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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
ACQUISITION OF THE ENTIRE EQUITY INTEREST
IN THE TARGET COMPANY OWNING A WIND POWER PROJECT IN
XINJIANG, THE PRC**

THE ACQUISITION

On 27 September 2023, the Purchaser (a non wholly owned subsidiary of the Company), the Vendor and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interest in the Target Company at the consideration of approximately RMB199 million.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Completion is subject to the satisfaction and/or, where applicable, waiver of the Conditions Precedent. As the Acquisition may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 27 September 2023, the Purchaser (a non wholly owned subsidiary of the Company), the Vendor, and the Target Company entered into the Equity Transfer Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interest in the Target Company at the consideration of approximately RMB199 million.

THE ACQUISITION

The Equity Transfer Agreement

The principal terms of the Equity Transfer Agreement are set out as follows:

Date: 27 September 2023

Parties: (i) The Purchaser

(ii) The Vendor

(iii) The Target Company

Interests to be acquired

Pursuant to the Equity Transfer Agreement, the Purchaser conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the entire equity interest in the Target Company, free from all encumbrances and together with all rights attaching (or may in the future attach) thereto.

Consideration and Payment Terms

The final amount of consideration payable by the Purchaser to the Vendor for the entire equity interest in the Target Company is approximately RMB199 million, which shall be paid in the following manner:

1. up to 30% of the consideration shall be payable (the “**1st Payment**”) within 20 working days upon the fulfillment of all of the following conditions:
 - 1) the signing and the effectiveness of Equity Transfer Agreement;
 - 2) the signing of the Quadripartite Agreement; and
 - 3) the completion of change of equity transfer registration, receipt of a new business certificate, and transfer of the financial documents of the Target Company, as required under the Equity Transfer Agreement, to the Purchaser.

2. up to 40% of the consideration shall be payable (the “**2nd Payment**”) within 20 working days upon the fulfillment of all of the following conditions:
 - 1) the continuous fulfillment of all of the conditions under the 1st Payment;
 - 2) a month upon the deposit of 1st Payment;
 - 3) the confirmation of the Purchaser that the Target Project does not entail any outstanding tax-related risks; and
 - 4) the completion of transferring all the documents in respect of the Target Project.

3. up to 30% of the consideration shall be payable within 20 working days upon the fulfillment of all of the following conditions:
 - 1) two months upon the deposit of 2nd Payment;
 - 2) no breach by the Vendor of its obligations under the Equity Transfer Agreement or the breach having been rectified;
 - 3) the confirmation from the Vendor that all deficiencies have been rectified; and
 - 4) no loss incurred or such loss has been made up by the Vendor as a result of the respective matter prior to the Completion.

The Purchaser will settle the consideration by internal resources available to the Group.

Basis of the Consideration

The consideration under the Equity Transfer Agreement was determined after arm’s length negotiation between the Group and the Vendor after considering various factors, including (i) the internal analysis of the value of the wind power plants of approximately RMB415.8 million based on the financial performance of the Target Company as at 31 December 2022 considering the factors including but not limited to the revenue to be generated from the Target Company and the total cost of construction and operation of the wind power plants owned by the Target Company; (ii) the cash and cash equivalents of the Target Company as at 31 December 2022 in the amount of approximately RMB64.6 million; (iii) the receivables of the state subsidy and the electricity of the Target Company as at 31 December 2022 in the amount of approximately RMB64.7 million; (iv) deduction of current liabilities of the Target Company as at 31 December 2022 of approximately RMB8.6 million, which included accounts payable of approximately RMB2.7 million, other payable of approximately RMB0.04 million and adjusted current liabilities of approximately RMB5.9 million; and (v) deduction of long-term loan of the Target Company as at 31 December 2022 of approximately RMB328.7 million.

