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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 IN RELATION TO ACQUISITION OF ENTIRE EQUITY INTERESTS IN EACH OF THE TARGET COMPANIES

THE ACQUISITIONS

On 10 December 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreements, respectively, in relation to the Acquisitions of each of the Target Companies, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interests in each of the Target Companies.

LISTING RULES IMPLICATIONS

As the transactions under each of the Equity Transfer Agreements were entered into by the indirect wholly-owned subsidiary of the Company with the same party, i.e. the Vendor, the Acquisitions are required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisitions exceeds 5% but is less than 25%, the Acquisitions collectively constitute 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 Closing is subject to the satisfaction and/or, where applicable, waiver of the Conditions Precedent. As the Acquisitions 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 hereby announces that on 10 December 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the Equity Transfer Agreements, respectively, in relation to the Acquisitions of each of the Target Companies, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interests in each of the Target Companies.

THE ACQUISITIONS

The Equity Transfer Agreements

Each of the Equity Transfer Agreements is of similar principal terms except the identity of the Target Companies and the consideration, which are set out as below:

Date: 10 December 2021 (after trading hours)

Parties: (i) The Purchaser

(ii) The Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and each of the Target Companies and their respective ultimate beneficial owners (if applicable) are independent third parties of the Company and its Connected Persons as at the date of this announcement.

Equity interests to be acquired

Pursuant to the respective Equity Transfer Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interests in each of the Target Companies.

Consideration and Payment Terms

The consideration for the transfer of entire equity interests in Yangqu Weilan, Hunyuan Sineng, Pianguan Sineng and Heshun Sineng is approximately RMB262,090,000, RMB211,984,000, RMB193,300,000 and RMB233,581,000, respectively. The aggregate consideration of the Acquisitions amounts to approximately RMB900,955,000 and shall be paid by the Purchaser to the Vendor in cash in the following manner:

1. the first instalment of the consideration under each of the Equity Transfer Agreements (being 40% to 50% of the respective consideration) is payable within five (5) Business Days upon the effective of the Equity Transfer Agreements;
2. the second instalment of the consideration under each of the Equity Transfer Agreements (being 40% to 60% of the respective consideration) is payable within seven (7) Business Days upon the date of Closing;
3. the remaining balance of the consideration under each of the Equity Transfer Agreements is payable within five (5) Business Days after the Purchaser receives the documents proving the completion of the Outstanding Matters to its satisfaction.

Basis of the Consideration

The consideration under each of the Equity Transfer Agreements was determined after arm's length negotiation between the Group and the Vendor after considering various factors, among others, including (i) the financial performance of each of the Target Companies as at 30 June 2021, such as the revenue to be generated by each of the Target Companies and the total construction costs of the wind power generation projects owned by each of the Target Companies; (ii) the tariff adjustment receivables to be received by each of the Target Companies as at 30 June 2021; and (iii) the consolidated liabilities and expenses payable by each of the Target Companies as at 30 June 2021.

Conditions Precedent

The Closing is conditional on, among other things:–

- (i) the relevant Equity Transfer Agreement having been executed by the Vendor and the Purchaser;

- (ii) all necessary and required approvals regarding the transaction contemplated under the Equity Transfer Agreements having been obtained, including: (a) with respect to the Vendor, both internal and external approvals, consents and authorities and the consents from all other third parties (if necessary); and (b) with respect to the Purchaser, the approval from its shareholders (if applicable) and its board of directors and the approval from the board of directors of its controlling shareholder, namely the Company;
- (iii) no regulations or orders having been formulated, published, promulgated, implemented or approved by any governmental authorities that would cause the Equity Transfer Agreements and the transactions contemplated thereunder illegal or otherwise restrict or prohibit the Equity Transfer Agreements and any transaction contemplated thereunder;
- (iv) both Vendor and Purchaser having fulfilled their commitments and promises under the Equity Transfer Agreements in all material respects on or before the date of Closing and both Vendor and Purchaser ensure that all the representations and warranties are and will be true and accurate in all material respects as at the date of the Equity Transfer Agreements and the date of Closing unless such representations and warranties are provided on a specific date which would be true and accurate in all material respects as at such specific date under this circumstance;
- (v) the names of the proposed legal representative, director(s), supervisor(s), manager(s) and financial officer(s) to be changed and the proposed amendments on the articles of association of the relevant Target Companies having been provided by the Purchaser;
- (vi) no occurrence of events with material negative impact on the Target Companies, or such issues having being resolved before the date of Closing;
- (vii) the Purchaser and Vendor having obtained the written approval from the financial institutions as the debt creditors of the Target Companies in relation to the Acquisitions; and
- (viii) the Purchaser having paid the Vendor the first instalment of the consideration under each of the Equity Transfer Agreements.

