

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 AGREEMENTS

FINANCE LEASE AGREEMENTS

On 30 March 2022 (after trading hours), Hangjinhouqi (an indirect non wholly-owned subsidiary of the Company), Yangqu Weilan (an indirect non wholly-owned subsidiary of the Company) and CITIC Financial Leasing entered into the Finance Lease Agreement I, pursuant to which CITIC Financial Leasing agreed to purchase the Leased Assets I from Hangjinhouqi and Yangqu Weilan for a total consideration of RMB300 million, which shall then be leased back to Hangjinhouqi and Yangqu Weilan, subject to the terms and conditions provided therein.

On the same day, Hangjinhouqi and CITIC Financial Leasing entered into the Finance Lease Agreement II, pursuant to which CITIC Financial Leasing agreed to purchase the Leased Assets II from Hangjinhouqi for a total consideration of RMB250 million, which shall then be leased back to Hangjinhouqi, subject to the terms and conditions provided therein.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Finance Lease Agreements exceeds 5% but is less than 25%, the entering into of each of the Finance Lease Agreements 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 30 March 2022 (after trading hours), Hangjinhouqi (an indirect non wholly-owned subsidiary of the Company), Yangqu Weilan (an indirect non wholly-owned subsidiary of the Company) and CITIC Financial Leasing entered into the Finance Lease Agreement I, pursuant to which CITIC Financial Leasing agreed to purchase the Leased Assets I from Hangjinhouqi and Yangqu Weilan for a total consideration of RMB300 million, which shall then be leased back to Hangjinhouqi and Yangqu Weilan, subject to the terms and conditions provided therein.

On the same day, Hangjinhouqi and CITIC Financial Leasing entered into the Finance Lease Agreement II, pursuant to which CITIC Financial Leasing agreed to purchase the Leased Assets II from Hangjinhouqi for a total consideration of RMB250 million, which shall then be leased back to Hangjinhouqi, subject to the terms and conditions provided therein.

THE FINANCE LEASE AGREEMENT I

Date: 30 March 2022 (after trading hours)

Parties:

- (1) Hangjinhouqi (as the joint lessee)
- (2) Yangqu Weilan (as the joint lessee)
- (3) CITIC Financial Leasing (as the lessor)

Scope of services: CITIC Financial Leasing will purchase the Leased Assets I owned by Hangjinhouqi and Yangqu Weilan at a total consideration of RMB300 million, and lease the Leased Assets I back to Hangjinhouqi and Yangqu Weilan for lease payment.

Lease term: The lease term under the Finance Lease Agreement I will be for 12 years, subject to the terms and conditions provided therein.

Legal title: CITIC Financial Leasing shall own the legal title of the Leased Assets I during the lease term.

Lease payment: The total lease amount payable to CITIC Financial Leasing under the Finance Lease Agreement I is approximately RMB415.76 million, being the sum of (i) the total purchase cost of the Leased Assets I of RMB300 million and (ii) the total estimated interest of approximately RMB115.76 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 Bank Funding Centre under the authority of the People's Bank of China from time to time (i) plus 25 basis point for the first four instalments; and (ii) plus 120 basis point for the remaining instalments.

The total lease amount payable shall be payable in 48 quarterly instalments.

Other terms: Upon maturity of the lease term and subject to the fulfillment of all of its obligations under the Finance Lease Agreement I, Hangjinhouqi and Yangqu Weilan are entitled to obtain the legal title of the Leased Assets I at a nominal consideration of RMB1.

Guarantee: The obligations of Hangjinhouqi and Yangqu Weilan under the Finance Lease Agreement I are secured by:

- (i) a letter of undertaking given by Beijing United Rongbang New Energy Technology Co., Ltd.* (北京聯合榮邦新能源科技有限公司), an indirect non wholly-owned subsidiary of the Company which held the entire equity interest in Yangqu Weilan, to CITIC Financial Leasing, under which it undertakes not to pledge any equity interests in Yangqu Weilan to external parties and not to request dividend distribution or repayment of shareholders' loans in connection with its interested shares in Yangqu Weilan;

- (ii) Equipment Mortgage Agreement I entered into between Hangjinhouqi and CITIC Financial Leasing, pursuant to which Hangjinhouqi mortgages the portion of the Leased Assets I contributed by it to CITIC Financial Leasing and under which CITIC Financial Leasing has the rights to recover all liabilities payable under Finance Lease Agreement I, 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 CITIC Financial Leasing for realising its rights under the Finance Lease Agreement I;
- (iii) Equipment Mortgage Agreement II entered into between Yangqu Weilan and CITIC Financial Leasing, pursuant to which Yangqu Weilan mortgages the portion of the Leased Assets I contributed by it to CITIC Financial Leasing and under which CITIC Financial Leasing has the rights to recover all liabilities payable under Finance Lease Agreement I, 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 CITIC Financial Leasing for realising its rights under the Finance Lease Agreement I; and
- (iv) a pledge of Yangqu Weilan's rights of receiving the electricity fee income in relation to Leased Assets I to CITIC Financial Leasing pursuant to the Yangqu Weilan Electricity Fee Rights Pledge Agreement.

