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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

SALES AND LEASEBACK AGREEMENT

On 23 May 2022 (after trading hours), Lingcheng Qianchao, a non wholly-owned subsidiary of the Company, and Beijing Jingneng Leasing entered into the 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 IMPLICATION

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 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 Sales and Leaseback Agreement and the transactions contemplated thereunder exceeds 0.1% but is less than 5%, the 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 23 May 2022 (after trading hours), Lingcheng Qianchao, a non wholly-owned subsidiary of the Company, and Beijing Jingneng Leasing entered into the 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.

SALES AND LEASEBACK AGREEMENT

The principal terms of the Sales and Leaseback Agreement are summarised as follows:

Date:	23 May 2022 (after trading hours)
Parties:	(1) Lingcheng Qianchao (as the lessee) (2) Beijing Jingneng Leasing (as the lessor)
Scope of services:	Beijing Jingneng Leasing will purchase the Leased Assets owned by Lingcheng Qianchao at a total consideration of RMB85.0 million, and lease the Leased Assets back to Lingcheng Qianchao for lease payment.
Lease term:	The lease term under the Sales and Leaseback Agreement will be for six years, 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 Sales and Leaseback Agreement is approximately RMB102.3 million, being the sum of (i) the total principal lease amount of RMB85.0 million and (ii) the total estimated interest of approximately RMB17.3 million.

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 75 basis points.

The total lease amount payable shall be payable in 24 quarterly instalments.

Other terms:

Upon maturity of the lease term and subject to the fulfilment of all of its obligations under the Sales and Leaseback Agreement, Lingcheng Qianchao 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 Sales and Leaseback Agreement:

- (i) Lingcheng Qianchao shall pledge its right of receiving the electricity fee income in relation to the Leased Assets to Beijing Jingneng Leasing pursuant to the Electricity Fee Rights Pledge Agreement;
- (ii) Lingcheng Qianchao shall mortgage the Leased Assets to Beijing Jingneng Leasing pursuant to the Equipment Mortgage Agreement under which Beijing Jingneng Leasing has the right to recover all liabilities payable under the 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 Equipment Mortgage Agreement; and

- (iii) Beijing United Rongbang, the 100% equity holder of Lingcheng Qianchao, shall pledge the corresponding registered share capital of Lingcheng Qianchao amounting to RMB34,000,000 to Beijing Jingneng Leasing pursuant to the Share Pledge Agreement as security for the due performance of Lingcheng Qianchao under the Sales and Leaseback Agreement in relation to all debts and liabilities thereunder, which includes, among others, the total principal amount, the interests, liabilities for any breach, any costs and expenses payable by Lingcheng Qianchao.

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

INFORMATION ON THE LEASED ASSETS

As at 31 March 2022, the book value of the Leased Asset was approximately RMB111 million.

	For the year ended	
	31 December	
	2020	2021
	(audited)	(audited)
	<i>(RMB' 000)</i>	<i>(RMB' 000)</i>
The profit before tax attributable to the Leased Assets	88	3,611
The profit after tax attributable to the Leased Assets	88	3,611

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

Lingcheng Qianchao is a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company. It is principally engaged in development, investment, operation and management of photovoltaic power generation projects.

Beijing Jingneng Leasing is a 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 SALES AND LEASEBACK AGREEMENT

The 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 Sales and Leaseback Agreement have been negotiated on arm's length basis and the Sales and Leaseback Agreement are entered into on normal commercial terms or better, and the terms of the 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) and Mr. Zhao Bing (non-executive Director) are the senior management of BEH, they had abstained from voting on the Board resolutions approving the Sales and Leaseback Agreement and the transactions contemplated thereunder. Saved and except for the aforesaid, none of the Directors has any material interest in the Sales and Leaseback Agreement and was required to abstain from voting on the Board resolutions in relation to the Sales and Leaseback Agreement.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“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
“Beijing United Rongbang”	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 a non wholly-owned subsidiary 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
“Directors”	the directors of the Company

“Electricity Fee Rights Pledge Agreement”	the electricity fee rights pledge agreement entered into between Lingcheng Qianchao and Beijing Jingneng Leasing on 23 May 2022 in relation to the Sales and Leaseback Agreement
“Equipment Mortgage Agreement”	the equipment mortgage agreement entered into between Lingcheng Qianchao and Beijing Jingneng Leasing on 23 May 2022 in relation to the Sales and Leaseback Agreement
“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 Sales and Leaseback Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Lingcheng Qianchao”	Dezhou Lingcheng District Qianchao Brothers Energy Technology Co., Ltd.* (德州市陵城區乾超兄弟能源科技有限公司), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sales and Leaseback Agreement”	collectively, the Sales and Leaseback Agreement and its Security Agreements entered into on 23 May 2022
“Security Agreements”	collectively, the Electricity Fee Rights Pledge Agreement, Equipment Mortgage Agreement and Share Pledge Agreement
“Shareholders”	holder(s) of issued share(s) of the Company

“Share Pledge Agreement”	the share pledge agreement entered into between Lingcheng Qianchao and Beijing Jingneng Leasing on 23 May 2022
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 23 May 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*