Closing

Closing of each of the Equity Transfer Agreements shall take place within three (3) Business Days after the Conditions Precedent have been fulfilled or waived in writing and both Vendor and Purchaser shall complete the registration of the transfer of equity interest in the relevant Target Company under the name of the Purchaser. The issuance date of the new business license being issued to the relevant Target Company shall be the date of Closing.

Upon Closing of the Acquisitions, each of the Target Companies will become an indirect wholly-owned subsidiary of the Company and the financial results and assets and liabilities of each of the Target Companies will be consolidated into the consolidated financial statements of the Company.

Closing of each of the Equity Transfer Agreements is not conditional upon each other.

INFORMATION ABOUT THE PARTIES TO THE EQUITY TRANSFER AGREEMENTS

Information of the Group and the Purchaser

The Company is a company incorporated in Bermuda with limited liability 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 renewable energy projects. The Purchaser is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the development and operation of solar energy and other clean energy.

Information of the Target Companies

Each of the Target Companies is a company established in the PRC with limited liability. The Target Companies are principally engaged in the operation, maintenance and management of new energy power plants in the PRC and located in Shanxi, the PRC. Each of the Target Companies is operating one wind power plant with the grid-connected capacity of 40MW to 50MW in different counties in Shanxi Province.

The table below sets out certain audited financial information of the Target Companies for the years ended 31 December 2019 and 2020:

Yangqu Weilan

	For the year ended	
	31 December	
	2019	2020
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	—	—
Profit after taxation	—	—

Yangqu Weilan has not commenced operation in 2019 and 2020, and therefore it did not generate profit for such years. As at 31 December 2019 and 2020, the net assets of Yangqu Weilan amounted to nil and RMB117,550,000, respectively.

Hunyuan Sineng

	For the year ended	
	31 December	
	2019	2020
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	17,972	11,185
Profit after taxation	17,972	13,953

As at 31 December 2019 and 2020, the net assets of Hunyuan Sineng amounted to approximately RMB137,972,000 and RMB151,925,000, respectively.

Pianguan Sineng

	For the year ended	
	31 December	
	2019	2020
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	—	—
Profit after taxation	—	—

Pianguan Sineng has not commenced operation in 2019 and 2020, and therefore it did not generate profit for such years. As at 31 December 2019 and 2020, the net assets of Pianguan Sineng amounted to RMB113,000,000 and RMB113,000,000, respectively.

Heshun Sineng

	For the year ended	
	31 December	
	2019	2020
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	6,454	3,051
Profit after taxation	6,454	3,792

As at 31 December 2019 and 2020, the net assets of Heshun Sineng amounted to approximately RMB101,454,000 and RMB105,245,000, respectively.

Information of the Vendor

The Vendor is principally engaged in the wind power generation, photovoltaic power generation, high-tech investment consulting and investment management. As at the date of this announcement, each of the Target Companies is a direct wholly-owned subsidiary of the Vendor. The Vendor is directly owned as to 50% by each of Shanghai Maifu New Energy Technology Company Limited* (上海勸福新能源科技有限公司) (“**Shanghai Maifu**”) and Tibet Shannan Heyi Investment Holding Company Limited* (西藏山南合一投資控股有限公司) (“**Tibet Shannan**”). Shanghai Maifu is indirectly wholly owned by MAIF 2 INVESTMENTS GREATER CHINA 2 PTE. LTD., an entity established in Singapore which is principally engaged in making investment in the PRC and providing corresponding services to the target companies of its investment. Tibet Shannan is ultimately controlled by Ms. Zhang Jin Hui (張錦輝女士), an individual shareholder who is an independent third party of the Company and its Connected Persons.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Group, being principally engaged in the development, investment, operation and management of power plants and other renewable energy projects, has been identifying suitable investment opportunities to acquire renewable energy projects with good prospects and potential for stable returns.

