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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
DEEMED DISPOSAL OF 42.01% EQUITY INTEREST IN THE TARGET COMPANY

THE CAPITAL INCREASE AGREEMENT

On 22 December 2022 (after trading hours), the Target Company, ABC Investment, BEII, Changzhou New Energy and the Company entered into the Capital Increase Agreement, pursuant to which ABC Investment conditionally agreed to inject RMB1 billion into the Target Company by way of cash contribution in return for approximately 42.01% of the enlarged equity interest in the Target Company. Upon the completion of the Capital Increase, ABC Investment will be interested in approximately 42.01% of the enlarged equity interest in the Target Company and the Group's interest in the Target Company will be diluted from 100% to approximately 57.99%.

LISTING RULES IMPLICATIONS

The dilution of the Company's equity interest in the Target Company to approximately 57.99% will constitute a deemed disposal of the Target Company under Rule 14.29 of the Listing Rules. As the highest applicable percentage ratio in respect of the Capital Increase Agreement exceeds 5% but is less than 25%, the Capital Increase Agreement constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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

INTRODUCTION

The Board is pleased to announce that, on 22 December 2022 (after trading hours), the Target Company, ABC Investment, BEII, Changzhou New Energy and the Company entered into the Capital Increase Agreement, pursuant to which ABC Investment conditionally agreed to inject RMB1 billion into the Target Company by way of cash contribution in return for approximately 42.01% of the enlarged equity interest in the Target Company.

THE CAPITAL INCREASE AGREEMENT

Date: 22 December 2022 (after trading hours)

Parties:

(1) the Target Company;

(2) ABC Investment;

(3) BEII;

(4) Changzhou New Energy; and

(5) the Company,

collectively referred to as the "**Parties**", and each, a "**Party**".

Capital Increase

Pursuant to the Capital Increasement Agreement, ABC Investment conditionally agreed to inject RMB1 billion into the Target Company by way of cash contribution in return for approximately 42.01% of the enlarged equity interest in the Target Company (the "**Increased Registered Capital**").

BEII and Changzhou New Energy have agreed to waive their right of first refusal to subscribe for the Increased Registered Capital.

Basis for determination of the consideration of the Capital Increase

The consideration of the Capital Increase was determined based on arm's length negotiations between the parties with reference to, among others, the pre-investment valuation of the entire equity interest of the Target Company of approximately RMB1,380.21 million. Such valuation was determined with reference to the amount of owner's equity attributable to the parent company of Target Company as at 30 June 2022, which was amounted to approximately RMB1,380.21 million.

Payment of the Capital Increase

The Target Company, BEII, Changzhou New Energy and the Target Company shall provide a written confirmation in respect of the satisfaction of the Conditions Precedent (the "**Notice of Satisfaction**") and a written payment notice to ABC Investment (the "**Written Payment Notice**") and ABC Investment shall make capital injection into the Capital Increase Account (defined as below) of the Target Company after fulfilment of all the Conditions Precedent (except for those waived by ABC Investment) and by no later than the date stated in the Written Payment Notice.

Use of proceeds

The proceeds from the Capital Increase would be fully applied to repayment of bank debts incurred by the Target Company and some other financial debts where appropriate. The proceeds from the Capital Increase shall not be used for any other purposes without the written consent of ABC Investment.

Conditions Precedent

The completion of the Capital Increase by ABC Investment is conditional upon the fulfilment of the following Conditions Precedent, unless otherwise agreed to be waived by ABC Investment:

(1) the due diligence on the Target Company has been completed to the satisfaction of ABC Investment;

(2) where applicable, the Capital Increase has been approved by the relevant regulatory authorities;

(3) the approvals of the board of directors of the Target Company and all necessary shareholders' approval of the Target Company have been obtained, including but not limited to the Capital Increase and the waiver of the right of first refusal to subscribe for the Increased Registered Capital;

(4) all documentations in relation to the Capital Increase have been duly executed;

