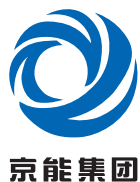


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北京能源國際控股有限公司

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

DISCLOSEABLE TRANSACTION AND CONTINUING CONNECTED TRANSACTION COMMERCIAL FACTORING BUSINESS FRAMEWORK AGREEMENT

COMMERCIAL FACTORING BUSINESS FRAMEWORK AGREEMENT

The Commercial Factoring Business Framework Agreement was entered into by the Company and Shenzhen Jingneng Leasing on 17 August 2021 (after trading hours), pursuant to which Shenzhen Jingneng Leasing will provide the Group with factoring business services, for a term from the effective date of the Commercial Factoring Business Framework Agreement to 31 December 2023.

LISTING RULES IMPLICATIONS

As Shenzhen Jingneng Leasing is a subsidiary of BEH, the controlling shareholder of the Company, Shenzhen Jingneng Leasing is a connected person of the Company. Accordingly, the Commercial Factoring Business Framework Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the highest proposed annual caps for the transactions contemplated under the Commercial Factoring Business Framework Agreement calculated in accordance with the Listing Rules exceeds 5%, such transaction, together with the proposed annual caps thereof, constitute a continuing connected transaction of the Company which is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Furthermore, as the highest applicable percentage ratio in respect of the transactions contemplated under the Commercial Factoring Business Framework Agreement calculated in accordance with the Listing Rules exceeds 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

A SGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the discloseable and continuing connected transactions under the Commercial Factoring Business Framework Agreement. As Shenzhen Jingneng Leasing is a subsidiary of BEH (being the controlling shareholder of the Company as at the date of this announcement), each of BEH, Shenzhen Jingneng Leasing and their respective associates will abstain from voting on the resolution in relation to the Commercial Factoring Business Framework Agreement at the SGM. The resolution will be passed as an ordinary resolution and voted by poll in accordance with the requirements of the Listing Rules.

A circular containing, amongst other things, further information on the transactions contemplated under the Commercial Factoring Business Framework Agreement, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser, notice of SGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 7 September 2021.

INTRODUCTION

The Board hereby announces that the Commercial Factoring Business Framework Agreement was entered into by the Company and Shenzhen Jingneng Leasing on 17 August 2021 (after trading hours), pursuant to which Shenzhen Jingneng Leasing will provide the Group with factoring business services, for a term from the effective date of the Commercial Factoring Business Framework Agreement to 31 December 2023.

COMMERCIAL FACTORING BUSINESS FRAMEWORK AGREEMENT

The principal terms of the Commercial Factoring Business Framework Agreement are set out as follows:

Date: 17 August 2021 (after trading hours)

Parties: (i) The Company; and
(ii) Shenzhen Jingneng Leasing

Term: From the effective date of the Commercial Factoring Business Framework Agreement to 31 December 2023. Subject to the compliance with all relevant laws and regulations and the Listing Rules, the Commercial Factoring Business Framework Agreement may be renewed upon expiry for another term of no more than three years upon mutual consent by way of writing and inform the other parties one month before the expiry of the Commercial Factoring Business Framework Agreement.

Nature of transactions: Pursuant to the Commercial Factoring Business Framework Agreement, Shenzhen Jingneng Leasing agreed to provide factoring business services to the Group with respect to the New Energy Subsidy Receivables.

Shenzhen Jingneng Leasing may, from time to time, enter into separate individual factoring agreement(s) with the Company and/or its subsidiaries for the provision of the factoring business services, provided that the principles as agreed in the Commercial Factoring Business Framework Agreement must be followed.

No security over assets or other guarantees will be required to be provided by the Group for obtaining the factoring business services arising from the Commercial Factoring Business Framework Agreement. However, in the event where such guarantee is required by Shenzhen Jingneng Leasing, Shenzhen Jingneng Leasing shall separately negotiate with the Company and it shall fully comply with the requirements under the Listing Rules.

Conditions Precedent: The Commercial Factoring Business Framework Agreement is subject to the approval by the Independent Shareholders at the general meeting.

Historical Amount

There have been no historical transaction between the Company or its subsidiaries and Shenzhen Jingneng Leasing for factoring business services.

