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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)

**VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF THE UNDERLYING ASSETS FOR
THE ABCP ISSUANCE**

DISPOSAL OF THE UNDERLYING ASSETS FOR THE ABCP ISSUANCE

On 20 November 2024 (after trading hours), BEIED and China Industrial International Trust entered into the Trust Contract, pursuant to which, among other things, BEIED has conditionally agreed to entrust China Industrial International Trust with the Underlying Assets and China Industrial International Trust has conditionally agreed to be the trustee and administration agency of the Trust for the benefit of the Beneficiaries for the purpose of the ABCP Issuance.

LISTING RULES IMPLICATIONS

As the highest percentage ratio applicable to the Company in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is, therefore, subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened by the Company to seek the Shareholders' approval of the Disposal and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Disposal and the transactions contemplated thereunder; (ii) the notice of the SGM; and (iii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 31 December 2024.

DISPOSAL OF THE UNDERLYING ASSETS FOR THE ABCP ISSUANCE

The Board wishes to announce that on 20 November 2024 (after trading hours), BEIED and China Industrial International Trust entered into the Trust Contract, pursuant to which, among other things, BEIED has conditionally agreed to entrust China Industrial International Trust with the Underlying Assets and China Industrial International Trust has conditionally agreed to be the trustee and administration agency of the Trust for the benefit of the Beneficiaries for the purpose of the ABCP Issuance.

The ABCP will be issued in two classes, namely priority and subordinated ABCP at an aggregate face value of RMB3,000 million on the NAFMII. A summary of the material terms for the ABCP Issuance is set out below:

Tranche	Size of issuance (RMB) (Approximately)	Credit rating by an independent credit rating agency	Coupon rate
Priority	2,925 million	AAAsf	2.4%-2.8%
Subordinated	75 million	Not rated	Not more than 8.5% per annum

THE TRUST CONTRACT

For the purpose of ABCP Issuance, BEIED and China Industrial International Trust entered into the Trust Contract, the principal terms of which are as follows:

Date: 20 November 2024

Parties:

- (a) BEIED, as the settlor of the Trust; and
- (b) China Industrial International Trust, as the trustee under the Trust Contract and the administration agency of the Trust.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, China Industrial International Trust and its ultimate beneficial owner(s) were Independent Third Parties of the Company as at the date of this announcement.

Underlying Assets

The Underlying Assets represents (i) all the rights, interests, benefits and gains (present and future, existing and contingent) with respect to the Subsidy Receivables; (ii) all receivables due or to be due shortly attributable to the Subsidy Receivables; (iii) all proceeds from the transfer, sale, auction, sell-off or otherwise disposal of the Subsidy Receivables; (iv) the right to request, sue, recover or receive all payables in relation to the Subsidy Receivables; and (v) benefits arising from the Subsidy Receivables and enforcement of all rights and legal remedies in relation to the Subsidy Receivables.

Subsidy Receivables comprise government renewable energy subsidies which are expected to be received in or around September 2027 by 22 photovoltaics and wind power project companies of the Group in respect of their respective photovoltaics and wind power generation projects located in Anhui, Gansu, Hebei, Hunan, Inner Mongolia, Shandong, Shanxi, Xinjiang and Yunnan provinces, Xizang Autonomous Region and Guangxi Zhuang Autonomous Region of the PRC with a total grid connected installed capacity of 1,084.30MW as of the Initial Benchmark Date.

In accordance with the Relevant PRC Energy Laws and Regulations, Subsidy Receivables will be paid by the Renewable Energy Development Fund* (可再生能源發展基金) established by the Ministry of Finance of the PRC (中國財政部), the National Development and Reform Commission (國家發展和改革委員會) and the National Energy Administration (國家能源局) of the PRC for promoting the development of the new energy industry.

Pursuant to the electricity purchase and sale agreements, the Group's photovoltaics and wind power project companies will receive the new energy subsidies as accounts receivables. There is no specific settlement term in terms of the accounts receivables of new energy subsidies in the electricity purchase and sale agreements entered into between photovoltaics or wind power project companies of the Group and the grid companies. Based on the Company's previous experiences, such accounts receivables of new energy subsidies are expected to be settled within two to three years. For the purpose of the proposed Disposal and the ABCP Issuance, the Company has selected the accounts receivables of new energy subsidies that are free from any encumbrances as the Underlying Assets.

As at the Initial Benchmark Date, the unaudited carrying value of the Underlying Assets was approximately RMB3,000,133,715.

