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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)**

### **CONNECTED TRANSACTION SALES AND LEASEBACK AGREEMENT**

#### **TIBET NIMU SALES AND LEASEBACK AGREEMENT**

On 22 December 2021 (after trading hours), Tibet Nimu (an indirect non-wholly owned subsidiary of the Company) and Beijing Jingneng Leasing entered into the Tibet Nimu Sales and Leaseback Agreement, pursuant to which Beijing Jingneng Leasing agreed to provide to the Group sales and leaseback services subject to the terms and conditions provided therein.

#### **LISTING RULES IMPLICATIONS**

As Beijing Jingneng Leasing is a subsidiary of BEH, the controlling shareholder of the Company, Beijing Jingneng Leasing is a connected person of the Company. Accordingly, the Tibet Nimu Sales and Leaseback Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Tibet Nimu Sales and Leaseback Agreement and the transactions contemplated thereunder exceeds 0.1% but is less than 5%, the Tibet Nimu Sales and Leaseback Agreement and the transactions contemplated thereunder constitute connected transactions of the Company and are subject to the notification and announcement requirements, but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Board hereby announces that on 22 December 2021 (after trading hours), Tibet Nimu (an indirect non-wholly owned subsidiary of the Company) and Beijing Jingneng Leasing entered into the Tibet Nimu Sales and Leaseback Agreement, pursuant to which Beijing Jingneng Leasing agreed to provide to the Group sales and leaseback services subject to the terms and conditions provided therein.

## **TIBET NIMU SALES AND LEASEBACK AGREEMENT**

The principal terms of the Tibet Nimu 20MW Photovoltaic Power Station System Equipment Financing Sales and Leaseback Agreement are summarised as follows:

- Date:** 22 December 2021 (after trading hours)
- Parties:**
- (1) Tibet Nimu (as the lessee)
  - (2) Beijing Jingneng Leasing (as the lessor)
- Scope of services:** Beijing Jingneng Leasing will purchase the Leased Assets owned by Tibet Nimu at a consideration of RMB110 million, and lease the Leased Assets back to Tibet Nimu for lease payment.
- Lease term:** The lease term under the Tibet Nimu 20MW Photovoltaic Power Station System Equipment Financing Sales and Leaseback Agreement will be for five years, from 27 December 2021 to 26 December 2026, subject to the terms and conditions provided therein.
- Legal title:** Beijing Jingneng Leasing shall own the legal title of the Leased Assets during the lease term.

**Lease payment:**

The total lease amount payable to Beijing Jingneng Leasing under the Tibet Nimu 20MW Photovoltaic Power Station System Equipment Financing Sales and Leaseback Agreement is approximately RMB122.18 million, being the sum of (i) the total principal lease amount of RMB110 million and (ii) the estimated total interest amounted to approximately RMB12.18 million and no management fee will be charged. The estimated interests are calculated at a floating rate and shall be adjusted with reference to the loan prime rate with a maturity of above 5 years as promulgated by the National Interbank Funding Centre under the authority of the People's Bank of China from time to time minus 46 basis points, i.e. 4.19% as at the date of the Tibet Nimu 20MW Photovoltaic Power Station System Equipment Financing Sales and Leaseback Agreement.

The total lease amount shall be paid in 20 quarterly instalments.

**Other terms:**

Upon maturity of the lease term and subject to the fulfilment of all of its obligations under the Tibet Nimu 20MW Photovoltaic Power Station System Equipment Financing Sales and Leaseback Agreement, Tibet Nimu is entitled to purchase back the Leased Assets at a nominal consideration of RMB10,600 (inclusive of value-added tax at the rate of 6%).

**Guarantee:**

The Security Agreements were entered into in relation to the Tibet Nimu 20MW Photovoltaic Power Station System Equipment Financing Sales and Leaseback Agreement:

- (i) Tibet Nimu pledges its right of receiving the electricity fee income in relation to the Leased Assets to Beijing Jingneng Leasing pursuant to the Tibet Nimu Electricity Fee Rights Pledge Agreement;
- (ii) Tibet Nimu mortgages the Leased Assets to Beijing Jingneng Leasing pursuant to the Tibet Nimu Equipment Mortgage Agreement under which Beijing Jingneng Leasing has the right to recover all liabilities payable under the Tibet Nimu 20MW Photovoltaic Power Station System Equipment Financing Sales and Leaseback Agreement, including, among others, the total principal amount, the lease interests, the interests for over-due payment, liabilities for any breach, any costs and expenses incurred by Beijing Jingneng Leasing for realizing its rights under the Tibet Nimu Equipment Mortgage Agreement; and
- (iii) Tibet Zangneng, the 100% equity holder of Tibet Nimu, pledges its corresponding registered share capital amounting to RMB40,000,000 to Beijing Jingneng Leasing pursuant to the Tibet Nimu Share Pledge Agreement under which the secured debt includes, among others, the principal amount, the interests, liabilities for any breach, any costs and expenses incurred by Beijing Jingneng Leasing for realizing its rights under the Tibet Nimu Share Pledge Agreement.

The terms of the Tibet Nimu Sales and Leaseback Agreement, including the lease interest rate, were determined after arm's length negotiations between Tibet Nimu and Beijing Jingneng Leasing with reference to the prevailing market rates for the similar finance leasing arrangement and consideration of other factors such as the geographical location, performance of operation and risk profile of the Leased Assets.