Proposed annual caps and basis of determination of the proposed annual caps

The table below sets out the proposed annual caps for the provision of factoring business services by Shenzhen Jingneng Leasing to the Group under the Commercial Factoring Business Framework Agreement for the three years ending 31 December 2023:

	For the year ending 31 December 2021 (RMB'million)	For the year ending 31 December 2022 (RMB'million)	For the year ending 31 December 2023 (RMB'million)
Total factoring amount to be obtained by the Group from Shenzhen Jingneng Leasing under new separate individual factoring agreement(s) during the year	1,000	1,000	1,000
Factoring service fees	15	100	150

In arriving at the proposed annual caps for the provision of factoring business services by Shenzhen Jingneng Leasing to the Group under the Commercial Factoring Business Framework Agreement, the Directors have considered:

- (i) the historical recovery amount of government subsidies from the Group's renewable power generation projects;
- (ii) the expected sales of electricity volume of its renewable power generation projects and the corresponding amount of New Energy Subsidy Receivables receivable by the Group, based on the current installed capacity of the Group's solar power plants in operation;
- (iii) the prevailing market conditions of the fees charged for commercial factoring services. The factoring service fees mainly comprise interest expenses and handling fees payable to Shenzhen Jingneng Leasing for providing the commercial factoring services, which is estimated to be at approximately 5% of the total factoring amount to be obtained by the Group per year during the term of the Commercial Factoring Business Framework Agreement. The estimated rate of the factoring service fees is no less favorable than the prevailing market rate, with reference to the quotations obtained by the Company from independent third parties; and
- (iv) the availability of capital funding for the factoring business services of Shenzhen Jingneng Leasing.

In addition to the above, to the best estimation of the Directors as of the date of this announcement, the duration of each separate individual factoring agreement to be entered will be around one to three years. Therefore, when determining the annual caps with respect to the factoring service fees for the years ended 31 December 2022 and 2023, the factoring service fees for the factoring amounts obtained in previous years were considered.

Pricing Principles and Internal Procedures

The fee rate for the factoring business services to be provided by Shenzhen Jingneng Leasing to the Group shall be determined at a rate which: (i) shall be fair and reasonable market price, on normal commercial terms and not exceed those charged by other commercial factoring companies in the PRC for equivalent services; and (ii) shall not exceed those charged for the same type of services provided by Shenzhen Jingneng Leasing to other independent third parties. The specific fee rate shall be determined under the separate individual factoring agreements to be signed by the parties based on the aforesaid principles.

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the Commercial Factoring Business Framework Agreement, which include the following:

- (i) the finance department of the Company will collect and review contemporaneous prices and other relevant terms offered by at least two independent third parties before entering into the separate individual factoring agreements, and ensure that the terms offered by Shenzhen Jingneng Leasing are fair and reasonable, and comparable to those offered by at least two independent third parties. In case where the offers made by independent third parties are more favourable to the Company, the Company would either take up those offers of the independent third parties, or adopt such terms in the separate individual factoring agreements to be entered into with Shenzhen Jingneng Leasing after arm's length negotiation;
- (ii) the finance department of the Company will periodically review and inspect the process of relevant continuing connected transactions. In particular, they will monitor and assess whether the annual caps are expected to be exceeded based on proposed transactions to be entered into, and where necessary, elevate such issue to the Board with proposed revised annual caps and such other relevant information so that the Board will be in a position to consider and, where applicable, comply with applicable Listing Rules in connection with such revised annual caps;

- (iii) following the entering into the separate individual factoring agreements pursuant to the Commercial Factoring Business Framework Agreement, the Company will regularly examine the pricing of the transactions and the fee rate of factoring service fees charged under such separate individual factoring agreements to ensure that they are conducted in accordance with the principles under the Commercial Factoring Business Framework Agreement;
- (iv) the Company will regularly convene meetings to discuss any issues in the transactions under the Commercial Factoring Business Framework Agreement and recommendations for improvement; and
- (v) the independent non-executive Directors will conduct annual review of the transactions in relation to the Commercial Factoring Business Framework Agreement (including the fees charged in respect of the transactions) and provide annual confirmations in the Company's annual report(s) in accordance with the Listing Rules that the transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better and the terms are fair and reasonable and in the interests of the Shareholders as a whole.

By implementing the above procedures, the Directors are of the view that the Company has established sufficient internal control measures to ensure the pricing basis of each separate individual factoring agreement to be entered into pursuant to the Commercial Factoring Business Framework Agreement will be on normal commercial terms, fair and reasonable, in accordance with the pricing policy of the Company and in the interests of the Company and its Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE COMMERCIAL FACTORING BUSINESS FRAMEWORK AGREEMENT

The government subsidies from the Group's renewable power generation projects are typically released to the Group over a relatively long period, resulting in the building up of the account receivables of the Group arising from the outstanding government subsidies payable to the Group. The factoring business services under the Commercial Factoring Business Framework Agreement would optimise the Group's asset structure, accelerate the efficiency of asset turnover, save costs, improve the efficiency of capital utilisation, broaden its financing channels and reduce its financing costs.