(5) the escrow account for the purpose of receiving the consideration of the Capital Increase designated under the Capital Increase Agreement (the "**Capital Increase Account**") has been opened by the Target Company;

(6) the Parties has reached written consent on the amendments of the articles of association of the Target Company relating to the Capital Increase Agreement;

(7) the representations and undertakings of the Target Company, BEII, Changzhou New Energy and the Company are true, complete and correct in all material aspects;

(8) there is no material adverse impact incurred or to be incurred based on reasonable forecast on financial status, operation and assets of the Target Company;

(9) the Capital Increase has been approved by the competent internal authorities of ABC Investment; and

(10) the Notice of Satisfaction as well as the relevant supporting documents have been provided to ABC Investment by the Target Company, BEII, Changzhou New Energy and the Company.

Completion

Completion of the Capital Increase will take place upon the Conditions Precedents are confirmed to be satisfied, or waived by ABC Investment, as well as the payment of the consideration of the Capital Increase to the Capital Increase Account (the date when the Completion occurs referred to as the "**Completion Date**").

Anti-dilution

Since the Completion Date and during the period when ABC Investment holds the equity interest in the Target Company, unless otherwise agreed by the Parties, all of ABC Investment, BEII, Changzhou New Energy and the Company are not allowed to make additional capital contribution into the Target Company (except for (i) the employee shareholding incentive scheme approved by ABC Investment, (ii) the initial public offering of the Target Company approved by ABC Investment, and (iii) future capital increase made by BEII, Changzhou New Energy and/or their designated related parties and the valuation of such capital increase is not lower than the Capital Increase).

Composition of the board of directors of the Target Company

Since the Completion Date, the board of directors of the Target Company shall comprise four members, of which one member shall be nominated by ABC Investment and three members shall be nominated by BEII, Changzhou New Energy and/or the Company.

Transfer restriction and tag-along right

During the period when ABC Investment holds any equity interest in the Target Company, unless agreed otherwise by the Parties, BEII and Changzhou New Energy shall not directly or indirectly sell, transfer, assign, pledge, encumber or otherwise dispose of the equity interest they hold in the Target Company other than transfer to member entities of BEH.

In the event that BEII and Changzhou New Energy transfer the equity interest in the Target Company to a third party not controlled by BEH, ABC Investment shall have the right to participate in such transfer and sell the equity interest they hold in the Target Company to such third party.

Dividend Distribution

During the period when ABC Investment being a holder of the equity interest in the Target Company, ABC Investment shall have dividend payments out of the profits of the Target Company available for distribution at the expected annualised rate of return of 5.6% multiplied by the total amount of capital contribution made by ABC Investment to the Target Company as at the date of dividend distribution.

Financial effects of the Capital Increase

Upon completion of the Capital Increase, the Target Company will be owned as to approximately 57.99% by the Group and approximately 42.01% by ABC Investment. Therefore, the Group's interest in the Target Company will be diluted from 100% to approximately 57.99% after completion of the Capital Increase. The Target Company will remain as a subsidiary of the Company and the accounts of the Target Company will remain consolidated into the Company's accounts.

The Capital Increase is expected to be recorded as an equity transaction in accordance with the Chinese Accounting Standards (CASs) and the accounting policies of the Group. The Directors do not expect to recognise any gain/loss from the transactions contemplated under the Capital Increase Agreement. Shareholders should note that the actual amount of gain/loss from the Capital Increase to be recorded by the Company (if any) will be subject to review by the auditors of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The Capital Increase would enable the Target Company to raise funds to repay its debts and would reduce the reliance of the Target Company on the financial support from the Group. The Capital Increase allows the Target Company to optimise its financial structure with lower cost to support its subsequent business development. By introducing institutional investors who are reputable in the market such as ABC Investment, the Company believes that it would enhance investors' confidence in the Group, bringing more financing options for the Group's financial well-being.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Increase Agreement are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BACKGROUND INFORMATION AND FINANCIAL INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and owned as to approximately 99.92% by BEII and approximately 0.08% by Changzhou New Energy as at the date of this announcement. The Target Company is principally engaged in the investment, development and operation of solar energy and other clean energy.

