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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)

**MAJOR TRANSACTION
ACQUISITION OF 42.01% EQUITY INTEREST IN
THE TARGET COMPANY**

THE EQUITY TRANSFER AGREEMENT

Reference is made to the announcement of the Company dated 22 December 2022 in relation to the Capital Increase, pursuant to which ABC Investment injected RMB1 billion into the Target Company by way of cash contribution in return for 42.01% of the enlarged equity interest in the Target Company.

On 20 December 2023, the Target Company, ABC Investment, BEII, Changzhou New Energy and BEJN entered into the Equity Transfer Agreement, pursuant to which ABC Investment has conditionally agreed to sell and BEJN has conditionally agreed to purchase 42.01% of the equity interest in the Target Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the notification, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A general meeting will be convened by the Company to seek the Shareholders' approval of the Equity Transfer Agreement and the Acquisition contemplated thereunder.

A circular containing, among other things, (i) further details about the Equity Transfer Agreement and the Acquisition contemplated thereunder; (ii) the notice of general meeting; and (iii) other information as required under the Listing Rules, will be despatched by the Company to the Shareholders on or before 29 February 2024 as the Company needs more time to prepare and finalize information to be included in the circular.

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

Reference is made to the announcement of the Company dated 22 December 2022 in relation to the Capital Increase, pursuant to which ABC Investment injected RMB1 billion into the Target Company by way of cash contribution in return for 42.01% of the enlarged equity interest in the Target Company.

On 20 December 2023, the Target Company, ABC Investment, BEII, Changzhou New Energy and BEJN entered into the Equity Transfer Agreement, pursuant to which ABC Investment has conditionally agreed to sell and BEJN has conditionally agreed to purchase 42.01% of the equity interest in the Target Company.

EQUITY TRANSFER AGREEMENT

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

Date : 20 December 2023

Parties : (a) the Target Company;
(b) BEII;
(c) Changzhou New Energy;
(d) ABC Investment (as the vendor); and
(e) BEJN (as the purchaser).

Subject Matter

ABC Investment has conditionally agreed to sell and BEJN has conditionally agreed to purchase 42.01% of the equity interest in the Target Company.

Dividend Distribution

During the period 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.

Consideration and Payment Terms

The consideration for the Acquisition is RMB1 billion subject to adjustment. In the event that the Target Company has paid the outstanding amount of dividend payment to ABC Investment for the period from 1 July 2023 until 31 March 2024 (the “**Completion Date**”), the consideration for the Acquisition will be RMB1 billion. If the Target Company fails to make the relevant dividend payment, the consideration for the Acquisition will be RMB1 billion plus an alternative amount receivable by ABC Investment, being the amount of unpaid dividend during the period when ABC Investment being a holder of the equity interest in the Target Company divided by 0.75.

BEJN undertakes that the consideration for the Acquisition shall be paid by BEJN to ABC Investment on or prior to the Completion Date to the designated bank account of ABC Investment.

Basis of the Consideration

The consideration of RMB1 billion is the same as the consideration of the Capital Increase paid by ABC Investment previously for the 42.01% equity interest in the Target Company and has been stipulated in the Capital Increase Agreement. 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 the Company having obtained all required approvals for the Equity Transfer Agreement and the transaction contemplated thereunder, including but not limited to the approvals of its Shareholders and the Stock Exchange, where applicable.

Completion

ABC Investment and BEJN must collaborate to complete the filings of changes of the Target Company for the industrial and commerce registration of the Acquisition within thirty (30) working days after full payment of consideration.

Financial effects of the Acquisition

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The Capital Increase brought in low cost financing for the Group's business development and ABC Investment is a reputable institutional investor in the market. In order to further integrate the Group's strategic planning, optimize the assets and liabilities structure and improve the efficiency of operation and management, the Acquisition was made by the Company at the same consideration of the Capital Increase (after the dividend distribution).

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer 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 57.63% by BEII, approximately 42.01% by ABC Investment and approximately 0.36% 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 Chinese Accounting Standards:

| | For the year ended | |
|-------------------------------|---------------------------|---------------------|
| | 31 December | |
| | 2021 | 2022 |
| | <i>RMB' million</i> | <i>RMB' million</i> |
| | (audited) | (audited) |
| (Loss)/Profit before taxation | 388.21 | 203.18 |
| (Loss)/Profit after taxation | 369.09 | 170.75 |

| | For the year ended | |
|------------|---------------------------|---------------------|
| | 31 December | |
| | 2021 | 2022 |
| | <i>RMB' million</i> | <i>RMB' million</i> |
| | (audited) | (audited) |
| Net assets | 660.32 | 2,362.22 |

INFORMATION ON THE PARTIES

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.

BEJN is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the tender agency for engineering and service projects, technology development and consultancy.

BEII is a company incorporated in Hong Kong with limited liability and a 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 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

As the highest applicable percentage ratio in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the notification, announcement, circular and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

A general meeting will be convened by the Company to seek the Shareholders' approval of the Equity Transfer Agreement and the Acquisition contemplated thereunder.

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

| | |
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| “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) |
| “Acquisition” | the acquisition of 42.01% of the issued share capital in the Target Company by the Company from ABC Investment |
| “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 a wholly-owned 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 a wholly-owned subsidiary of the Company |
| “Board” | the board of Directors of the Company |

| | |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Capital Increase” | the capital increase by ABC Investment for approximately 42.01% of the enlarged equity interest in the Target Company pursuant to the capital increase agreement dated 22 December 2022 |
| “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 a 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) |
| “Completion” | completion of the Acquisition |
| “Conditions Precedent” | the conditions precedent to the completion of the Acquisition set out in the Equity Transfer Agreement |
| “Director(s)” | the director(s) of the Company |
| “Equity Transfer Agreement” | the equity transfer agreement dated 20 December 2023 entered into among the Target Company, ABC Investment, BEII, Changzhou New Energy and BEJN for the Acquisition |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “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 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 |
| “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 57.63% by BEII, approximately 42.01% by ABC Investment and approximately 0.36% 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, 20 December 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*