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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
FINANCE LEASE AGREEMENT**

FINANCE LEASE AGREEMENT

On 30 March 2022 (after trading hours), Zhongli Jiayuguan, an indirect non wholly-owned subsidiary of the Company, and ABC Financial Leasing entered into the Finance Lease Agreement, pursuant to which ABC Financial Leasing agreed to purchase the Leased Assets from Zhongli Jiayuguan for a total consideration of RMB650 million, which shall then be leased back to Zhongli Jiayuguan, subject to the terms and conditions provided therein.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Finance Lease Agreement exceeds 5% but is less than 25%, the entering into of the Finance Lease Agreement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 30 March 2022 (after trading hours), Zhongli Jiayuguan, an indirect non wholly-owned subsidiary of the Company, and ABC Financial Leasing entered into the Finance Lease Agreement, pursuant to which ABC Financial Leasing agreed to purchase the Leased Assets from Zhongli Jiayuguan for a total consideration of RMB650 million, which shall then be leased back to Zhongli Jiayuguan, subject to the terms and conditions provided therein.

FINANCE LEASE AGREEMENT

Date: 30 March 2022 (after trading hours)

Parties: (1) Zhongli Jiayuguan (as the lessee)
(2) ABC Financial Leasing (as the lessor)

Scope of services: ABC Financial Leasing will purchase the Leased Assets owned by Zhongli Jiayuguan at a total consideration of RMB650 million, and lease the Leased Assets back to Zhongli Jiayuguan for lease payment. The consideration for the Leased Assets shall be payable in two instalments: (i) an aggregate of RMB600 million will be payable by ABC Financial Leasing upon the satisfaction of all payment terms under the Finance Lease Agreement for the first instalment (the “**First Instalment of Purchase Price**”), including, among others, the signing of the Financial Lease Agreement and the Security Agreements; and (ii) RMB50 million will be payable by ABC Financial Leasing upon the satisfaction of all payment terms under the Finance Lease Agreement (including the payment terms for the first instalment) for the second instalment (the “**Second Instalment of Purchase Price**”).

Lease term: The lease term under the Finance Lease Agreement will be for 120 months, subject to the terms and conditions provided therein.

Legal title: ABC Financial Leasing shall own the legal title of the Leased Assets during the lease term.

Lease payment: The total lease amount payable to ABC Financial Leasing under the Finance Lease Agreement with respect to the First Instalment of Purchase Price is approximately RMB749.38 million, being the sum of (i) the amount of the First Instalment of Purchase Price of RMB600 million and (ii) the total estimated interest of approximately RMB149.38 million. The estimated interests are calculated at a floating rate and shall be adjusted with reference to the loan prime rate for loans 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 55 basis points.

The total lease amount payable with respect to the First Instalment of Purchase Price shall be payable in 40 quarterly instalments.

Pursuant to the terms of the Finance Lease Agreement, the parties shall further enter into a supplemental agreement to the Finance Lease Agreement to determine the repayment schedule for the lease amount payable with respect to the Second Instalment of Purchase Price upon the release of the Second Instalment of Purchase Price. Nevertheless, the interests for the lease amount with respect to the Second Instalment of Purchase Price shall be calculated with the same basis as the First Instalment of Purchase Price, and the term shall be within the lease term under the Finance Lease Agreement.

Other terms: Upon maturity of the lease term and subject to the fulfillment of all of its obligations under the Finance Lease Agreement, Zhongli Jiayuguan is entitled to obtain the legal title of the Lease Assets at a nominal consideration of RMB1.

Guarantee: The Security Agreements were entered into in relation to the Finance Lease Agreement:

- (i) Zhongli Jiayuguan pledges its rights of receiving the electricity fee income in relation to the Leased Assets to ABC Financial Leasing pursuant to the Rights Pledge Agreement; and
- (ii) Pursuant to the Funds Supervision Agreement, ABC Financial Leasing shall deposit the Purchase Price into a designated account opened by Zhongli Jiayuguan with ABC (Ningxia). ABC (Ningxia) will be responsible for supervising the funds in the account to ensure it is being used in accordance with the terms of the Finance Lease Agreement.

