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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)

**CONTINUING CONNECTED TRANSACTION
2024-2025 COMPREHENSIVE SERVICES
FRAMEWORK AGREEMENT**

2024-2025 COMPREHENSIVE SERVICES FRAMEWORK AGREEMENT

On 29 December 2023, the Company entered into the 2024-2025 Comprehensive Services Framework Agreement with BEH, pursuant to which BEH Group will provide Comprehensive Services, including (i) property management services, including but not limited to, cleaning, security, front desk and catering services; (ii) administrative services, including but not limited to, ticketing, car rental, consulting and training services; (iii) power plant operation and management services, including operation management and maintenance services of power plants and projects; and (iv) information technology services to the Group for two years from 1 January 2024 to 31 December 2025.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.81 to Rule 14A.83 of the Listing Rules, the respective transactions contemplated under the 2024-2025 Comprehensive Services Framework Agreement and the Previous Service Agreements are required to be aggregated as the 2024-2025 Comprehensive Services Framework Agreement and the Previous Service Agreements were entered into by the Group with the group of connected persons, and the nature of the transactions is similar. As the highest applicable percentage ratio in respect of the annual caps for the transactions contemplated under the 2024-2025 Comprehensive Services Framework Agreement, on a standalone basis and on an aggregated basis with the Previous Service Agreements, exceeds 0.1% but is less than 5%, the transactions contemplated under the 2024-2025 Comprehensive Services Framework Agreement will be subject to reporting, announcement and annual review requirements but is exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 29 December 2023, the Company entered into the 2024-2025 Comprehensive Services Framework Agreement with BEH, pursuant to which BEH Group will provide Comprehensive Services, including (i) property management services, including but not limited to, cleaning, security, front desk and catering services; (ii) administrative services, including but not limited to, ticketing, car rental, consulting and training services; (iii) power plant operation and management services, including operation management and maintenance services of power plants and projects; and (iv) information technology services to the Group for two years from 1 January 2024 to 31 December 2025.

2024-2025 COMPREHENSIVE SERVICES FRAMEWORK AGREEMENT

The principal terms of the 2024-2025 Comprehensive Services Framework Agreement are set out as below:

- Date:** 29 December 2023
- Parties:**
- (i) the Company
 - (ii) BEH
- Term of the agreement:** The 2024-2025 Comprehensive Services Framework Agreement shall be effective for two years from 1 January 2024 until 31 December 2025. Subject to compliance with the requirements under relevant laws and the Listing Rules, the 2024-2025 Comprehensive Services Framework Agreement may be extended upon mutual agreement of the parties.
- Scope of services:** Pursuant to the 2024-2025 Comprehensive Services Framework Agreement, BEH Group will provide Comprehensive Services, including (i) property management services, including but not limited to, cleaning, security, front desk and catering services; (ii) administrative services, including but not limited to, ticketing, car rental, consulting and training services; (iii) power plant operation and management services, including operation management and maintenance services of power plants and projects; and (iv) information technology services to the Group.

Pricing policy:

Under the 2024-2025 Comprehensive Services Framework Agreement, the service fees are agreed based on the following pricing policy:

- the price to be agreed following arm's length negotiations between the relevant parties with reference to government guided price; or
- where no government guided price is provided, the price to be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates. Market rates refer to the rates at which the same or similar type of products or services are provided by Independent Third Parties under normal commercial terms. When determining the pricing standard, to the extent practicable, management of the Company will take into account the rates of at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference.

HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

Historical transaction amounts in relation to Comprehensive Services provided by BEH Group

Service Type	For the	For the	For the ten
	year ended	year ended	months ended
	31 December	31 December	31 October
	2021	2022	2023
	RMB' million	RMB' million	RMB' million
Property management services	–	1.72	7.59 ⁽¹⁾
Administrative services	1.14	2.68	2.17
Power plant operation and management services	–	–	–
Information technology services	0.80	–	0.77
TOTAL	<u>1.94</u>	<u>4.40</u>	<u>10.53</u>

Note:

- (1) *Including the transaction amounts under the Previous Service Agreements, details of which are set out in the announcements of the Company dated 11 January 2023, 19 January 2023 and 31 March 2023.*

Annual caps under the 2024-2025 Comprehensive Services Framework Agreement

Service Type	For the	For the
	year ending	year ending
	31 December	31 December
	2024	2025
	<i>RMB' million</i>	<i>RMB' million</i>
Property management services	10	14
Administrative services	19	38
Power plant operation and management services	24	14
Information technology services	7	14
TOTAL	<u>60</u>	<u>80</u>

BASIS FOR THE ANNUAL CAPS AND REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024-2025 COMPREHENSIVE SERVICES FRAMEWORK AGREEMENT

In determining the above annual caps, the Company has considered (i) the historical transaction amounts of the Comprehensive Services provided by BEH Group; (ii) the expected increase in demand for procurement of the Comprehensive Services from BEH Group which is in line with the development of the Group's business as a result of the stable relationship between the Group and BEH since the completion of the subscription of the Shares by BEH in February 2020; and (iii) the prevailing market rates and the estimated increase in market rates to be charged for these services to be received attributable to the increase in operating costs.

The transactions contemplated under the 2024-2025 Comprehensive Services Framework Agreement are expected to be of a recurrent nature and will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. The 2024-2025 Comprehensive Services Framework Agreement is intended to streamline the continuing connected transactions between the Group and BEH Group. With years of stable relationship between the Group and BEH Group and the BEH Group's involvement in providing services to the Group gradually since 2020, BEH Group is familiar with the business needs, quality standards and operation requirements of the Group. Based on the pricing policy of the 2024-2025 Comprehensive Services Framework Agreement, the Group is able to procure the Comprehensive Services with terms not less favorable than Independent Third Parties. In addition, the long-term relationship between the Group and BEH Group also creates synergies such as more effective communication and higher work efficiency, while also reduces the administrative procedure and cost of the Group.

In view of the reasons and benefits discussed above, the Board is not aware of any disadvantages to the Company on the transactions contemplated under the 2024-2025 Comprehensive Services Framework Agreement. The Directors (including the independent non-executive Directors) consider that the terms of the 2024-2025 Comprehensive Services Framework Agreement and the annual caps are fair and reasonable, and the transactions contemplated thereunder are entered into on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

As Mr. Su Yongjian (the non-executive Director) is the senior management of BEH, he had abstained from voting on the Board resolution approving the 2024-2025 Comprehensive Services Framework Agreement and the transactions contemplated thereunder. Save and except for the aforesaid, none of the Directors has any material interest in the 2024-2025 Comprehensive Services Framework Agreement and was required to abstain from voting on the Board resolution in relation to the 2024-2025 Comprehensive Services Framework Agreement.

INTERNAL CONTROL MEASURES

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions contemplated under the 2024-2025 Comprehensive Services Framework Agreement, which include the following:

Comparison with independent quotations

The Finance Department and Company Secretarial Department is responsible for collecting and monitoring the information under the 2024-2025 Comprehensive Services Framework Agreement. Prior to entering into individual contracts under the 2024-2025 Comprehensive Services Framework Agreement and to the extent practicable, the relevant operation departments of the Group will take into account the rates of at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference. Officers handling the relevant matters shall submit a report to their respective head of the department for approval, which is subject to the preliminary and final review by them based on the relevant rules and regulations.

Pricing terms and mechanism

All relevant operation departments of the Group (including Finance Department and Company Secretarial Department) are jointly responsible for conducting reviews on compliance with relevant laws, regulations, the Group's internal policies and the Listing Rules in respect of both continuing connected transactions and connected transactions. They are also jointly responsible for evaluating the transaction terms under each underlying agreement of the 2024-2025 Comprehensive Services Framework Agreement, in particular, the fairness and reasonableness of the pricing terms under each agreement.

