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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 26 September 2022 (after trading hours), Nangong Guoshun (an indirect subsidiary of the Company) and CDB Financial Leasing entered into the Finance Lease Agreement, pursuant to which CDB Financial Leasing agreed to purchase the Leased Assets from Nangong Guoshun for a total consideration of RMB1,000 million, which shall then be leased back to Nangong Guoshun, subject to the terms and conditions provided therein.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio 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 26 September 2022 (after trading hours), Nangong Guoshun (an indirect subsidiary of the Company) and CDB Financial Leasing entered into the Finance Lease Agreement, pursuant to which CDB Financial Leasing agreed to purchase the Leased Assets from Nangong Guoshun for a total consideration of RMB1,000 million, which shall then be leased back to Nangong Guoshun, subject to the terms and conditions provided therein.

FINANCE LEASE AGREEMENT

The principal terms of the Finance Lease Agreement are summarised as follows:

- Date: 26 September 2022 (after trading hours)
- Parties: (1) Nangong Guoshun (as the lessee)
(2) CDB Financial Leasing (as the lessor)
- Scope of services: CDB Financial Leasing will purchase the Leased Assets owned by Nangong Guoshun at a total consideration of RMB1,000 million, and lease the Leased Assets back to Nangong Guoshun for lease payment. The consideration for the Leased Assets shall be payable by instalments in accordance with the progress of the construction of the Agricultural-photovoltaic Complementary Photovoltaic Power Generation Project which the Leased Assets form part, subject to the limit that the proportion of the consideration released by CDB Financial Leasing to Nangong Guoshun shall not be higher than the proportion of the actual grid-connected power generation capacity to the planned installed capacity of the said Agricultural-photovoltaic Complementary Photovoltaic Power Generation Project at any given time.
- Legal title: CDB Financial Leasing shall own the legal title of the Leased Assets during the lease term.
- Lease payment and lease term: The total lease amount payable to CDB Financial Leasing under the Finance Lease Agreement is approximately RMB1,044.9 million, being the sum of (i) the principal of RMB1,000 million and (ii) the total estimated interest of approximately RMB44.9 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 (i) plus 30 basis point for the period of the lease term before 1 January 2023; and (ii) plus 15 basis point for the period of the lease term from 1 January 2023 and onwards.
- Nangong Guoshun will fully repay the total lease amount payable over the lease term of 12 months in two half-year instalments.

Other terms: Upon maturity of the lease term and subject to settlement by Nangong Guoshun of all the relevant lease payments and other payables to CDB Financial Leasing under the Finance Lease Agreement, Nangong Guoshun is entitled to obtain the legal title of the Lease Assets at a nominal consideration of RMB100.

During the lease term, in the event (i) there is any change to the status of Beijing Energy Investment Holding (Hong Kong) Co., Limited as the single largest shareholder of the Company; (ii) there is any change to the control of Beijing Energy Investment Holding (Hong Kong) Co., Limited as the controlling shareholder of the Company; or (iii) there is any change to the status of Beijing Energy Investment Holding (Hong Kong) Co., Limited as the actual controller of Nangong Guoshun, Nangong Guoshun and the Company shall notify CDB Financial Leasing in writing not less than 30 working days before such change, and the subsequent new actual controller of Nangong Guoshun shall be a third party approved by CDB Financial Leasing, otherwise CDB Financial Leasing shall have the right to terminate the Finance Lease Agreement and demand early repayment in full by Nangong Guoshun.

Guarantee: The obligations of Nangong Guoshun under the Finance Lease Agreement are secured by:

- (i) the movable property pledge agreement dated 26 September 2022 and entered into between Nangong Guoshun and CDB Financial Leasing, pursuant to which Nangong Guoshun shall pledge the Leased Assets to CDB Financial Leasing to cover all liabilities owed by Nangong Guoshun to CDB Financial Leasing under the Finance Lease Agreement, such as, among others, the lease payment, default compensation, relevant tax expenses and other payables and the expenses incurred by CDB Financial Leasing for realizing its relevant rights under the Finance Lease Agreement (the “**Relevant Liabilities**”);

