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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
ACQUISITION OF 51% EQUITY INTEREST
IN THE TARGET COMPANY OWNING A WIND POWER PROJECT IN
JIANGSU PROVINCE, THE PRC**

THE ACQUISITION

On 6 September 2023, the Purchaser (a non wholly-owned subsidiary of the Company), the Second Purchaser, the Vendor and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, 51% equity interest in the Target Company at the consideration of approximately RMB6.4 million.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 and Rule 14.23 of the Listing Rules, the Stock Exchange may require listed issuers to aggregate a series of transactions and treat them as if they were one transaction if they are all completed within a 12 month period or are otherwise related. As the transaction contemplated under the Equity Transfer Agreement is conducted with the same counterparty of the Previous Transaction, the key terms (including nature of transaction, basis of consideration and terms of payment) of which largely resemble those of the Equity Transfer Agreement, the Acquisition is thus required to be aggregated with the Previous Transaction.

As all the applicable percentage ratios in respect of the Previous Transaction are less than 5%, the Previous Transaction on a standalone basis does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisition on an aggregate basis with the Previous Transaction exceeds 5% but is less than 25%, the Acquisition constitutes 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 should note that the Completion is subject to the satisfaction and/or, where applicable, waiver of the Conditions Precedent. As the Acquisition 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 6 September 2023, the Purchaser (a non wholly-owned subsidiary of the Company), the Second Purchaser, the Vendor and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, 51% of equity interest in the Target Company at the consideration of approximately RMB6.4 million.

THE ACQUISITION

The Equity Transfer Agreement

The principal terms of the Equity Transfer Agreement are set out as follows:

- Date: 6 September 2023
- Parties: (i) the Purchaser;
- (ii) the Second Purchaser;
- (iii) the Vendor; and
- (iv) the Target Company.

Interests to be acquired

The Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, 51% equity interest in the Target Company, free from all encumbrances and together with all rights attaching (or may in the future attach) to them.

Consideration and Payment Terms

The final amount in consideration payable by the Purchaser to the Vendor for 51% of equity interest in the Target Company is approximately RMB6.4 million, which shall be paid in the following manner:

1. up to 80% of the consideration shall be payable (the “**1st Payment**”) within the same day upon the completion of change of business registration in local Administration for Market Regulations; and
2. up to 20% of the consideration shall be payable (the “**2nd Payment**”) within 5 working days upon the issuance of the audited financial statements from the audit unit assigned by the Purchaser and receipt of the written confirmation from all parties for the transition period.

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

Basis of the Consideration

The consideration under the Equity Transfer Agreement was determined after arm’s length negotiations between the Group and the Vendor after considering various factors, including (i) the internal analysis of the value of the wind power plant of approximately RMB1,061.5 million based on the financial performance of the Target Company as at 30 June 2023 considering the factors including but not limited to the revenue to be generated from the Target Company and the total cost of construction and operation of the wind power plant owned by the Target Company; (ii) the state subsidy receivables as at 30 June 2023 in the amount of approximately RMB145.6 million; (iii) receivables of the shareholders of the Target Company and its connected parties as at 30 June 2023 in the amount of approximately RMB5.0 million; (iv) surplus assets as at 30 June 2023 of approximately RMB23.8 million; and (v) deducted by retained liabilities as at 30 June 2023 of approximately RMB271.2 million, financial institution liabilities of the Target Company of approximately RMB816.0 million and other payable of approximately RMB114.3 million.

Conditions Precedent

The Completion is conditional upon the satisfaction or waiver by the Purchaser of the following Conditions Precedent where:–

1. all internal approvals, the approvals of, where applicable, Shenzhen Stock Exchange and/or the Stock Exchange (as required by Shenzhen Stock Exchange, the Stock Exchange and other relevant regulatory authorities) regarding the Equity Transfer Agreement have been obtained;
2. the equity interest of the Target Company is free from pledge and any other encumbrances, any restrictions imposed by law or contract, any compulsory measures such as freezing order and capable of delivery at any time;
3. the full approval for the access system of the Target Project has been obtained. The Target Company has signed the binding grid connection agreement and the power purchase and sale agreement in respect of the Target Project and the construction and grid integration of the Target Project have been completed;
4. the Vendor has provided the Purchaser with the financial statements and relevant information of the Target Company as at 30 June 2023, and undertaken that data and information are comprehensive, true and accurate, and there are no errors, omissions or concealments;
5. the Vendor is responsible to ensure that there are no material adverse issues of the Target Company, or that material adverse issues occurred have been rectified; and
6. the Vendor is responsible to ensure that there are no laws or judgments, rulings, decisions, injunctions or orders of any governmental authority which restrict, prohibit or annul the transfer of the equity interest of the Target Company.

Completion

The Completion shall take place within 5 working days upon the Purchaser's confirmation that the Conditions Precedent have been fulfilled or waived in writing. Parties to the Equity Transfer Agreement shall collaborate to complete the registration of the transfer of the equity interest in the Target Company and obtain a new business licence for the Target Company.

