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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 FINANCE LEASE AGREEMENT

FINANCE LEASE AGREEMENT

On 21 December 2022 (after trading hours), Mulei Tongchuan, an indirect subsidiary of the Company, and IB Financial Leasing entered into the Finance Lease Agreement, pursuant to which IB Financial Leasing agreed to purchase the Leased Assets from Mulei Tongchuan for a total consideration of RMB290 million, which shall then be leased back to Mulei Tongchuan, subject to the terms and conditions provided therein.

LISTING RULES IMPLICATIONS

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

INTRODUCTION

The Board is pleased to announce that on 21 December 2022 (after trading hours), Mulei Tongchuan, an indirect subsidiary of the Company, and IB Financial Leasing entered into the Finance Lease Agreement, pursuant to which IB Financial Leasing agreed to purchase the Leased Assets from Mulei Tongchuan for a total consideration of RMB290 million, which shall then be leased back to Mulei Tongchuan, subject to the terms and conditions provided therein.

FINANCE LEASE AGREEMENT

The principal terms of the Finance Lease Agreement are summarised as follows:

- Date: 21 December 2022 (after trading hours)
- Parties: (1) Mulei Tongchuan (as a lessee)
(2) IB Financial Leasing (as a lessor)
- Scope of services: IB Financial Leasing will purchase the Leased Assets owned by Mulei Tongchuan at a total consideration of RMB290 million, and lease the Leased Assets back to Mulei Tongchuan for lease payment.
- Lease term: The lease term under the Finance Lease Agreement will be for 12 months, subject to the terms and conditions provided therein.
- Legal title: IB Financial Leasing shall own the legal title of the Leased Assets during the lease term.
- Lease payment: The total lease amount payable to IB Financial Leasing under the Finance Lease Agreement is approximately RMB299.41 million, being the sum of (i) the total purchase cost of the Leased Assets of RMB290 million and (ii) the total estimated interest of approximately RMB9.41 million. The estimated interests are calculated at a floating rate and shall be adjusted with reference to the loan prime rate with a maturity of 1 year as promulgated by the National Interbank Funding Centre under the authority of the People's Bank of China from time to time minus 45 basis points.
- The total lease amount payable shall be payable in 2 biannual instalments.
- Other terms: Upon maturity of the lease term and subject to the fulfilment of all of its obligations under the Finance Lease Agreement, Mulei Tongchuan is entitled to obtain the legal title of the Leased Assets at a nominal consideration of RMB1.

The terms of the Finance Lease Agreement, including the lease interest rate, were determined after arm's length negotiations between Mulei Tongchuan and IB Financial Leasing with reference to the prevailing market rates for the similar finance lease arrangement and consideration of other factors such as the geographical location, performance of operation and risk profile of the Leased Assets.

INFORMATION ON THE LEASED ASSETS

As at 30 November 2022, the book value of the Leased Assets was approximately RMB349.95 million.

	For the year ended	
	31 December	
	2020	2021
	<i>(RMB' million)</i>	<i>(RMB' million)</i>
	(audited)	(audited)
The profit before tax attributable to the Leased Assets	–	9.9
The profit after tax attributable to the Leased Assets	–	9.9

In accordance with the requirement of Hong Kong Financial Reporting Standards, the transactions contemplated under the Finance Lease Agreement as a whole shall be accounted for as a secured borrowing and therefore would not give rise to any gain or loss.

INFORMATION ON 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.

Mulei Tongchuan 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, operation and management of wind farm projects.

IB Financial Leasing is a company established in the PRC with limited liability, which is principally engaged in the business of finance leasing. IB Financial Leasing is wholly owned by Industrial Bank Co., Ltd.* (興業銀行股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 601166).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, IB Financial Leasing and its 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 FINANCE LEASE AGREEMENT

The Company is an investment holding company and the Group is principally engaged in the development, investment, operation and management of power plants and other clean energy projects. The Finance Lease Agreement and the transactions contemplated thereunder provide the Group with more financial resources for development of projects and working capital of Mulei Tongchuan, which also allows the Group to make more efficient utilisation of internal resources.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Finance Lease Agreement are entered into on normal commercial terms, and the terms set out in the Finance Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

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

DEFINITIONS

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

“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
“Finance Lease Agreement”	the finance lease agreement entered into between Mulei Tongchuan and IB Financial Leasing on 21 December 2022, pursuant to which IB Financial Leasing agreed to purchase the Leased Assets from Mulei Tongchuan, which shall then be leased back to Mulei Tongchuan
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IB Financial Leasing”	Industrial Bank Financial Leasing Co., Ltd.* (興業金融租賃有限責任公司), a company established in the PRC with limited liability
“Leased Assets”	various wind power generation equipment in relation to the second phase of the 49.5MW wind power project in Xinjiang
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Mulei Tongchuan”	Mulei County Tongchuan Fengguang New Energy Co., Ltd.* (木壘縣通川風光新能源有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“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
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

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

Hong Kong, 21 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*