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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 THE ENTIRE EQUITY INTEREST
IN THE TARGET COMPANY OWNING A WIND POWER PROJECT IN
SHANXI PROVINCE, THE PRC**

THE ACQUISITION

On 3 April 2024, the Purchaser (a subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interest in the Target Company at the consideration of approximately RMB149 million.

LISTING RULES IMPLICATIONS

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 therefore 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 satisfaction and/or, where applicable, waiver of the Conditions Precedent. 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 is pleased to announce that on 3 April 2024, the Purchaser (a subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interest in the Target Company at the consideration of approximately RMB149 million.

THE ACQUISITION

The Equity Transfer Agreement

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

- Date: 3 April 2024
- Parties: (i) the Purchaser; and
(ii) the Vendor.

Interests to be acquired

Pursuant to the Equity Transfer Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interest in the Target Company, together with all rights attaching to the Target Project.

Consideration and payment terms

The final amount of consideration payable by the Purchaser to the Vendor for the entire equity interest in the Target Company is approximately RMB149 million, which shall be paid in the following manner:

1. 50% of the consideration in the amount of approximately RMB74 million, shall be payable (the “**1st Payment**”) within five (5) Business Days upon the fulfillment of all of the following conditions:
 - (i) necessary and required approvals regarding the Acquisition contemplated under the Equity Transfer Agreement have been obtained, including: (a) with respect to the Vendor, approvals from its shareholders; and (b) with respect to the Purchaser, approvals from its shareholders (if applicable), its board of directors (if applicable), and the board of directors and/or controlling shareholders and/or shareholders of the Company and/or the Stock Exchange (if applicable); and
 - (ii) the Equity Transfer Agreement has been executed by the Vendor and the Purchaser.

2. The second instalment of approximately RMB73 million shall be payable within ten (10) Business Days upon the issuance of the audit report of the financial information of the Target Company covering the period between the Benchmark Date and the date of the Completion.
3. The remaining balance of the consideration in the amount of approximately RMB2 million shall be payable within fifteen (15) Business Days upon the fulfillment of all of the following conditions:
 - (i) the deficiencies in respect of the operation and production of the Target Project, such as obtaining the title certificate of land use rights in respect of the wind turbines and the construction land planning permit, and acceptance approval document for restoration of forestry production conditions and vegetation on forest land temporarily used for the project, which the Vendor has undertaken to remedy pursuant to the terms and conditions of the Equity Transfer Agreement have been completed; and
 - (ii) the supporting documents in relation thereto to the satisfaction of the Purchaser have been obtained by the Vendor and delivered to the Purchaser.

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 negotiation between the Group and the Vendor after considering various factors, among others, including (i) the internal analysis of the value of the wind power plant(s) of approximately RMB462 million for Target Company based on the financial performance of the Target Company as at the Benchmark Date considering the factors including but not limited to the total cost of construction and operation of the wind power plant(s) owned by the Target Company and related tax preferential policies; (ii) cash and cash equivalents of Target Company as at the Benchmark Date in the amount of approximately RMB9 million; (iii) other current assets of Target Company as at the Benchmark Date of approximately RMB4 million; (iv) deduction of current liabilities of Target Company as at the Benchmark Date of approximately RMB24 million; and (v) deduction of lease liabilities and long-term loan of Target Company as at the Benchmark Date of approximately RMB303 million.

Conditions Precedent

The Completion is conditional upon the satisfaction or waiver by the Purchaser in writing, where applicable of the following conditions:–

1. the Vendor has procured the Target Company to enter into an asset management service agreement or relevant supplemental agreements with Shanxi Run Shi Hua New Energy Technology Service Co., Ltd.* (山西潤世華新能源技術服務有限公司) in respect of the operation and maintenance of the Target Project;
2. the Vendor has provided the Purchaser with a project completion check and acceptance report which was prepared in accordance with the industry standard, and the Vendor has procured Run Shi Da Engineering Co., Ltd.* (潤世達工程有限公司) (“**Runshida Engineering**”), to deliver to the Target Company a quality assurance guarantee issued by a bank in the form approved by the Purchaser in relation to the equipment (except wind turbines), design, construction and installation works of the Target Project, of which such guarantee is an irrefutable, irrevocable and unconditional demand guarantee and the amount of which shall be determined in accordance with the EPC Agreement;
3. the Vendor has procured Xinjiang Goldwind Science and Technology Co., Ltd.* (新疆金風科技股份有限公司) (or Runshida Engineering), the supplier of wind turbines for the Target Project, to deliver to the Target Company an irrefutable, irrevocable and unconditional demand bank guarantee, in the form approved by the Purchaser;
4. the Vendor has procured Jinzhong City Branch of the Bank of China Limited* (中國銀行股份有限公司晉中市分行) to issue a written consent to the equity transfer contemplated under the Equity Transfer Agreement;
5. from the date of the Equity Transfer Agreement to the date of Completion, there has been no occurrence of events with material adverse impact on the Target Company, or such events have been resolved or rectified before Completion;
6. no regulations or orders has been formulated, published, promulgated, implemented or approved by any governmental authorities that would cause the Equity Transfer Agreement and the Acquisition contemplated thereunder illegal or otherwise restrict or prohibit the Equity Transfer Agreement and the Acquisition contemplated thereunder; and
7. the declarations, representations, warranties, and undertakings given by the Vendor under the Equity Transfer Agreement have remained and will continue to remain to be true, complete and accurate and not misleading in all material respects.