Validity and effective date of the Trust Contract

The Trust Contract shall be valid on the date when the legal representative(s) or authorized representative(s) of both BEIED and China Industrial International Trust sign (or seal) and affix the official seal (or the contract seal) onto the Trust Contract, and shall take effect subject to BEIED's obtaining of all required internal approval(s), including without limitation, the approval of the Disposal and the transactions contemplated thereunder by the Shareholders in the SGM.

Conditions Precedent

The Trust will become effective upon satisfaction of the following conditions, among others:

- (a) BEIED having delivered a copy of the business license, a resolution approving BEIED to sign relevant transaction documents under the Trust Contract and/or necessary corporate documents and approvals to China Industrial International Trust;
- (b) China Industrial International Trust having delivered a copy of the valid financial permit and the business license to BEIED and confirmed to BEIED that it has obtained the necessary corporate documents and approvals of the relevant transaction under the Trust Contract;
- (c) BEIED (as the asset service agent) having delivered to China Industrial International Trust copies of all necessary internal (including but not limited to corporate documents, approvals or authorisation letters), government or third-party approvals and authorisations for BEIED to sign the transaction documents, exercise its rights or perform its obligations thereunder;
- (d) BEH (as the liquidity backing covenantor) having delivered to China Industrial International Trust copies of all necessary internal (including but not limited to corporate documents, approvals or authorisation letters), government and third-party approvals and authorisations for BEH to sign the transaction documents, exercise its rights and perform its obligations thereunder;
- (e) the duly signed original transaction documents having been delivered by all relevant parties and BEIED having delivered to China Industrial International Trust the relevant authorisation letter;

- (f) BEIED having obtained the approval from relevant regulatory authorities to commence the transaction;
- (g) the issuance of ABCP under the Trust Contract having been successfully registered with NAFMII;
- (h) the auditors having issued the reports on the implementation of the agreed procedures and cash flow forecast audit report in respect of entrusting China Industrial International Trust with the Underlying Assets;
- (i) the legal advisor having issued legal opinion to BEIED and China Industrial International Trust;
- (j) the rating agency having issued a report on the credit rating of the ABCP;
- (k) BEIED and China Industrial International Trust having completed the delivery of the Underlying Assets in accordance with the Trust Contract;
- (l) the first tranche of priority and subordinated ABCP having been successfully issued; and
- (m) the designated bank account having received all the funds raised from the ABCP Issuance and the total funds raised from the ABCP having reached the threshold as set out in the Trust Contract.

As at the date of this announcement, (a) to (g) of the Conditions Precedent have been fulfilled, while item number (h) to (j) of the Conditions Precedent will be satisfied after obtaining the Shareholders' approval in the SGM and the remaining Conditions Precedent will be fulfilled after the ABCP Issuance.

Consideration and Size of ABCP

The ABCP shall be issued in the size of RMB3,000 million, which represents a discount of approximately RMB133,715 to the unaudited carrying value of the Underlying Assets of approximately RMB3,000,133,715 as at the Initial Benchmark Date. The consideration under the Trust Contract will be the same as the issue size of the ABCP as at the Initial Benchmark Date.

The consideration and size of the ABCP were determined after arm's length negotiations between BEIED and China Industrial International Trust based on the value of the Underlying Assets.

China Industrial International Trust shall transfer the proceeds from the ABCP Issuance, being approximately RMB3,000 million to the designated bank account of BEIED on the delivery date of the Underlying Assets.

Redemption of Unqualified Assets

Pursuant to the Trust Contract, BEIED or China Industrial International Trust shall notify the other party any discovery of Unqualified Assets within 5 working days after discovery. China Industrial International Trust shall have the right to inform BEIED in writing to redeem such Unqualified Assets in accordance with the terms of the Trust Contract and BEIED shall transfer the amount which is equivalent to such Unqualified Assets to the trust account within 2 working days.

Limitation of liability

BEIED shall not be liable for, among others, compensatory damages and compensatory obligations for Subsidy Receivables that are unrecoverable and Underlying Assets that are difficult to recover.

THE UNDERWRITING AGREEMENT

In connection with the ABCP Issuance, BEIED proposes to enter into an underwriting agreement with China Industrial International Trust and the underwriter(s), pursuant to which, the underwriter(s) will be responsible for the issue of the ABCP on NAFMII. To the best of the Directors' information, knowledge and belief, BEIED is in the process of identifying and appointing qualified financial institution(s) established in the PRC, which is/are expected to be Independent Third Party(ies) of the Company, to act as the underwriter(s) of the ABCP Issuance. As at the date of this announcement, BEIED has neither entered into any underwriting agreement, nor entered into any binding or non-binding term sheet, in respect of the ABCP Issuance.