THE FINANCE LEASE AGREEMENT II

- Date: 30 March 2022 (after trading hours)
- Parties: (1) Hangjinhouqi (as the lessee)
- (2) CITIC Financial Leasing (as the lessor)
- Scope of services: CITIC Financial Leasing will purchase the Leased Assets II owned by Hangjinhouqi at a total consideration of RMB250 million, and lease the Leased Assets II back to Hangjinhouqi for lease payment.
- Lease term: The lease term under the Finance Lease Agreement II will be for 12 years, subject to the terms and conditions provided therein.
- Legal title: CITIC Financial Leasing shall own the legal title of the Leased Assets II during the lease term.
- Lease payment: The total lease amount payable to CITIC Financial Leasing under the Finance Lease Agreement II is approximately RMB346.47 million, being the sum of (i) the total purchase cost of the Leased Assets II of RMB250 million and (ii) the total estimated interest of approximately RMB96.47 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 Bank Funding Centre under the authority of the People's Bank of China from time to time (i) plus 25 basis point for the first four instalments; and (ii) plus 120 basis point for the remaining instalments.
- The total lease amount payable shall be payable in 48 quarterly instalments.

Other terms: Upon maturity of the lease term and subject to the fulfillment of all of its obligations under the Finance Lease Agreement II, Hangjinhouqi is entitled to obtain the legal title of the Leased Assets II at a nominal consideration of RMB1.

Guarantee: The obligations of Hangjinhouqi under the Finance Lease Agreement II are secured by:

- (i) Equipment Mortgage Agreement III entered into between Hangjinhouqi and CITIC Financial Leasing, pursuant to which Hangjinhouqi mortgages Leased Assets II to CITIC Financial Leasing and under which CITIC Financial Leasing has the rights to recover all liabilities payable under Finance Lease Agreement II, 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 CITIC Financial Leasing for realising its rights under the Finance Lease Agreement II;
- (ii) a pledge of Hangjinhouqi's rights of receiving the electricity fee income in relation to Leased Assets II to CITIC Financial Leasing pursuant to the Hangjinhouqi Electricity Fee Rights Pledge Agreement; and
- (iii) a share pledge given by Chayouqianqi of its 80% equity interests in Hangjinhouqi pursuant to the Share Pledge Agreement under which the secured debt includes, 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 CITIC Financial Leasing for realising its rights under the Finance Lease Agreement II. Chayouqianqi further agreed that if Chayouqianqi acquires the remaining 20% of Hangjinhouqi's equity interest, it shall, within 2 months from the date of completing the registration of the industrial and commercial change of such acquisition, further pledge such 20% equity interest in Hangjinhouqi and complete the registration of the equity pledge, enabling CITIC Financial Leasing to obtain pledge rights of the entire equity interest in Hangjinhouqi.

The terms of each of the Finance Lease Agreements, including the lease interest rate, were determined after arm's length negotiations between Hangjinhouqi, Yangqu Weilan and CITIC Financial Leasing with reference to the prevailing market rates for the similar finance leasing arrangement and consideration of other factors such as the geographical location, performance of operation and risk profile of the Leased Assets I and Leased Assets II, respectively.

INFORMATION ON THE LEASED ASSETS

As at 30 March 2022, the book values of the Leased Assets I and Leased Assets II (collectively, the "Leased Assets") was approximately RMB302 million and RMB250 million, respectively.

| | For the year ended | |
|---|---------------------------|-----------------------|
| | 31 December | |
| | 2020 | 2021 |
| | (audited) | (audited) |
| | <i>(RMB' million)</i> | <i>(RMB' million)</i> |
| The profit before tax attributable to the Leased Assets I | 0 | 12.6 |
| The profit after tax attributable to the Leased Assets I | 0 | 12.6 |

| | For the year ended | |
|--|---------------------------|-----------------------|
| | 31 December | |
| | 2020 | 2021 |
| | (audited) | (audited) |
| | <i>(RMB' million)</i> | <i>(RMB' million)</i> |
| The profit before tax attributable to the Leased Assets II | 26.2 | 29.0 |
| The profit after tax attributable to the Leased Assets II | 24.2 | 24.6 |

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

Hangjinhouqi is a company established in the PRC with limited liability that is principally engaged in construction, production and sales of electric and thermal power projects and new energy projects in the PRC. Hangjinhouqi is an indirect non wholly-owned subsidiary of the Company.

