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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

THE FINANCE LEASE AGREEMENT

On 22 December 2022 (after trading hours), LTS New Energy (a 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 the Seller for a total consideration of RMB500 million, which shall then be leased to LTS New Energy, subject to the terms and conditions provided therein.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the transaction contemplated under the Finance Lease Agreement exceeds 5% but is less than 25%, the transaction contemplated under 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 22 December 2022 (after trading hours), LTS New Energy (a 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 the Seller for a total consideration of RMB500 million, which shall then be leased to LTS New Energy, subject to the terms and conditions provided therein.

THE FINANCE LEASE AGREEMENT

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

- Date: 22 December 2022 (after trading hours)
- Parties: (1) LTS New Energy (as the lessee)
(2) ABC Financial Leasing (as the lessor)
- collectively referred to as the “Parties”, and each, a “Party”.
- Scope of services: ABC Financial Leasing will purchase the Leased Assets owned by the Seller at a total consideration of RMB500 million, and lease the Leased Assets to LTS New Energy and charge LTS New Energy lease payment.
- Lease term: The lease term under the Finance Lease Agreement will be for 180 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 is approximately RMB649.5 million, being the sum of (i) the total purchase cost of the Leased Assets of RMB500 million and (ii) the total estimated aggregate interest of approximately RMB149.5 million.
- The interests for the entire lease term will be calculated at a rate not exceeding 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 minus 70 basis points.
- The total lease amount payable shall be payable by every three months.
- Other terms: Upon maturity of the lease term and subject to the fulfilment of all of its obligations under the Finance Lease Agreement, LTS New Energy is entitled to obtain the legal title of the Leased Assets at a consideration of RMB100.

Guarantee: In order to secure the performance of LTS New Energy under the Finance Lease Agreement, LTS New Energy has pledged its right of receiving the electricity fee to be generated from the Leased Assets and the Company provided guarantee to ABC Financial Leasing in respect of the obligations of LTS New Energy in connection with the Finance Lease Agreement.

INFORMATION ON THE LEASED ASSETS

The book price (including the construction and design fees) of the Leased Assets was approximately RMB791 million. The Leased Assets did not record any revenue or profits for the years ended 31 December 2020 and 2021.

In accordance with 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.

LTS New Energy is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the development, investment, operation and management of photovoltaic power plant projects.

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 limited company established in the PRC with limited liability and the H shares and A shares of which are listed on the Stock Exchange (stock code: 1288) and the Shanghai Stock Exchange (stock code: 601288), 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.

The Seller is a company established in the PRC with limited liability, which is principally engaged in power generation engineering and construction. It is a wholly-owned subsidiary of Power Construction Corporation of China Ltd.* (中國電力建設股份有限公司) and the A shares of which is listed on the Shanghai Stock Exchange (stock code: 601669).

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT

The Company intends to minimize incurring substantial amount of capital expenditure in purchasing large amount of power generation equipment in the construction of new energy power plants. The Finance Lease Agreement would enable the Company to control financing risk and financing cost in its course of investing in new projects and satisfy the Company's demand of funds for purchasing power generation equipment in the early phase of construction of the project in a timely manner.

The total lease amount payable was determined after arm's length negotiation between the Company, ABC Financial Leasing and the Seller after considering various factors, including (i) the book value of the Leased Assets; (ii) the estimated future profits and revenue to be generated from the Leased Assets; (iii) the prevailing market lending rate; and (iv) the future construction costs of the Leased Assets to be incurred by LTS New Energy.

The Directors (including the independent non-executive Directors) consider the transactions contemplated under the Finance Lease Agreement are made on normal commercial terms which are fair and reasonable and are of the view that the transactions contemplated under the Finance Lease Agreement are in the interest of the Company and its Shareholders as a whole.

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:

“ABC”	Agricultural Bank of China Limited* (中國農業銀行股份有限公司), a joint stock limited company established in the PRC with limited liability, and the H shares and A shares of which are listed on the Stock Exchange (stock code: 1288) and the Shanghai Stock Exchange (stock code: 601288), 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 and wholly owned by ABC
“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)
“Director(s)”	the director(s) of the Company
“Finance Lease Agreement”	the finance lease agreement entered into between LTS New Energy and ABC Financial Leasing on 22 December 2022, pursuant to which ABC Financial Leasing agreed to purchase the Leased Assets from the Seller, which shall be leased to LTS New Energy
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Assets”	various photovoltaic power generation equipment in relation to the 200MW agricultural and photovoltaic complementary power generation project (Phase I) in Xiamao Town, Sihui City
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“LTS New Energy”	Zhaoqing Lai Te Si New Energy Co., Ltd.* (肇慶市萊特斯新能源有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“MW”	megawatt(s), which equals 1,000,000 watts
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	PowerChina Sichuan Electric Power Engineering Co., Ltd.* (四川電力設計諮詢有限責任公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Power Construction Corporation of China Ltd.* (中國電力建設股份有限公司)
“Shareholder(s)”	holder(s) of issued shares of the Company
“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, 22 December 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, Mr. Li Hao and Mr. Lu Xiaoyu; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao.

* For identification purpose only