The underwriting fee payable by BEIED is expected to be approximately RMB3 million per year, the calculation based on an underwriting charge ratio of approximately 0.1% per year and three-year issuance period, which is expected to be determined by arm's length negotiations between BEIED and the underwriter(s) with reference to the issue size of the ABCP, the relevant PRC regulations and the prevailing market rate in relation to service fee payable to the underwriter(s) in an asset securitization project.

In case of any discrepancy between the above and the actual terms of the underwriting agreement, the Company will make further announcement(s) as and when appropriate to fully comply with the requirements under the Listing Rules.

FINANCIAL IMPACT AND USE OF PROCEEDS FROM THE ABCP ISSUANCE

Immediately upon the completion of the Disposal for the purpose of the ABCP Issuance, BEIED will cease to have rights or interests in the Underlying Assets. As at the Initial Benchmark Date, the unaudited carrying value of the Underlying Assets was approximately RMB3,000,133,715. It is anticipated that the proceeds from the ABCP Issuance would amount to approximately RMB3,000 million. As a result, the Company is expected to realize a net loss of approximately RMB133,715 from the ABCP Issuance, which represents the difference between the proceeds from the ABCP Issuance and the unaudited carrying value of the Underlying Assets as at the Initial Benchmark Date. The Group intends to use approximately 70% of the proceeds from the ABCP Issuance for the repayment of existing debts and the remaining approximately 30% of the proceeds from the ABCP Issuance for daily operations of the Group (which include, among other things, day-to-day operating expenses, investments, equipment purchases and maintenance expenses).

REASONS FOR AND BENEFITS OF THE ABCP ISSUANCE AND THE TRUST CONTRACT

The Board believes that the ABCP Issuance can diversify the Group's fund-raising channels to access low-cost capital, which in turn can be used to improve the financing structure of the Group and promote its operating activities and investments. It also allows the Group to achieve the goal of reducing the balance of accounts receivable and optimize the debt to asset ratio of the Group. Upon the Disposal for the purpose of ABCP Issuance, the Directors believe that it will accelerate the overall turnover of the Group's assets and increase the overall revenue generated. Furthermore, the proposed transfer of the Underlying Assets through this arrangement will accelerate the collection of the accounts receivable of the Group.

The Directors consider that the terms of the Trust Contract and the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF 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.

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

China Industrial International Trust is a company established in the PRC with limited liability, which is owned as to approximately 73.0% and 8.4% by Industrial Bank Co., Ltd.* (興業銀行股份有限公司)(a joint stock company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601166)) and Xiamen ITG Group Corp., Ltd.* (廈門國貿集團股份有限公司)(a joint stock company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600755)), approximately 17.8% is ultimately owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Fujian Province* (福建省人民政府國有資產監督管理委員會) and the remaining approximately 0.8% is owned by the Nanping City Investment and Guarantee Center* (南平市投資擔保中心) which is ultimately controlled by the Nanping Municipal Finance Bureau of the Fujian Province* (福建省南平市財政局) as at the date of this announcement. China Industrial International Trust is principally engaged in property or property rights trusts, investment fund business and finance consultants and other business.

LISTING RULES IMPLICATIONS

As the highest percentage ratio applicable to the Company in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company and is, therefore, subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be convened by the Company to seek the Shareholders' approval of the Disposal and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Disposal and the transactions contemplated thereunder; (ii) the notice of the SGM; and (iii) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 31 December 2024.

The credit rating in relation to the priority tranche of the ABCP mentioned herein is strictly for information purpose only. Such rating does not constitute a recommendation to buy, sell or hold any securities of the Company.

Shareholders and potential investors should note that the Disposal is subject to the fulfilment of certain Conditions Precedent under the Trust Contract. The Disposal may or may not proceed, therefore, Shareholders and potential investors are advised to exercise caution when dealing or trading in the securities of the Company. Shareholders and potential investors are advised to read this announcement and any further announcement and circular made by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