The Board is of the view that the Acquisitions will be complementary to the Group's existing renewable power plant portfolio and enables the Group to further expand its scale of business in the renewable energy sector to enhance return to the Shareholders. The Acquisitions are therefore considered by the Board to be a good opportunity to expand the Group's existing renewable energy business.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Acquisitions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the transactions under each of the Equity Transfer Agreements were entered into by the indirect wholly-owned subsidiary of the Company with the same party, i.e. the Vendor, the Acquisitions are required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Acquisitions exceeds 5% but is less than 25%, the Acquisitions collectively constitute a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

In addition, on the same date, Run Shi Hua New Energy Holding Group Company Limited* (潤世華新能源控股集團有限公司), an independent third party of the Company and its Connected Persons indirectly holding 47.5% equity interests in the Vendor through Tibet Shannan, executed an undertaking that it shall procure the Vendor to fulfil certain obligations stipulated under the Equity Transfer Agreements and bear the joint liability within the scope of the undertaking letter. The Group entered into a term sheet with the Vendor on the same date for the potential acquisition of additional renewable energy projects owned by the Vendor (the “**Potential Acquisition**”), which may further enhance the Group's renewable power plant portfolio and benefit the Shareholders and the Group as a whole. The deposit paid by the Group under the term sheet of the Potential Acquisition amounts to RMB200 million which is refundable subject to certain conditions. As at the date of this announcement, the Group and the Vendor are in the negotiation of a definitive equity transfer agreement and no formal agreement has been finalized for the Potential Acquisition. The Company will comply with the relevant disclosure requirements in accordance with the Listing Rules as and when appropriate or required in relation to the Potential Acquisition.

Shareholders and potential investors of the Company should note that Closing is subject to the satisfaction and/or, where applicable, waiver of the Conditions Precedent. As the Acquisitions 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 requires otherwise, the following terms shall have the meanings as set out below:

“Acquisition(s)”	all or any of the proposed acquisition of the entire equity interest in each of the Target Companies by the Purchaser from the Vendor, as contemplated under the Equity Transfer Agreements
“Board”	the board of Directors of the Company
“Business Days”	a day excluding Saturdays, Sundays and statutory holidays in the PRC
“Closing”	completion of the relevant Acquisition pursuant to the corresponding Equity Transfer Agreement
“Company”	Beijing Energy International Holding Co., Ltd. (北京能源國際控股有限公司), 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)
“Conditions Precedent”	the conditions precedent to the completion of the sale and purchase of the entire equity interests in the Target Companies set out in each of the Equity Transfer Agreements
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the Directors of the Company

“Equity Transfer Agreement(s)”	the conditional equity transfer agreement(s) and the supplemental agreement(s) dated 10 December 2021 entered into by the Purchaser and the Vendor, respectively, in relation to the relevant Acquisition, on the terms and conditions set out therein
“Group”	the Company and its subsidiaries
“Heshun Sineng”	Heshun County Sineng Wind Energy Co., Ltd.* (和順縣斯能風電有限公司), a company established in the PRC with limited liability and is directly wholly owned by the Vendor as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunyuan Sineng”	Hunyuan Sineng New Energy Co., Ltd.* (渾源斯能新能源有限公司), a company established in the PRC with limited liability and is directly wholly owned by the Vendor as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Outstanding Matters”	the outstanding matters stipulated in the respective Equity Transfer Agreement and as supplemented to be completed by the Vendor and each of the relevant Target Companies
“Pianguan Sineng”	Pianguan County Sineng Wind Energy Co., Ltd.* (偏關縣斯能風電有限公司), a company established in the PRC with limited liability and is directly wholly owned by the Vendor as at the date of this announcement
“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”	Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company(ies)”	All or any of Yangqu Weilan, Hunyuan Sineng, Pianguan Sineng and Heshun Sineng
“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
“Yangqu Weilan”	Yangqu County Weilan New Energy Co., Ltd.* (陽曲縣蔚藍新能源有限公司), a company established in the PRC with limited liability and is directly wholly owned by the Vendor 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, 10 December 2021

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman), Mr. Lu Zhenwei and Mr. Xu Jianjun; the non-executive directors of the Company are Mr. Sui Xiaofeng, Mr. Zhao Bing and Mr. Li Hao; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao.

* For identification purposes only