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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 THE SUBSCRIPTION OF SHARES IN THE TARGET COMPANY

THE SUBSCRIPTION

On 23 September 2024, the Company entered into the Equity Subscription Agreement with the Target Company, pursuant to which the Company has conditionally agreed to subscribe, and the Target Company has conditionally agreed to allot and issue, the Subscription Shares (representing approximately 6.6% of the issued share capital of the Target Company as enlarged by the issue of the Subscription Shares) at the Subscription Amount, upon and subject to the terms and conditions of the Equity Subscription Agreement.

LISTING RULES IMPLICATIONS

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

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the Conditions Precedent. Accordingly, the Subscription may or may not materialise. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

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THE EQUITY SUBSCRIPTION AGREEMENT

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

Date: 23 September 2024

Parties: (1) the Company; and
(2) the Target Company.

Subject Matter

Pursuant to the Equity Subscription Agreement, the Company has conditionally agreed to subscribe, and the Target Company has conditionally agreed to allot and issue, the Subscription Shares.

Consideration and payment terms

Pursuant to the Equity Subscription Agreement, the Subscription Amount shall be payable in immediately available funds to the account nominated by the Target Company to the Company at least two Business Days prior to the Completion Date. The Subscription Amount will be satisfied by internal resources of the Group and external financing.

The Subscription Price was determined after arm's length negotiation between the Company and the Target Company with reference to (i) the stock price performance of the Target Company from 1 September 2022 up to 30 August 2024, the average price of which being approximately AUD0.49; (ii) the net asset value per share (NAV) of the Target Company based on its audited financial statements as of 31 December 2023, being approximately AUD0.37 per share; (iii) the issued capital of the Target Company, being approximately AUD207 million, and the cost of equity being AUD0.53 per share; and (iv) the consideration terms of recent transactions in respect of mining companies as entered into by other listed companies, which the Directors consider to be on normal commercial terms, and fair and reasonable.

Conditions Precedent to issue of Subscription Shares

Completion is conditional upon fulfilment or waiver (as the case may be) of the following Conditions Precedent under the Equity Subscription Agreement:

1. All of the condition(s) precedent under the Implementation Agreement having been satisfied (or waived in accordance with the terms of the Implementation Agreement) and completion of the purchase of all of the issued share capital in Yancoal Target by the Target Company (or its nominee) from the relevant shareholder(s) of the Yancoal Target (which will be within the group of Yankuang Energy) occurring under the Implementation Agreement simultaneously with Completion under the Equity Subscription Agreement.
2. Either:
 - a) the Company has received a written notice under FATA by, or on behalf of, the Treasurer of the Commonwealth of Australia stating that the Commonwealth Government does not object to the issue of the Subscription Shares to it; or
 - b) the Treasurer of the Commonwealth of Australia becomes precluded from making an order in relation to the issue of the Subscription Shares to the Company as contemplated by the Equity Subscription Agreement under FATA; or
 - c) if an interim order is made under FATA in respect of the issue of the Subscription Shares to the Company as contemplated by the Equity Subscription Agreement, the subsequent period for making a final order prohibiting the transactions contemplated by the Equity Subscription Agreement elapses without a final order being made.
3. The Company has received regulatory approvals and consents and made required filings, in connection with the Subscription which it is required to obtain from, or make with, the relevant PRC governmental agencies and regulatory authorities.

4. The Company (or its nominee) and the Target Company enter into an agreement providing priority development rights in relation to Muga Project power plant or distributed energy projects in the form agreed between the Target Company and the Company, each acting reasonably.

The Company acknowledges that it is made aware of the conditions precedent under the Implementation Agreement and that those conditions precedent may be waived by only the party or parties to the Implementation Agreement entitled to the benefit thereof under the Implementation Agreement. Such conditions precedent include but are not limited to the respective parties having obtained the regulatory approvals and consents in connection with the sale and purchase of the issued share capital in Yancoal Target under the Implementation Agreement, the subscription of the shares in the Target Company by Yankuang Energy under the equity subscription agreement to be entered into between Yankuang Energy and the Target Company on or around the date of the Implementation Agreement (“**Yankuang Subscription Agreement**”), and all other related transactions contemplated by the Implementation Agreement (the “**IA Transactions**”). Pursuant to the Yankuang Subscription Agreement, Yankuang Energy agrees to subscribe and the Target Company agrees to issue the lower of the number of shares calculated by: (a) deducting the Capital Raising Amount (as defined below) from US\$220 million and dividing the result by the subscription price of AUD0.50 per share; and (b) dividing US\$90 million by the subscription price of AUD0.50 per share, subject to the terms and conditions therein. For the purpose of the Yankuang Subscription Agreement, Capital Raising Amount means the subscription monies associated with shares issued or to be issued by the Target Company pursuant to one or more equity subscription agreements (on terms consistent with the terms of the Yankuang Subscription Agreement) or other equity capital raisings, the details of which are announced by the Target Company to ASX on or after the date of the Implementation Agreement and prior to completion, but excluding, among other things, shares issued to Yankuang Energy under Yankuang Subscription Agreement.

