition, further announcement(s) will be made by the Company in respect thereof in accordance with the requirements of the Listing Rules.

Shareholders and potential investors of the Company should note that as at the date of this announcement, the Earnest Money Payment Agreement may or may not lead to the entering into of the Formal Agreement and the Proposed Acquisition may or may not be consummated. Therefore, shareholders and potential investors of the Company are advised to exercise caution when dealing in or investing in the securities of the Company.

DEFINITIONS

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

"Baoshan Electricity"	Yunnan Baoshan Electricity Joint Stock Company Limited*（雲南保山電力股份有限公司), a joint stock limited company established in the PRC
"Baoshan SASAC"	State-owned Assets Supervision and Administration Commission of the People's Government of Baoshan City*（保山市人民政府國有資產監督管理委員會）
"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
"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 director(s) of the Company
"Earnest Money"	the earnest money of RMB500 million payable by BEJN to Baoshan SASAC as refundable earnest money upon signing of the Earnest Money Payment Agreement

"Earnest Money Payment Agreement"	the agreement dated 3 November 2022 entered into between BEJN, Baoshan SASAC, the Target Company and Baoshan Electricity in respect of the Proposed Acquisition and the payment and return of the Earnest Money
"Formal Agreement"	the legally binding agreement which may or may not be entered into between BEJN and the Target Company in relation to the Proposed Acquisition
"Group"	the Company and its subsidiaries
"GW"	gigawatts, which equals 1,000,000,000 watts
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"MW"	megawatts, which equals 1,000,000 watts
"PRC"	the People's Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Proposed Acquisition"	the proposed acquisition by BEJN of not less than 51% of the equity interest in the Target Company in order to acquire an exclusive right to develop and operate the New Energy Projects in Baoshan City, Yunnan Province, the PRC
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of issued shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Baoshan Energy Development Joint Stock Company Limited*(保山能源發展股份有限公司), a joint stock limited company established in the PRC

"working day(s)"	day(s) for banks in the PRC normally open for business, excluding Saturdays, Sundays or public holidays of the PRC
"%"	per cent

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

Hong Kong, 3 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*