Conditions Precedent

The Completion is conditional upon the satisfaction or waiver by the Purchaser, where applicable of the following conditions:–

1. the Target Company is legally incorporated and remains valid, which possesses all valid governmental approvals, certificates and permits as required for the ordinary and lawful operation in according with its business registration. The equity transfer of the Target Company has been recognised by the respective third parties; and the corresponding release procedures of the equity interest, fee collection right and equipment mortgage have been discharged, and there are no mortgages, pledges or guarantees affecting the change of equity interest;
2. the Target Company is the sole legal entity for the preliminary preparation, investment, construction and operation of the Target Project, and the ownership and all rights and interests of the Target Project are vested in the Target Company;
3. the Target Company has obtained the approval documents for the Target Project and the legally binding annual construction directives from the governmental departments that possess the legal power to review; the full approval for the access system of the Target Project has been obtained; the documents for the lawful use of the land involved in the Target Project are available; the Target Company has signed the binding grid connection agreement and the power purchase and sale agreement in respect of the Target Project; the construction and grid integration of the Target Project have been completed; and the construction settlement and audit of returns of completion of the Target Project have been completed;
4. the Vendor has provided the Purchaser with the financial statements and relevant information of the Target Company as at 31 December 2022, and undertaken that data and information is comprehensive, true and accurate, and there is no error, omission or concealment. The Vendor also undertakes that the declarations, representations, warranties, and undertakings under the Equity Transfer Agreement are and will continue to be true, complete and accurate and are not misleading in all material respects;
5. the intermediary agent engaged by the Purchaser to conduct on-site due diligence against the Target Company and the Target Project, and issue due diligence reports on the Target Company and the Target Project (the “**Due Diligence Reports**”) (including but not limited to legal and technical assessments as well as financial due diligence report); and (a) there is no material negative view expressed in the Due Diligence Reports; (b) the Vendor and Purchaser have signed supplemental agreements or other written documents to the satisfaction of the Purchaser and/or reached mutually agreed plan in relation to the issues identified in the Due Diligence Reports; (c) save and except for the issues identified in Due Diligence Reports, there are no other matters of the Target Company and the Target Project that may affect the Purchaser acquiring the equity interest of the Target Company;

6. the EPC contractor of the Target Project provides quality assurance that the design, equipment procurement, construction, installation, testing, operating, and construction quality of the Target Project in compliance with the contractual requirements and the national and industry standards; the terms and price stipulated in the EPC Agreement have been confirmed by the Purchaser in writing; and the Vendor, Purchaser, Sinoval and the Target Company have entered into the Quadripartite Agreement to confirm that the principal and interest of the EPC amount payable to the Sinoval shall not exceed the audited amount of RMB329 million as of 31 December 2022 and Sinoval has waived its duties to recover overdue payments and other liabilities of the Target Company, which has also been confirmed in writing by the Purchaser;
7. the Vendor has facilitated the termination of employment with all employees of the Target Company, and warranted that there is no employment dispute;
8. the land occupied by the Target Project has obtained the certificates of land use or is eligible to obtain such certificates, and has obtained the national construction land use rights transfer agreement/land lease agreement, forestry use permit/approvals and other land-related documentation. All formalities relating to the land occupied by the Target Project (including but not limited to the booster station, turbine foundation, transmission lines, etc.) in compliance with the laws. The land occupied by the Target Project is in compliance will the laws, and will not be subject to any penalties or disputes under the current policy;
9. the Target Project has been included for the first batch of 2020 national subsidy programme and included in the respective compliance checklist, while there is absence of negative conditions; and the Vendor has facilitated the Target Company to file rectified declaration of the value-added tax (the “VAT”) on the income from subsidized electricity tariffs and on-grid electricity fee as of 31 December 2022, pay the additional payable amounts of tax and other charges for delayed payments and file declaration as required;
10. the Vendor shall ensure that the operation and maintenance contracts signed between the Target Company and the existing operation and maintenance units could be terminated immediately after the Completion date, and the Target Company shall not be liable for any liquidated damages and/or compensation;
11. all internal approvals by all parties regarding the transfer of the equity interest of the Target Company pursuant to the Equity Transfer Agreement have been obtained;