DEFINITIONS

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

“ABCP”	the asset-backed commercial papers, which are backed by the Underlying Assets, to be issued by China Industrial International Trust on NAFMII of a total issue size of approximately RMB3,000 million to qualified investors in the PRC
“ABCP Issuance”	the issuance of ABCP by China Industrial International Trust, which are backed by the Underlying Assets
“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 holding 717,694,349 shares of the Company, representing approximately 32.14% of the issued share capital of the Company as at the date of this announcement
“BEIED”	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 subsidiary of the Company
“Beneficiaries”	the beneficiaries of the Trust, being the holders of the ABCP, who are expected to be Independent Third Parties of the Company
“Board”	the board of Directors of the Company
“China Industrial International Trust”	China Industrial International Trust Limited* (興業國際信託有限公司), a company established in the PRC with limited liability and the trustee of the Trust Contract
“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)

“Conditions Precedent”	the conditions precedent to the Trust becoming effective as set out in the Trust Contract
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of Underlying Assets by BEIED to China Industrial International Trust pursuant to the Trust Contract for the purpose of ABCP Issuance
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s), or in the case of corporate entity(ies), their ultimate beneficial owner(s), who to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is(are) independent of, and not connected with, the Company and its connected persons
“Initial Benchmark Date”	31 December 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“NAFMII”	National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會)
“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

“Qualification Standards”	compliance with the requirements which have been agreed upon between BEIED and China Industrial International Trust, including, among others, the inclusion of the relevant renewable energy power generation projects in (as the case may be) either the Catalogue of Additional Subsidies for Renewable Electricity Prices* (可再生能源電價附加資金補助目錄) or the List of Subsidized Renewable Power Generation Projects* (可再生能源發電補貼項目清單) that is published regularly in accordance with the requirements of the Measures for the Administration of Additional Subsidy Funds for Renewable Energy Tariffs (MOF [2020] No.5)* (可再生能源電價附加補助資金管理辦法(財建(2020)5號)) and other requirements for valid title over the Subsidy Receivables
“Relevant PRC Energy Laws and Regulations”	the Renewable Energy Law of the People’s Republic of China* (《中華人民共和國可再生能源法》), the Interim Measures for the Administration of the Collection and Use of Renewable Energy Development Fund* (《可再生能源發展基金徵收使用管理暫行辦法》), the Trial Measures for the Administration of Renewable Energy Power Generation Prices and Expense Allocation* (《可再生能源發電價格和費用分攤管理試行辦法》), the Notice of the National Development and Reform Commission on the Improvement of Feed-in-Tariff Policies for Wind Power Generation* (《國家發展改革委關於完善風力發電上網電價政策的通知》), the Notice of the National Development and Reform Commission on the Improvement of Feed-in-Tariff Policies for Solar Photovoltaic Power Generation* (《國家發展改革委關於完善太陽能光伏發電上網電價政策的通知》), the Measures for the Administration of Additional Subsidy Funds for Renewable Energy Tariffs* (《可再生能源電價附加補助資金管理辦法》) and the list of subsidies available for renewable energy power generation projects, as supplemented and revised from time to time
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	the special general meeting of the Company to be convened for considering and, if thought fit, approving the Disposal and the transactions contemplated thereunder

“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Subsidy Receivables”	the renewable energy subsidies and accounts receivables entrusted to the trustee for the purpose of the ABCP Issuance, which include the subsidy receivables and accounts receivables as at the Initial Benchmark Date and as at the subsequent benchmark date (if applicable)
“Trust”	the trust under the Trust Contract in relation to the Underlying Assets for the purpose of ABCP Issuance
“Trust Contract”	the trust contract dated 20 November 2024 entered into between BEIED and China Industrial International Trust in respect of the formation of the Trust and the transfer of the Underlying Assets for the purpose of the ABCP Issuance
“Underlying Assets”	the Underlying Assets represents (i) all the rights, interests, benefits and gains (present and future, existing and contingent) with respect to the Subsidy Receivables; (ii) all receivables due or to be due shortly attributable to the Subsidy Receivables; (iii) all proceeds from the transfer, sale, auction, sell-off or otherwise disposal of the Subsidy Receivables; (iv) the right to request, sue, recover or receive all payables in relation to the Subsidy Receivables; and (v) benefits arising from the Subsidy Receivables and enforcement of all rights and legal remedies in relation to the Subsidy Receivables
“Unqualified Assets”	the assets being not in conformity with the Qualification Standards and the representations and warranties made in respect of the Underlying Assets on the Initial Benchmark Date or the effective date of the Trust
“working day(s)”	a day excluding Saturdays, Sundays and statutory holidays in the PRC

“%”

per cent

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

Hong Kong, 20 November 2024

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, Mr. Lu Xiaoyu and Mr. Wang Cheng; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei, Mr. Zhu Jianbiao and Mr. Zeng Ming.

* *For identification purpose only*