Yangqu Weilan is a company established in the PRC with limited liability that is principally engaged in the operation, maintenance and management of new energy power plants in the PRC. Yangqu Weilan is an indirect non wholly-owned subsidiary of the Company.

CITIC Financial Leasing is a company established in the PRC with limited liability, which is principally engaged in the business of finance leasing. CITIC Financial Leasing is a wholly-owned subsidiary of China CITIC Bank Corporation Limited. CITIC Bank Corporation Limited is a joint stock company incorporated in the PRC with limited liability and its A Shares listed on the Shanghai Stock Exchange (stock code: 601998) and its H Shares listed on the Stock Exchange (stock code: 0998).

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, CITIC Financial Leasing and its ultimate beneficial owner 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 AGREEMENTS

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 renewable energy projects. The Finance Lease Agreements and the transactions contemplated thereunder provide the Group with more financial resources for development of projects and working capital of Hangjinhouqi and Yangqu Weilan, 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 Agreements are entered into on normal commercial terms, and the terms set out in the Finance Lease Agreements 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 (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Finance Lease Agreements exceeds 5% but is less than 25%, the entering into of each of the Finance Lease Agreements 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:

| | |
|----------------------------------|--|
| “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) |
| “Chayouqianqi” | Chayouqianqi United Photovoltaic Power Generation Co., Ltd.* (察右前旗聯合光伏發電有限公司), a company established in the PRC with limited liability and a shareholder of Hangjinhouqi |
| “CITIC Financial Leasing” | CITIC Financial Leasing Co., Ltd.* (中信金融租賃有限公司), a company established in the PRC with limited liability |
| “Directors” | the directors of the Company |
| “Equipment Mortgage Agreement I” | the equipment mortgage agreement entered into between Hangjinhouqi and CITIC Financial Leasing in relation to Finance Lease Agreement I on 30 March 2022 |

| | |
|--|--|
| “Equipment Mortgage Agreement II” | the equipment mortgage agreement entered into between Yangqu Weilan and CITIC Financial Leasing in relation to Finance Lease Agreement I on 30 March 2022 |
| “Equipment Mortgage Agreement III” | the equipment mortgage agreement entered into between Hangjinhouqi and CITIC Financial Leasing in relation to Finance Lease Agreement II on 30 March 2022 |
| “Finance Lease Agreement I” | the finance lease agreement entered into among Hangjinhouqi, Yangqu Weilan and CITIC Financial Leasing on 30 March 2022, pursuant to which CITIC Financial Leasing agreed to purchase the Leased Assets I from Hangjinhouqi and Yangqu Weilan, which shall then be leased back to Hangjinhouqi and Yangqu Weilan |
| “Finance Lease Agreement II” | the finance lease agreement entered into between Hangjinhouqi and CITIC Financial Leasing on 30 March 2022, pursuant to which CITIC Financial Leasing agreed to purchase the Leased Assets II from Hangjinhouqi, which shall then be leased back to Hangjinhouqi |
| “Finance Lease Agreements” | collectively, the Finance Lease Agreement I and Finance Lease Agreement II |
| “Group” | the Company and its subsidiaries |
| “Hangjinhouqi” | Hangjinhouqi Guodian Photovoltaic Power Generation Co., Ltd.* (杭錦後旗國電光伏發電有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company |
| “Hangjinhouqi Electricity Fee Rights Pledge Agreement” | the electricity fee rights pledge agreement entered into between Hangjinhouqi and CITIC Financial Leasing on 30 March 2022 |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Leased Assets I” | various wind power generation equipment in relation to the 46.8 megawatts wind power project in Shanxi and two inverters in relation to the 50 megawatts photovoltaic power project in Inner Mongolia |

| | |
|---|---|
| “Leased Assets II” | various photovoltaic power generation equipment in relation to the 50 megawatts photovoltaic power project in Inner Mongolia |
| “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, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Share Pledge Agreement” | the share pledge agreement entered into between Chayouqianqi and CITIC Financial Leasing on 30 March 2022 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Yangqu Weilan” | Yangqu County Weilan New Energy Co., Ltd.* (陽曲縣蔚藍新能源有限公司), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company |
| “Yangqu Weilan Electricity Fee Rights Pledge Agreement” | the electricity fee rights pledge agreement entered into between Yangqu Weilan and CITIC Financial Leasing on 30 March 2022 |
| “%” | per cent |

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

Hong Kong, 30 March 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