Ongoing monitoring of terms and annual caps

Independent non-executive Directors will review the terms of the 2024-2025 Comprehensive Services Framework Agreement and the transactions contemplated thereunder to ensure that the agreements are entered into on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

The Finance Department and Company Secretarial Department will monitor the transactions under the 2024-2025 Comprehensive Services Framework Agreement on a regular basis. With the benefit of time and communication, both departments will monitor and assess whether the annual caps are expected to be exceeded based on respective proposed transactions to be entered into, and where necessary, elevate such issue to the Board with proposed revised annual caps and such other relevant information so that the Board will be in a position to consider and, where applicable, comply with applicable Listing Rules in connection with such revised annual caps.

Independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the 2024-2025 Comprehensive Services Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreements and the Group's pricing policy measures, and to confirm if the price and terms offered are fair and reasonable and comparable to those offered by unrelated third parties.

INFORMATION ON 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.

BEH is a company incorporated in the PRC with limited liability which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. It is a state-owned company in the PRC indirectly wholly-owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. BEH is the controlling shareholder of the Company, indirectly holding approximately 32.04% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“2024-2025 Comprehensive Services Framework Agreement”	the comprehensive services framework agreement entered into on 29 December 2023 between the Company and BEH
“associate(s)”	has the meanings ascribed to it under the Listing Rules
“BEH”	Beijing Energy Holding Co., Ltd.* (北京能源集團有限責任公司), a company incorporated in the PRC with limited liability and a controlling shareholder of the Company holding 7,176,943,498 Shares, representing approximately 32.04% of the issued share capital of the Company

“BEH Group”	BEH and/or its associates, excluding the Group
“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 an indirect wholly-owned subsidiary of the Company
“BEJN Comprehensive”	BEJN International Comprehensive Smart Energy Co., Ltd.* (北京京能國際綜合智慧能源有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“BEJN Comprehensive Catering Service Agreement”	the catering service agreement entered into between BEJN Comprehensive and BESM Beijing on 19 January 2023 in respect of the procurement of staff canteen catering services from BESM Beijing
“BEJN North China”	BEJN International Holdings Co., Ltd. (North China Branch Company)* (北京京能國際控股有限公司華北分公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“BEJN North China Catering Service Agreement”	the catering service agreement entered into between BEJN North China and BESM Beijing on 19 January 2023 in respect of the procurement of staff canteen catering services from BESM Beijing
“BEJN Staff Canteen Service Agreement”	the staff canteen services agreement entered into between BEJN and BESM Beijing on 11 January 2023 in respect of the procurement of the corporate and other catering services from BESM Beijing
“BES Hainan”	Beijing Energy Sembcorp (Hainan) International Renewables Company Limited* (京能勝科(海南)國際能源有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“BES Hainan Catering Service Agreement”	the staff canteen services agreement entered into between BES Hainan and BESM Beijing on 31 March 2023 in respect of the procurement of staff canteen catering services from BESM Beijing
“BESM Beijing”	Beijing Energy Service Management Co., Ltd. (Beijing Branch Company)* (京能服務管理有限公司北京分公司), a company established in the PRC with limited liability and indirectly wholly owned by BEH

“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)
“Company Secretarial Department”	the company secretarial department of the Group
“Comprehensive Services”	the services were provided or to be provided by BEH Group to the Group, including (i) property management services, including but not limited to, cleaning, security, front desk and catering services; (ii) administrative services, including but not limited to, ticketing, car rental, consulting and training services; (iii) power plant operation and management services, including operation management and maintenance services of power plants and projects; and (iv) information technology services
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Finance Department”	the financial management department of the Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	parties who are not connected person(s) of the Company within the meaning of 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
“Maintenance Services Contracting Agreement”	the maintenance services contracting agreement entered into between BEJN and BESM Beijing on 27 December 2022 in respect of the procurement of office cleaning and property maintenance services from BESM Beijing

“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 Service Agreements”	collectively, the BEJN Staff Canteen Service Agreement, the Maintenance Services Contracting Agreement, the BEJN Comprehensive Catering Service Agreement, the BEJN North China Catering Service Agreement and the BES Hainan Catering Service Agreement
“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 issued Share(s) of the Company
“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, 29 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*