12. the Target Project has met all the conditions for the financing institution to provide project financing, including but not limited to: (i) no guarantee over the equity interest and the assets of the Target Company; (ii) approval has been obtained for the Target Project; (iii) the documentation regarding the annual construction directives, grid integration, construction and post-construction inspections of the Target Project is available; (iv) the Target Company has signed the grid connection agreement or the grid connection adjustment agreement and the power sale and purchase agreement; (v) the project production proof, the approval of on-grid electricity tariffs and the electricity license have been obtained; (vi) all the formalities relating to the land occupied by the Target Project in compliance with the laws; and (vii) the VAT invoices regarding the equipment of the Target Project are available;
13. if the Target Company must obtain the consent of the other party to the aforementioned documents, as a party to any legally binding documents such as agreements, contracts, documents and deeds that have been signed and come into force, due to the requirements of the relevant governmental authorities and the matters have been or will be affecting the ordinary operation of the Target Company, written consent from relevant authorities and relevant parties should have been obtained;
14. if the transfer of equity interest of the Target Company pursuant to the Equity Transfer Agreement requires to be approved by the competent PRC governmental authorities, such approval shall be obtained from the competent PRC government authorities (if required);
15. the Vendor is responsible to ensure that there are no material adverse issues of the Target Company, or that any material adverse issues occurred have been rectified;
16. the Vendor has completed the change of business registration, adding “wind power generation” to the business scope of the Target Company; and
17. the parties further confirm that, in the event that any of the Conditions Precedent have been expressly waived by the Purchaser, such Conditions Precedent still serve as the Vendor’s post-closing undertakings and the Vendor remains obliged to fulfill such Conditions Precedent within the timeframe specified by the Purchaser.

Completion

Completion of the Equity Transfer Agreement shall take place on such date as notified by the Purchaser to the Vendor after the Conditions Precedent have been fulfilled or waived in writing. Both the Vendor and the Purchaser shall complete the registration of the transfer of the entire equity interest in the Target Company under the name of the Purchaser.

Upon Completion, the Target Company will become a subsidiary of the Company and the financial results and assets and liabilities of the Target Company will be consolidated into the consolidated financial statements of the Company.

Quadripartite Agreement

On the same date of the Equity Transfer Agreement, the Vendor, the Purchaser, Sinovel and the Target Company entered into the Quadripartite Agreement relating to the Target Project, which is a condition to the Completion and the 1st Payment. Pursuant to the Quadripartite Agreement, the Purchaser agreed that the Target Company will assume up to RMB329 million being debt payable to Sinovel as at 31 December 2022 and any amount exceeding the such amount shall be borne by the Vendor.

INFORMATION ABOUT THE PARTIES

The Company is a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 686) 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.

The Purchaser is a company established in the PRC with limited liability and a non wholly owned subsidiary of the Company as at the date of this announcement. It is principally engaged in investment, development and operation of solar energy and other clean energy projects.

The Target Company is a company established in the PRC with limited liability. It is principally engaged in photovoltaic and wind energy consulting services. As at the date of this announcement, the entire equity interest together with other assets of the Target Company have been pledged to Sinovel pursuant to the arrangement set out in the EPC Agreement of the Target Project.

Sinovel is a joint stock company incorporated in the PRC with limited liability, the shares of which is currently traded on the National Equities Exchange and Quotations of the PRC (stock code: 400082). It is principally engaged in independent development, design, manufacturing and sale of large-scale onshore, offshore and intertidal wind turbines. Sinovel undertakes that it will fully cooperate with the transfer of the Target Company's equity interest and release of pledge.