The terms of the Finance Lease Agreement, including the lease interest rate, were determined after arm's length negotiations between Zhongli Jiayuguan and ABC Financial 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 30 March 2022, the book value of the Leased Assets was approximately RMB799 million.

	For the year ended	
	31 December	
	2020	2021
	(audited)	(audited)
	<i>(RMB' million)</i>	<i>(RMB' million)</i>
The profit before tax attributable to the Leased Assets	29.5	28.8
The profit after tax attributable to the Leased Assets	<u>29.5</u>	<u>28.8</u>

In accordance with the requirement of Hong Kong Financial Reporting Standards, the transactions contemplated under the Finance Lease 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.

Zhongli Jiayuguan is a company established in the PRC with limited liability that is principally engaged in the operation and management of solar power plants in the PRC. Zhongli Jiayuguan is an indirect non wholly-owned subsidiary of the Company.

ABC Financial Leasing is a company established in the PRC with limited liability and a wholly-owned subsidiary of ABC. ABC is a joint stock company incorporated in the PRC with limited liability and the A shares and H shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601288) and the Stock Exchange (Stock Code: 1288), respectively. ABC Financial Leasing primarily provides financial leasing services, including but not limited to the accepting the lease deposits of the lessees, transferring lease payments receivable to commercial banks.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, ABC Financial Leasing and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company as at the date of this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT

The Company is an investment holding company and the Group is principally engaged in the development, investment, operation and management of power plants and other renewable energy projects. The Finance Lease Agreement and the transactions contemplated thereunder provide the Group with more financial resources for development of projects and working capital of Zhongli Jiayuguan, which also allows the Group to make more efficient utilisation of internal resources.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Finance Lease Agreement are entered into on normal commercial terms, and the terms set out in the Finance Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Finance Lease Agreement exceeds 5% but is less than 25%, the entering into of the Finance Lease Agreement constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“ABC”	Agricultural Bank of China Limited, a joint stock company incorporated in the PRC with limited liability, and the A shares and H shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601288) and the Stock Exchange (Stock Code: 1288), respectively
“ABC Financial Leasing”	ABC Financial Leasing Co., Ltd.* (農銀金融租賃有限公司), a company established in the PRC with limited liability, is a wholly-owned subsidiary of ABC
“ABC (Ningxia)”	Agricultural Bank of China Limited Ningxia Hui Autonomous Region Branch Operation Department* (中國農業銀行股份有限公司寧夏回族自治區分行營業部), a branch company of a joint stock company incorporated in the PRC with limited liability
“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)
“Directors”	the directors of the Company

“Finance Lease Agreement”	the agreement entered into between Zhongli Jiayuguan and ABC Financial Leasing on 30 March 2022, pursuant to which ABC Financial Leasing agreed to purchase the Leased Assets from Zhongli Jiayuguan, which shall then be leased back to Zhongli Jiayuguan
“Funds Supervision Agreement”	the agreement entered into between Zhongli Jiayuguan, ABC Financial Leasing and ABC (Ningxia) on 30 March 2022, pursuant to which ABC (Ningxia) shall supervise the fund usage of the Purchase Price deposited in an designated account opened by Zhongli Jiayuguan, to ensure it is in accordance with the terms of the Finance Lease Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Assets”	the 100 megawatts photovoltaic power station in Jiayuguan City, Gansu Province
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Price”	RMB650 million, being the purchase price of the Leased Assets under the Finance Lease Agreement
“Rights Pledge Agreement”	the agreement entered into between Zhongli Jiayuguan and ABC Financial Leasing on 30 March 2022, pursuant to which Zhongli Jiayuguan shall pledge its rights of receiving the electricity fee income in relation to the Leased Assets to ABC Financial Leasing
“RMB”	Renminbi, the lawful currency of the PRC

“Security Agreements”	means together the Funds Supervision Agreement and Rights Pledge Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhongli Jiayuguan”	Zhongli (Jiayuguan) Photovoltaics Power Co., Ltd.* (中利騰暉(嘉峪關)光伏發電有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 30 March 2022

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman), Mr. Lu Zhenwei and Mr. Wang Heng; the non-executive directors of the Company are Mr. Zhao Bing, Mr. Su Yongjian 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*