The Completion is further conditional upon the satisfaction (or waiver by the Vendor, where applicable) of the following conditions:–

1. the Purchaser represents, warrants and undertakes that:–
 - (i) the Purchaser has performed or complied with, in all material respects, all of its undertakings and covenants under the Equity Transfer Agreement; and
 - (ii) each of the representations and warranties given by the Purchaser under the Equity Transfer Agreement is true and accurate in all material respects;
2. no regulations or orders has been formulated, published, promulgated, implemented or approved by any governmental authorities that would cause the Equity Transfer Agreement and the Acquisition contemplated thereunder illegal or otherwise restrict or prohibit the Equity Transfer Agreement and the Acquisition contemplated thereunder; and
3. the Purchaser has duly settled the 1st Payment in full in accordance with the terms and conditions of the Equity Transfer Agreement.

Completion

Completion shall take place on the date of completion of the registration with the competent authorities of the transfer of the equity interest in the Target Company under the name of the Purchaser and the Purchaser's receipt of the new business licence in respect of the Target Company after the Conditions Precedent have been fulfilled or waived in writing.

Upon Completion, the Target Company will become an indirect wholly-owned 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 ABOUT THE PARTIES

Information of the Company and the Purchaser

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 subsidiary of the Company as at the date of this announcement and is an investment holding company in the PRC.

Information of the Target Company

The Target Company is a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Vendor as at the date of this announcement. The Target Company is principally engaged in power generation, power transmission and power supply.

The table below sets out certain audited financial information of the Target Company for the year ended 31 December 2022 and the seven months ended 31 July 2023:

	For the year ended 31 December 2022	For the seven months ended 31 July 2023
	<i>(RMB' million)</i>	<i>(RMB' million)</i>
	(audited)	(audited)
Loss before taxation	2	2
Loss after taxation	2	2

As at the Benchmark Date, the audited net assets of the Target Company amounted to approximately RMB151 million.

Information of the Vendor

The Vendor is a company established in the PRC with limited liability, which is principally engaged in the industrial investment, investment consulting and investment management. As at the date of this announcement, the Vendor is directly wholly owned by Xizang Shannan Heyi Investment Holding Company Limited* (西藏山南合一投資控股有限公司) (“**Xizang Shannan**”) and Xizang Shannan is directly wholly owned by Run Shi Hua New Energy Holdings Group Company Limited* (潤世華新能源控股集團有限公司) (“**Run Shi Hua New Energy**”). Run Shi Hua New Energy is directly held as to 69% by Shenzhen Runshihua Holdings Development Co., Ltd.* (深圳市潤世華控股發展有限責任公司), 16% by Zhuhai Runshichang Investment and Development Partnership (Limited Partnership)* (珠海市潤世昌投資發展合夥企業(有限合夥)) and 15% by Zhuhai Jintai Hesheng Investment Partnership (Limited Partnership)* (珠海錦泰合盛投資合夥企業(有限合夥)). The Vendor is ultimately controlled and held as to approximately 79% by Zhang Jinhui* (張錦輝).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner (i.e. Zhang Jinhui) is an Independent Third Party 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 80MW, together with the Company's existing wind energy project in Jinzhong City, Shanxi Province, creates a synergy effect. They are all located in the Shanxi Province, the PRC and are 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.

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DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire equity interest in the Target Company by the Purchaser from the Vendor as contemplated under the Equity Transfer Agreement
“Benchmark Date”	31 July 2023
“Board”	the board of Directors
“Business 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 pursuant to the Equity Transfer Agreement
“Conditions Precedent”	the conditions precedent to the Completion as set out in the Equity Transfer Agreement
“Director(s)”	the director(s) of the Company
“EPC Agreement”	the engineering, procurement and construction agreement dated 15 June 2022 entered into by Run Shi Da Engineering Co., Ltd.* (潤世達工程有限公司), Beijing Dongran Electricity Design Co., Ltd.* (北京東冉電力設計有限公司) and Run Shi Hua New Energy Holding Group Co., Ltd.* (潤世華新能源控股集團有限公司)
“Equity Transfer Agreement”	the conditional equity transfer agreement dated 3 April 2024 entered into by the Vendor and the Purchaser in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Group and its connected persons (which has the meaning ascribed to it under the Listing Rules) and their respective ultimate beneficial owner(s) or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“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
“Purchaser”	United Photovoltaics (Changzhou) Investment Group Co., Ltd.* (聯合光伏(常州)投資集團有限公司), a company established in the PRC with limited liability and a subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Heshun Runneng New Energy Co., Ltd.* (和順潤能新能源有限公司), a company established in the PRC with limited liability
“Target Project”	the construction and operation of a wind power plant by the Target Company in Jinzhong City, Shanxi Province, the PRC with construction capacity of 80MW

“Vendor” Shanghai Sineng Investment Co., Ltd.* (上海斯能投資有限公司), a company established in the PRC with limited liability

“%” per cent

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

Hong Kong, 3 April 2024

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*