Upon Completion, the Target Company will become a subsidiary of the Company and the financial results and assets and liabilities of the Target Company will be consolidated into the consolidated financial statements of the Company.

INFORMATION OF THE PARTIES

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 non wholly-owned subsidiary of the Company as at the date of this announcement. It is principally engaged in the investment, development and operation of clean and renewable energy projects.

The Second Purchaser is a company established in the PRC with limited liability, which is principally engaged in investments in power and public utilities, power generation, power technology development, investments in high-tech fields and related technical consulting services. The Second Purchaser is a wholly-owned subsidiary of Harbin Jiuzhou Group Co., Ltd. (哈爾濱九洲集團股份有限公司), a joint stock limited company established in the PRC, whose shares are listed on the Shenzhen Stock Exchange (stock code: 300040). Harbin Jiuzhou Group Co., Ltd. is principally engaged in smart electrical equipment, construction, investment and operation of renewable energy power plant and integrated smart energy solutions.

The Vendor is a joint stock company established in the PRC with limited liability and a non-banking financial institution approved by the China Banking and Insurance Regulatory Commission and a foreign-invested institution approved by the Ministry of Commerce of the PRC, which is principally based on the position of a trustee and uses diversified financial instruments to provide fiduciary management of trust assets through asset management trusts, asset service trusts and public welfare and charitable trusts. The Vendor is owned as to approximately 84.42% by AVIC Investment Holding Co., Ltd.* (中航投資控股有限公司) and approximately 15.58% by Oversea-Chinese Banking Corporation Limited* (華僑銀行有限公司) respectively. AVIC Investment Holding Co., Ltd. is a subsidiary of AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司), a joint stock company established in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange (stock code: 600705). The ordinary shares of Oversea-Chinese Banking Corporation Limited are listed on the main board of the Singapore Exchange Limited (stock symbol: O39).

The Target Company is a company established in the PRC with limited liability and is principally engaged in research and development as well as sales of wind power generation products and investment and construction of wind power stations. The Target Company is directly wholly owned by the Vendor.

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

	For the year ended	
	31 December	
	2021	2022
	<i>(RMB' million)</i>	<i>(RMB' million)</i>
	(audited)	(audited)
Loss before/after taxation	62.3	17.4

As at 30 June 2023, the net liabilities of the Target Company amounted to approximately RMB76.0 million.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Second Purchaser, the Target Company, the Vendor and their ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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 Acquisition aligns 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 Acquisition and the consequential acquisition of the Target Project aligns with the national vision on renewable energy as well as the 14th Five-Year Plan.

Upon Completion of the Acquisition, the Target Project with the installed capacity of up to 100MW, which is geographically proximate to the Company's existing Shanyang 100MW wind power project and the 100MW photovoltaic power generation project in Yangzhou City, Jiangsu Province creates a synergy effect. They are all located in Jiangsu Province and 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 Acquisition was negotiated on normal commercial terms and the terms and conditions of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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Shareholders and potential investors should note that the Completion is subject to the satisfaction and/or, where applicable, waiver of the Conditions Precedent. As the Acquisition 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 meanings as set out below:

“Acquisition”	the proposed acquisition of 51% equity interest in the Target Company by the Purchaser from the Vendor as contemplated under the Equity Transfer Agreement
“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)
“Completion”	completion of the Acquisition pursuant to the Equity Transfer Agreement
“Conditions Precedent”	the conditions precedent to the Completion as set out in the Equity Transfer Agreement
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the conditional equity transfer agreement dated 6 September 2023 entered into by the Purchaser, the Second Purchaser, the Vendor and the Target Company in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	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

“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
“Previous Transaction”	the acquisition of 51% of equity interest in Asia New Energy (Baoying) Wind Power Co., Ltd.* (亞洲新能源(寶應)風力發電有限公司), which was a direct wholly-owned subsidiary of the Vendor, under an equity transfer agreement entered into by the Purchase and the same counterparty on 7 April 2023
“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 a non wholly-owned subsidiary of the Company
“Second Purchaser”	Harbin Jiuzhou Energy Investment Co., Ltd.* (哈爾濱九洲能源投資有限責任公司), a company established in the PRC with limited liability
“Share(s)”	ordinary share(s) of HKD0.1 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”	Asia New Energy (Jinhu) Wind Power Co., Ltd.* (亞洲新能源(金湖)風力發電有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Vendor
“Target Project”	the construction and operation of a wind power plant by the Target Company in Huaian City, Jiangsu Province, the PRC with construction capacity of 100MW

“Vendor”

AVIC Trust Co., Ltd.* (中航信託股份有限公司), a joint stock limited liability company incorporated in the PRC and a non-banking financial institution approved by China Banking and Insurance Regulatory Commission

“%”

per cent

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

Hong Kong, 6 September 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*