If any of the Conditions Precedent are not satisfied or waived in accordance with the Equity Subscription Agreement on or before the Sunset Date, the Target Company or the Company may at any time after the Sunset Date, and before satisfaction or waiver of those Conditions Precedent, terminate the Equity Subscription Agreement by written notice to the other.

If any of the Conditions Precedent become incapable of being satisfied before the Sunset Date, in the reasonable opinion of the Target Company or the Company, then from that date either party may terminate the Equity Subscription Agreement by written notice to the other party (provided that the terminating party is not in breach of a material obligation under the Equity Subscription Agreement).

If the party or parties to the Implementation Agreement have waived any of the Conditions Precedent in accordance with the Implementation Agreement, the Company can assess the effect of such waiver of Conditions Precedent, if the effect has a Highfield Material Adverse Change, the Company can terminate the Equity Subscription Agreement by written notice to the Target Company (provided that the Company is not in breach of a material obligation under the Equity Subscription Agreement).

Completion

Completion will take place on the Completion Date or at such other time and place agreed by the parties in writing.

The Target Company acknowledges that the net proceeds from Completion must be used for funding of the Muga Project phase 1 capital expenditures as approved by the board of directors of the Target Company and general working capital purposes of the Target Company.

Upon Completion, the Target Company will not become a subsidiary of the Company and the financial results of the Target Company will not be consolidated into the financial statements of the Group.

Nomination of a Nominee

At least 15 Business Days before the despatch of the notice of meeting and explanatory memorandum (“**Notice of Meeting**”) to be sent to shareholders of the Target Company in respect of the shareholders’ meeting to consider and vote on the resolutions for the purpose of approving, among other things, the IA Transactions, the Company may nominate a nominee (i.e., a person which is a Related Body Corporate of the Company) (“**Nominee**”) by delivering to the Target Company a nomination form signed by the Company and the Nominee under which the Company and the Nominee acknowledge and agree that:

- (a) all applicable references to the Company in the Equity Subscription Agreement must be read and construed as the Company or the Nominee;
- (b) the Company and the Nominee are jointly and severally liable for the obligations of the Company under the Equity Subscription Agreement; and
- (c) the nomination of the Nominee does not limit the Company’s obligations under the Equity Subscription Agreement in any way.

Board appointment

The Target Company must, as soon as practicable on the Completion Date after the Subscription Shares have been issued to the Company, take all actions necessary to cause the reconstitution of the board of the Target Company, including but not limited to the appointment of one nominee of the Company to the board of the Target Company, immediately following Completion.

INFORMATION ABOUT 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 Target Company is a company incorporated in Australia with limited liability, whose shares are listed on ASX (ASX code: HFR). The Target Company is principally engaged in mineral exploration and development of potash mines in Spain, including progressing its flagship Muga Project.

Yankuang Energy, a joint stock company with limited liability incorporated in the PRC, with its H shares and A shares listed on the main board of the Stock Exchange (stock code: 01171.HK) and Shanghai Stock Exchange (stock code: 600188.SH), respectively. It is principally engaged in mining, high-end chemicals and new materials, new energy, high-end equipment manufacturing and intelligent logistics business. Yancoal Canada Resources Co., Ltd. is wholly-owned by Yankuang Energy and a Saskatoon based potash exploration and development company.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Target Company, Yankuang Energy and their ultimate beneficial owners are Independent Third Parties of the Company and not connected persons of the Company as at the date of this announcement.

