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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
ACQUISITION OF ENTIRE EQUITY INTEREST IN
THE TARGET COMPANY OWNING A PHOTOVOLTAIC POWER
GENERATION PROJECT IN ANHUI PROVINCE, THE PRC**

THE ACQUISITION

On 12 December 2022 (after trading hours), the Purchaser and the Vendor, entered into the Equity Transfer Agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase entire equity interest in the Target Company at a consideration of approximately RMB451.9 million (tax inclusive) in order to obtain control of the Target Project.

IMPLICATION UNDER THE LISTING RULES

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

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment and/or, where applicable, waiver of Conditions Precedent under the Equity Transfer Agreement. As the Acquisition 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 hereby announces that on 12 December 2022 (after trading hours), the Purchaser and the Vendor, entered into the Equity Transfer Agreement, pursuant to which, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase entire equity interest in the Target Company at a consideration of approximately RMB451.9 million (tax inclusive) in order to obtain control of the Target Project.

EQUITY TRANSFER AGREEMENT

Principal terms of the Equity Transfer Agreement are set out as below:

Date : 12 December 2022 (after trading hours)

Parties : (a) the Vendor; and
(b) the Purchaser

Subject Matter

The Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the entire equity interest in the Target Company.

Consideration and Payment Terms

The consideration for the transfer of the entire equity interest in the Target Company is approximately RMB451.9 million (tax inclusive) and shall be paid by the Purchaser to the Vendor in the following manner:

- (i) The first installment of the consideration under the Equity Transfer Agreement (being 30% of the total consideration) is payable by the Purchaser within ten Working Days upon the effective of the Equity Transfer Agreement and the satisfaction of the other relevant conditions contemplated thereunder.
- (ii) The second installment of the consideration under the Equity Transfer Agreement (being 40% of the total consideration) is payable by the Purchaser within ten Working Days upon the completion of equity transfer and satisfaction of the other relevant conditions contemplated under the Equity Transfer Agreement.
- (iii) The third installment of the consideration under the Equity Transfer Agreement (being 25% of the total consideration) is payable by the Purchaser within ten Working Days upon issuance of the audit report and satisfaction of the other relevant conditions contemplated under the Equity Transfer Agreement.

- (iv) The remaining balance of the consideration under the Equity Transfer Agreement (being 5% of the total consideration) is payable by the Purchaser within ten Working Days upon rectification of the deficiencies as stipulated in the appendices to the Equity Transfer Agreement.

Basis of the Consideration

The consideration was determined after arm's length negotiations between the Vendor and the Purchaser, after considering various factors, including (i) the value of the photovoltaic power station owned by the Target Company as at 31 December 2021; (ii) monetary assets; (iii) state subsidy receivables; (iv) retained debts; and (v) financial institution liabilities of the Target Company. Based on the above, the Directors are of the view that the consideration and the terms of the Equity Transfer Agreement for the Acquisition are fair and reasonable.

Conditions Precedent

The Completion is conditional on, among other things: –

- (i) having obtained the approvals by competent internal authorities of the parties and/or the Shenzhen Stock Exchange or Stock Exchange (if applicable);
- (ii) the Target Project having obtained the approval for connecting to the grid system;
- (iii) the Target Project having been duly constructed and put into operation;
- (iv) agreements in respect of connection to the grid system and agreements in respect of the purchase and sale of power having been signed by the Target Company;
- (v) the Vendor having provided the financial statements and other relevant information of the Target Company as at 31 December 2021 to the Purchaser and ensuring that such data and information are comprehensive, true and accurate;
- (vi) an intermediate party appointed by the Purchaser having issued a full scaled due diligence report on the Target Company and the Target Project with the report having no substantial negative statements and that there having no other issues that would impact the transfer of the equity interest in the Target Company apart from those disclosed in the due diligence report;
- (vii) the Target Project having been included in the Catalogue of Additional Subsidies for Renewable Electricity Prices (2020 – the Third Group);

- (viii) the Vendor having procured the Target Company to terminate all existing employees with no labour disputes;
- (ix) the outstanding administrative procedures as stipulated in appendix 7.1 to the Equity Transfer Agreement having been completed by the Vendor; and
- (x) Jiangsu Financial Leasing Co., Ltd.* (江蘇金融租賃股份有限公司) having agreed the release of the share pledge over the equity interest in Target Company and to cooperate with the Vendor on the share pledge release documentation.