## INFORMATION ON THE ASSETS

As at 31 October 2021, the book value of the Leased Assets was approximately RMB123.03 million.

	<b>For the year ended 31 December 2019 (Audited) (RMB' million)</b>	<b>For the year ended 31 December 2020 (Audited) (RMB' million)</b>
The loss before tax and net loss attributable to the Leased Assets	(1.54)	(3.13)
The loss after tax and net loss attributable to the Leased Assets	(1.30)	(3.38)

In accordance with the requirement of Hong Kong Financial Reporting Standards, the transactions contemplated under the Tibet Nimu Sales and Leaseback Agreement as a whole shall be accounted for as a secured borrowing and therefore would not give rise to any gain or loss.

## INFORMATION ON THE PARTIES

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.

Tibet Nimu is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. Tibet Nimu is principally engaged in development, investment, operation and management of photovoltaic power plant projects.

Beijing Jingneng Leasing is a limited liability company established in the PRC with limited liability and a subsidiary of BEH. Beijing Jingneng Leasing primarily provides financial leasing services to the public and members of the BEH group.

BEH is a company established 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% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TIBET NIMU SALES AND LEASEBACK AGREEMENT**

The Tibet Nimu Sales and Leaseback Agreement provides the Group with more financial resources and enables the Group to make better allocation of its resources. The Directors (including the independent non-executive Directors) are of the view that the terms of the Tibet Nimu Sales and Leaseback Agreement have been negotiated on arm's length basis and the Tibet Nimu Sales and Leaseback Agreement are entered into in the ordinary and usual course of business of the Group and on normal commercial terms or better. The terms of the Tibet Nimu Sales and Leaseback Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and Shareholders as a whole.

As Mr. Zhang Ping (the Chairman of Board and executive Director), Mr. Sui Xiaofeng (non-executive Director) and Mr. Zhao Bing (non-executive Director) are the senior management of BEH, they had abstained from voting on the Board resolutions approving the Tibet Nimu Sales and Leaseback Agreement. Saved and except for the aforesaid, none of the Directors has any material interest in the Tibet Nimu Sales and Leaseback Agreement and was required to abstain from voting on the Board resolutions in relation to the Tibet Nimu Sales and Leaseback Agreement.

## **LISTING RULES IMPLICATIONS**

As Beijing Jingneng Leasing is a subsidiary of BEH, the controlling shareholder of the Company, Beijing Jingneng Leasing is a connected person of the Company. Accordingly, the Tibet Nimu Sales and Leaseback Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the Tibet Nimu Sales and Leaseback Agreement and the transactions contemplated thereunder exceeds 0.1% but is less than 5%, the Tibet Nimu Sales and Leaseback Agreement and the transactions contemplated thereunder constitute connected transactions of the Company and are subject to the notification and announcement requirements, but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“associate(s)”	has the meaning as 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 established in the PRC with limited liability and a controlling shareholder of the Company holding 7,176,943,498 shares of the Company, representing approximately 32% of the issued capital of the Company
“Beijing Jingneng Leasing”	Beijing Jingneng Financial Leasing Co., Ltd.* (北京京能融資租賃有限公司), a company established in the PRC with limited liability, which is a subsidiary of BEH and hence a connected person of the Company
“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)
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Assets”	the 20MW photovoltaic power station system equipment under the Tibet Nimu Sales and Leaseback Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“MW”	Megawatts

“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Security Agreements”	means together the Tibet Nimu Electricity Fee Rights Pledge Agreement, Tibet Nimu Equipment Mortgage Agreement and Tibet Nimu Share Pledge Agreement
“Shareholders”	holder(s) of issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tibet Nimu”	Tibet Nimu County Zangneng New Energy Development Co., Ltd.* (西藏尼木縣藏能新能源開發有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company which is indirectly owned as to 75% by the Company and 25% by the state-owned entities
“Tibet Nimu 20MW Photovoltaic Power Station System Equipment Financing Sales and Leaseback Agreement”	the sales and leaseback agreement entered into between Tibet Nimu and Beijing Jingneng Leasing on 22 December 2021
“Tibet Nimu Electricity Fee Rights Pledge Agreement”	the electricity fee rights pledge agreement entered into between Tibet Nimu and Beijing Jingneng Leasing on 22 December 2021 in relation to the Tibet Nimu 20MW Photovoltaic Power Station System Equipment Financing Sales and Leaseback Agreement
“Tibet Nimu Equipment Mortgage Agreement”	the equipment mortgage agreement entered into between Tibet Nimu and Beijing Jingneng Leasing on 22 December 2021 in relation to the Tibet Nimu 20MW Photovoltaic Power Station System Equipment Financing Sales and Leaseback Agreement



“Tibet Nimu Sales and Leaseback Agreement”	means together the Tibet Nimu 20MW Photovoltaic Power Station System Equipment Financing Sales and Leaseback Agreement and its Security Agreements entered into on 22 December 2021
“Tibet Nimu Share Pledge Agreement”	the share pledge agreement entered into between Tibet Zangneng and Beijing Jingneng Leasing on 22 December 2021
“Tibet Zangneng”	Tibet Zangneng Corporation Limited* (西藏藏能股份有限公司), an other joint stock company (unlisted) established in the PRC with limited liability and the 100% equity holder of Tibet Nimu
“%”	percent

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

Hong Kong, 22 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*