Set out below is the key consolidated financial information of the Target Company for the two years ended 31 December 2022 and 31 December 2023, which is based on the audited consolidated financial statements of the Target Company and is prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001:

	Year ended 31 December 2023 (audited) <i>AUD'million</i>	Year ended 31 December 2022 (audited) <i>AUD'million</i>
Loss before taxation	12.1	5.8
Loss after taxation	12.1	5.8

The audited consolidated net asset value of the Target Company as at 31 December 2023 was approximately AUD143.3 million.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Board is of the view that the Subscription aligns with the investment strategy of the Group. It will further enhance the Group's footprint in Spain and also the sectors of mining, high-end chemicals, electricity, new energy materials and high-end equipment manufacturing. The Group sees the Subscription as a unique opportunity to extend its businesses into the attractive sectors of business and at the same time achieve synergies with its existing businesses.

In view of the above, the Directors consider that the terms of the Equity Subscription Agreement are on normal commercial terms, and are fair and reasonable, and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

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Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the Conditions Precedent. Accordingly, the Subscription may or may not materialise. 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 requires otherwise, the following terms shall have the meanings as set out below:

“ASX”	the Australian Securities Exchange
“AUD”	the currency of Australia
“Business Day(s)”	(a) for receiving a notice under the Equity Subscription Agreement, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and (b) for all other purposes, a day that is not a Saturday, Sunday, public holiday or bank holiday in Sydney, Australia, Luxemburg, Hong Kong, Saskatoon, Canada or China
“Board”	the board of Directors
“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 issue of the Subscription Shares in accordance with the Equity Subscription Agreement

“Completion Date”	the date on which completion under the Implementation Agreement occurs, or any other date agreed in writing by the Target Company and the Company
“Conditions Precedent”	the conditions precedent to the Completion as set out in the Equity Subscription Agreement
“Director(s)”	the director(s) of the Company
“Equity Subscription Agreement”	the equity subscription agreement dated 23 September 2024 entered into by the Company and the Target Company in relation to the Subscription
“FATA”	the Foreign Acquisitions and Takeovers Act 1975 (Cth) and the Foreign Acquisitions and Takeovers Regulation 2015 (Cth)
“Group”	the Company and its subsidiaries
“Highfield Material Adverse Change”	an event, change, condition, matter, circumstance or thing occurring, on or after the date of the execution of the Implementation Agreement which, whether individually or when aggregated with all such events, changes, conditions, matters, circumstances or things of a like kind that occur on or after the date of the execution of the Implementation Agreement or are reasonably likely to occur, has or would be considered reasonably likely to have a material adverse effect on the business, assets, liabilities, financial or trading position, profitability or prospects of the Target Company and each of its Related Bodies Corporate (other than the Yancoal Target Group) taken as a whole
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Implementation Agreement”	the implementation agreement between the Target Company and Yankuang Energy dated on or about the date of the Equity Subscription Agreement

“Independent Third Parties”	a person(s) or company(ies) who/which is/are not connected with (within the meaning of the Listing Rules) any member of the Group, Directors, chief executive and the substantial shareholders of the Company and its subsidiaries, and 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
“Muga Project”	the Target Company’s flagship project, in its current state of development, targeting the relatively shallow sylvinitic beds in the Muga area that covers about 46 square kilometres located in the Provinces of Navarra and Aragón
“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
“Related Bodies Corporate”	has the meaning in the Corporations Act 2001 (Cth).
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of shares in the Target Company by the Company pursuant to the Equity Subscription Agreement
“Subscription Amount”	the amount equal to the Subscription Price multiplied by the total number of Subscription Shares to be issued to the Company on Completion
“Subscription Price”	the price payable for each Subscription Share, being AUD0.50
“Subscription Shares”	the number of shares in the Target Company calculated by dividing US\$50 million by the Subscription Price
“Sunset Date”	31 March 2025 (as may be extended under the Implementation Agreement)

“Target Company”	Highfield Resources Limited, a company incorporated in Australia with limited liability, the shares of which are listed on Australian Securities Exchange (ASX: HFR)
“US\$”	the currency of the United States of America
“Yankuang Energy”	Yankuang Energy Group Company Limited, a joint stock company with limited liability incorporated in the PRC, with its H shares and A shares listed on the main board of the Stock Exchange (stock code: 01171.HK) and Shanghai Stock Exchange (stock code: 600188.SH), respectively
“Yancoal Target”	(a) Yancoal Canada Resources Co., Ltd.; or (b) a person nominated by Yankuang Energy in accordance with, and subject to, the Implementation Agreement
“Yancoal Target Group”	Yancoal Target and each of its subsidiaries (if any)
“%”	per cent

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

Hong Kong, 23 September 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, Mr. Lu Xiaoyu and Mr. Wang Cheng; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei, Mr. Zhu Jianbiao and Mr. Zeng Ming.