The Vendor is principally engaged in the business of solar energy, photovoltaic power generation, wind power generation, energy project development and investment business. After Sinovel transfers the Target Company's equity interest and releases the pledge, the Vendor will wholly own the entire equity interest of the Target Company. The Vendor is owned as 40% by Beijing Fengye Investment Co., Ltd.* (北京豐燁投資有限公司), 30% by Beijing Dexin Heyuan Technology Development Co., Ltd.* (北京德信和源科技開發有限公司), 15% by Tianjin City Tongshengyuan Technology Development Co., Ltd.* (天津市全盛源科技發展有限公司) and 15% by Beijing Zhongdian Huaxin Energy Technology Co., Ltd.* (北京中電華鑫能源技術有限公司). Beijing Fengye Investment Co., Ltd. is owned as 45% by Zhang Na (張娜) and 51% by Xinjiang Rongcang Technology Service Co., Ltd.* (新疆榮倉技術服務有限公司), a company owned as 97% by Zhang Na and 3% by Li Rongfan (李戎凡). Beijing Dexin Heyuan Technology Development Co., Ltd. is owned as 50% by Miao Songdi (苗松娣) and Miao Qishan (苗啟杉), respectively. Tianjin City Tongshengyuan Technology Development Co., Ltd. is owned as 50% by Hu Yongli (胡永利), 49% by Zhao Jumei (趙菊梅) and 1% by Cheng Jie (程傑). Beijing Zhongdian Huaxin Energy Technology Co., Ltd. is wholly owned by Yao Xueqin (姚學琴).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor, Sinovel and the Target Company and their ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

The table below sets out certain audited financial information of the Target Company for the two years ended 31 December 2021 and 2022:

	For the year ended	
	31 December	
	2021	2022
	<i>(RMB' million)</i>	<i>(RMB' million)</i>
	(audited)	(audited)
Profit before taxation	24.0	34.1
Profit after taxation	24.0	31.5

As at 31 December 2022, the audited net assets of the Target Company amounted to approximately RMB60.1 million.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group, being principally engaged in the development, investment, operation and management of power plants and other clean energy projects, has been identifying suitable investment opportunities to acquire clean energy projects with good prospects and potential for stable returns.

The Board is of the view that the Acquisition aligns with both the national renewable energy ambitions and the Group's development strategy. On the national level, developing renewable energy, advocating for energy transition, and establishing a green and low carbon energy system are the core breakthroughs in the era of renewable energy in the PRC. The Acquisition and the consequential acquisition of the Target Project aligns with the national vision on renewable energy as well as the 14th Five-Year Plan.

Upon Completion of the Acquisition, the Target Project with the installed capacity of up to 49.5MW, together with the Company's existing 50MW wind energy project in Qitai County, Changji, Xinjiang creates a synergy effect. They are all located in the north of Xinjiang and more easily managed as a group with an enhanced power generation capacity and profitability.

The Directors (including the independent non-executive Directors) consider that the Acquisition was negotiated on normal commercial terms and the terms and conditions of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors should note that the Completion is subject to the satisfaction and/or, where applicable, waiver of the Conditions Precedent. As the Acquisition may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the entire equity interests in the Target Company by the Purchaser from the Vendor as contemplated under the Equity Transfer Agreement
“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)

“Completion”	completion of the Acquisition pursuant to the Equity Transfer Agreement
“Conditions Precedent”	the conditions precedent to the Completion as set out in the Equity Transfer Agreement
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Agreement”	the engineering, procurement and construction agreement signed in 2017 between the Target Company and Sinovel in relation to the Target Project
“Equity Transfer Agreement”	the conditional equity transfer agreement dated 27 September 2023 entered into by the Purchaser, the Vendor and The Target Company in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties independent of, and not connected with, the Company and Connected Persons
“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, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	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 a non wholly owned subsidiary of the Company

“Quadripartite Agreement”	an agreement dated 27 September 2023 entered into among the Vendor, Purchaser, Sinovel and the Target Company relating to the Target Project, pursuant to which the Purchaser agreed that the Target Company will assume up to RMB329 million being debt payable to Sinovel and any amount exceeding the such amount shall be borne by the Vendor
“Share(s)”	ordinary share(s) of HKD0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Sinovel”	Sinovel Wind Group Co., Ltd. (華銳風電科技(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Beitun City Fengyu Wind Energy Development Co., Ltd.* (北屯市楓煜風能開發有限公司), a company established in the PRC with limited liability
“Target Project”	the construction and operation of wind power plants by the Target Company in Beitun City, Altay, Xinjiang, the PRC with construction capacity of 49.5MW
“Vendor”	Xinjiang Xinfengyu New Energy Development Co., Ltd.* (新疆鑫楓煜新能源開發有限公司), a company established in the PRC with limited liability
“%”	per cent

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

Hong Kong, 27 September 2023

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. Liu Guoxi, 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*