- (ii) the immovable property mortgage agreement dated 26 September 2022 and entered into between Nangong Guoshun and CDB Financial Leasing, pursuant to which Nangong Guoshun shall charge the land use rights of the land where the Agricultural-photovoltaic Complementary Photovoltaic Power Generation Project is located and the structures erected thereon in favor of CDB Financial Leasing as security for all the Relevant Liabilities owed by Nangong Guoshun to CDB Financial Leasing under the Finance Lease Agreement;
- (iii) the electricity fee and income pledge agreement dated 26 September 2022 and entered into between Nangong Guoshun and CDB Financial Leasing, pursuant to which Nangong Guoshun shall pledge its rights to receive electricity fee and relevant income from the Agricultural-photovoltaic Complementary Photovoltaic Power Generation Project as security for all the Relevant Liabilities owed by Nangong Guoshun to CDB Financial Leasing under the Finance Lease Agreement (the **“Electricity Fee and Income Pledge Agreement”**);
- (iv) the equity pledge agreement dated 26 September 2022 and entered into between BEIED BJ and CDB Financial Leasing, pursuant to which BEIED BJ shall pledge its entire equity interest in Nangong Guoshun to CDB Financial Leasing as security for all the Relevant Liabilities owed by Nangong Guoshun to CDB Financial Leasing under the Finance Lease Agreement;
- (v) the receivable pledge registration agreement dated 26 September 2022 and entered into between Nangong Guoshun and CDB Financial Leasing for the purpose of effectuating the registration arrangement of the relevant pledge under the Electricity Fee and Income Pledge Agreement; and

- (vi) the account custodian agreement dated 26 September 2022 and entered into between Nangong Guoshun and CDB Financial Leasing, pursuant to which Nangong Guoshun shall open an account at a designated bank for the purpose of (i) receiving the purchase price of the Leased Assets from CDB Financial Leasing under the Finance Lease Agreement; (ii) collecting the electricity fee, subsidies and other receivables under the Agricultural-photovoltaic Complementary Photovoltaic Power Generation Project; and (iii) settlement of the payments responsible by Nangong Guoshun under the Finance Lease Agreement and other ancillary documents.

The terms of the Finance Lease Agreement, including the lease interest rate, were determined after arm's length negotiations between Nangong Guoshun and CDB Financial Leasing with reference to the prevailing market rates for the similar finance lease 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 August 2022, the book value of the Leased Assets was approximately RMB1,237 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	–	10,716
The profit after tax attributable to the Leased Assets	–	10,716

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 clean energy projects.

Nangong Guoshun is a company established in the PRC with limited liability and an indirect subsidiary of the Company. It is principally engaged in the operation and management of a solar power plant.

BEIED BJ is a company established in the PRC with limited liability and an indirect subsidiary of the Company. It is principally engaged in the investment, development and operation of solar energy and other clean energy.

CDB Financial Leasing is a joint stock limited company established in the PRC. CDB Financial Leasing is principally engaged in aircraft leasing, ship leasing, infrastructure leasing, inclusive finance leasing, transfers of finance lease assets and lease-related financial business. The shares of CDB Financial Leasing are listed on the Stock Exchange (stock code: 1606).

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, CDB Financial Leasing and its ultimate beneficial owners 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 clean energy projects. The Finance Lease Agreement and the transactions contemplated thereunder provide the Group with more financial resources for development of the Agricultural-photovoltaic Complementary Photovoltaic Power Generation Project and working capital of Nangong Guoshun, 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 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:

“Agricultural-photovoltaic Complementary Photovoltaic Power Generation Project”	the agricultural-photovoltaic complementary photovoltaic power generation project located in Hebei Province, the PRC with planned construction capacity of 400MW
“BEIED BJ”	BEI Energy Development (Beijing) Co., Ltd.* (京能國際能源發展(北京)有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“Board”	the board of Directors of the Company
“CDB Financial Leasing”	China Development Bank Financial Leasing Co., Ltd.* (國銀金融租賃股份有限公司), a joint stock limited company established in the PRC, the shares of which are listed on the Stock Exchange (stock code: 1606)
“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 meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Finance Lease Agreement”	the finance lease agreement entered into between Nangong Guoshun and CDB Financial Leasing on 26 September 2022, pursuant to which CDB Financial Leasing agreed to purchase the Leased Assets from Nangong Guoshun, which shall then be leased back to Nangong Guoshun
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Leased Assets”	various equipment and components (such as transformers and cables, etc.) in relation to the Agricultural-photovoltaic Complementary Photovoltaic Power Generation Project
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Nangong Guoshun”	Nangong City Guoshun New Energy Technology Co., Ltd.* (南宮市國順新能源科技有限公司), a company established in the PRC with limited liability and an indirect subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“working day(s)”	day(s) for commercial banks in the PRC to deal with general public business, including day(s) on which the PRC government temporarily stipulates that commercial banks should deal with general public business (excluding statutory holidays and Saturdays and Sundays other than the foregoing)
“%”	per cent

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

Hong Kong, 26 September 2022

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. 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 the purposes of identification only