Below is a summary of the audited consolidated financial information of the Target Company prepared in accordance with CASs:

	For the year ended 31 December	
	2020	**2021**
	RMB' million (audited)	*RMB' million* (audited)
(Loss)/Profit before taxation	(3.33)	388.21
(Loss)/Profit after taxation	(3.58)	369.09

	As at 31 December	
	2020	**2021**
	(RMB' million) (audited)	*(RMB' million)* (audited)
Net assets	99.42	660.32

INFORMATION ON THE COMPANY, THE ABC INVESTMENT, BEII AND CHANGZHOU NEW ENERGY

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.

ABC Investment is a company established in the PRC with limited liability and is principally engaged in the marketisation and legalisation of debt-to-equity and relevant supporting services as well as fundraising from qualified social investors to support the marketisation of debt-to-equity, issuance of financial bonds and financial advisory and consulting services related to debt-to-equity business, etc. ABC Investment is wholly owned by Agricultural Bank of China Limited*(中國農業銀行股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 1288), and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601288), respectively. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, ABC Investment and its ultimate beneficial owner are independent third parties of the Company and its connected persons.

BEII is a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company. BEII is principally engaged in investment and development of clean energy projects.

Changzhou New Energy is a company established in the PRC with limited liability and principally engaged in the investment and development of clean energy projects. As of the date of this announcement, Changzhou New Energy is wholly owned by United Photovoltaics (Changzhou) Investment Group Co., Ltd.*(聯合光伏(常州)投資集團有限公司)(the "**UP Changzhou**"). UP Changzhou is indirectly owned as to 70.57% by the Company and as to 29.43% by ICBC Financial Asset Investment Co., Ltd.*(工銀金融資產投資有限公司), a company established in the PRC with limited liability and wholly owned by Industrial and Commercial Bank of China Limited*(中國工商銀行股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares and offshore preference shares of which are listed on the Stock Exchange (H shares stock code: 1398, EUR preference shares stock code: 4604 and USD preference shares stock code: 4620), and the A shares and domestic preference shares of which are listed on the Shanghai Stock Exchange (A shares stock code: 601398 and domestic preference shares stock codes: 360011, 360036), respectively.

LISTING RULES IMPLICATIONS

The dilution of the Company's equity interest in the Target Company to approximately 57.99% will constitute a deemed disposal of the Target Company under Rule 14.29 of the Listing Rules. As the highest applicable percentage ratio in respect of the Capital Increase Agreement exceeds 5% but is less than 25%, the Capital Increase Agreement constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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

DEFINITIONS

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

"ABC Investment"	ABC Financial Asset Investment Co., Ltd.*(農銀金融資產投資有限公司), a company established in the PRC with limited liability and wholly owned by Agricultural Bank of China Limited*(中國農業銀行股份有限公司)
"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
"BEII"	Beijing Energy International Investment Limited*(北京能源國際投資有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Board"	the board of Directors of the Company
"Capital Increase"	the capital increase by ABC Investment pursuant to the Capital Increase Agreement for approximately 42.01% of the enlarged registered capital of the Target Company
"Capital Increase Agreement"	the capital increase agreement dated 22 December 2022 entered into by the Target Company, ABC Investment, BEII, Changzhou New Energy and the Company in relation to the Capital Increase
"Changzhou New Energy"	Silk Road New Energy (Changzhou) Co., Ltd.*(絲綢之路新能源(常州)有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary 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)
"Conditions Precedent"	the conditions precedent to the completion of the Capital Increase set out in the Capital Increase Agreement
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"independent third party(ies)"	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, third parties independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules)
"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 purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"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) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target Company"	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 owned as to approximately 99.92% by BEII and approximately 0.08% by Changzhou New Energy as at the date of this announcement
"%"	per cent

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

Hong Kong, 22 December 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 purpose only*