Completion

Parties to the Equity Transfer Agreement must collaborate to complete the filings of changes in the industrial and commerce registration of the equity transfer and obtain a new business licence of the Target Company within five Working Days after (a) the respective Conditions Precedent set out in the Equity Transfer Agreement having been fulfilled or otherwise waived in writing by the Purchaser; (b) the payment of the first installment by the Purchaser; and (c) the release of share pledge on equity interest in the Target Company. The issuance date of the new business licence of the Target Company shall be the date of Completion.

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

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

The Target Company currently controls the 150MW Target Project located in Fengtai County, Huainan City, Anhui Province. The Acquisition will enable the Group to expand its scale of business in the photovoltaic industry, particularly in Anhui Province. As the Group owns another photovoltaic power generation project which is near the Target Project, the Acquisition would enable the Company to adopt a centralised management model and achieve scaled operation. The Board is of the view that the Acquisition will be complementary to the Group's existing clean energy power plant portfolio and enables the Group to further expand its scale of business in the clean energy sector to enhance return to the Shareholders. The Acquisition therefore is considered a good opportunity to expand the Group's existing clean energy business.

The Directors (including the independent non-executive Directors) consider that the Acquisition was negotiated on normal commercial terms and the terms of the Equity Transfer Agreement are fair and reasonable and are 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.

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

The Vendor is a company established in the PRC with limited liability and is principally engaged in the development of photovoltaic power projects in the PRC. As at the date of this announcement, the Vendor is ultimately owned by Sungrow Power Supply Co., Ltd. (陽光電源股份有限公司), a joint stock liability company whose shares are listed on the Shenzhen Stock Exchange (stock code: SZ.300274).

The Target Company is a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Vendor. The Target Company is principally engaged in investment, construction and operation of renewable energy power plants and provision of technical services of renewable energy.

Set out below is the key audited financial information for the financial years ended 31 December 2020 and 2021 of the Target Company, both prepared according to the PRC accounting standards. The value of the entire equity interest in the Target Company as at 31 December 2021 was approximately RMB453 million.

	For the year ended	
	31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Profits before tax	35,737.7	37,348.0
Profits after tax	31,270.5	37,348.0

As at 31 December 2020 and 2021, the total assets of the Target Company amounted to approximately RMB1,022.3 million and RMB934.1 million, respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor, the Target Company and its ultimate beneficial owners are Independent Third Parties.

IMPLICATION UNDER THE LISTING RULES

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

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment and/or, where applicable, waiver of Conditions Precedent under the Equity Transfer Agreement. As the Acquisition 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, the following terms have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of entire equity interest in the Target Company by the Purchaser
“Board”	the board of Directors of the Company
“Working 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 Acquisition

“Conditions Precedent”	the conditions precedent to the completion of the sale and purchase of the entire equity interest in the Target Company set out in the Equity Transfer Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 12 December 2022 entered into between the Vendor and the Purchaser for the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) which is a third party independent of the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“MW”	megawatt(s), which equals 1,000,000 watts
“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
“Purchaser”	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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Fengtai County Shengyang New Energy Power Generation Co., Ltd.* (鳳台縣晟陽新能源發電有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Vendor
“Target Project”	the photovoltaic power generation project owned by the Target Company and located in Fengtai County, Huainan City, Anhui Province, the PRC with construction capacity of 150MW
“Vendor”	Hefei Qianhe New Energy Investment Co., Ltd.* (合肥謙和新能源投資有限公司), a company established in the PRC with limited liability and an Independent Third Party
“%”	per cent

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

Hong Kong, 12 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 purposes only