Shenzhen Jingneng Leasing has the relevant license for provision of factoring business services, and has deep understanding of the operation of the Group, which is beneficial for Shenzhen Jingneng Leasing to provide more convenient, efficient and personalised factoring business services than other financial institutions.

The Directors (excluding the independent non-executive Directors, whose opinion on the Commercial Factoring Business Framework Agreement and the proposed annual caps thereunder will be set forth in the circular by reference to the advice from the Independent Financial Adviser in this regard) are of the view that the Commercial Factoring Business Framework Agreement (and the proposed annual caps thereunder) is entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As Shenzhen Jingneng Leasing is a subsidiary of BEH, the controlling shareholder of the Company, Shenzhen Jingneng Leasing is a connected person of the Company. Accordingly, the Commercial Factoring Business Framework Agreement and the transactions contemplated thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the highest proposed annual caps for the transactions contemplated under the Commercial Factoring Business Framework Agreement calculated in accordance with the Listing Rules exceeds 5%, such transaction, together with the proposed annual caps thereof, constitute a continuing connected transaction of the Company which is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Furthermore, as the highest applicable percentage ratio in respect of the transactions contemplated under the Commercial Factoring Business Framework Agreement calculated in accordance with the Listing Rules exceeds 5% but less than 25%, such transaction constitutes a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Mr. Zhang Ping (the Chairman of Board and executive Director), Mr. Sui Xiaofeng (the non-executive Director) and Mr. Zhao Bing (the non-executive Director) are the senior management of BEH, they had abstained from voting on the Board resolutions approving the Commercial Factoring Business Framework Agreement, the transactions contemplated thereunder and the proposed annual caps thereunder. Save and except for the aforesaid, none of the Directors has any material interest in the Commercial Factoring Business Framework Agreement and was required to abstain from voting on the Board resolutions in relation to the Commercial Factoring Business Framework Agreement.

INFORMATION OF 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 solar power plants and other renewable energy projects.

Shenzhen Jingneng Leasing is a company established in the PRC with limited liability and a subsidiary of BEH. Shenzhen Jingneng Leasing primarily provides financial leasing services and commercial factoring business services in relation to financial leasing to the public and members of the BEH group.

BEH is a company established in the PRC with limited liability which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. It is a state-owned company in the PRC indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. BEH is the controlling shareholder of the Company, indirectly holding approximately 32% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao to advise the Independent Shareholders on the Commercial Factoring Business Framework Agreement, the factoring business services contemplated thereunder and the proposed annual caps thereunder. None of the members of the Independent Board Committee has any interest in the Commercial Factoring Business Framework Agreement and the transactions contemplated thereunder.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Commercial Factoring Business Framework Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps thereunder. The Independent Board Committee will form its view in respect of the Commercial Factoring Business Framework Agreement, the factoring business services contemplated thereunder and the proposed annual caps thereunder after obtaining and considering the advice from the Independent Financial Adviser.

GENERAL

A SGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the discloseable and continuing connected transactions under the Commercial Factoring Business Framework Agreement. As Shenzhen Jingneng Leasing is a subsidiary of BEH (being the controlling shareholder of the Company as at the date of this announcement), each of BEH, Shenzhen Jingneng Leasing and their respective associates will abstain from voting on the resolution in relation to the Commercial Factoring Business Framework Agreement at the SGM. The resolution will be passed as an ordinary resolution and voted by poll in accordance with the requirements of the Listing Rules.

A circular containing, amongst other things, further information on the transactions contemplated under the Commercial Factoring Business Framework Agreement, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser, notice of SGM and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 7 September 2021.

DEFINITION

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“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 of the Company holding 7,176,943,498 Shares, representing approximately 32% of the issued share capital of the Company
“Board”	the board of Directors of the Company
“Commercial Factoring Business Framework Agreement”	the commercial factoring business framework agreement entered into between Shenzhen Jingneng Leasing and the Company on 17 August 2021 in relation to the provision of factoring business services by Shenzhen Jingneng Leasing to the Group
“Company”	Beijing Energy International Holding Co., Ltd. (北京能源國際控股有限公司), 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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules that apply to the Company
“Director(s)”	the director(s) of the Company
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Commercial Factoring Business Framework Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps thereunder
“Group”	the Company and its subsidiaries
“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors, namely Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao to advise the Independent Shareholders on the Commercial Factoring Business Framework Agreement, the factoring business services contemplated thereunder and the proposed annual caps thereunder pursuant to the Listing Rules
“Independent Shareholders”	Shareholders other than BEH and other Shareholders who are required under the Listing Rules to abstain from voting at the SGM for the resolution(s) approving the Commercial Factoring Business Framework Agreement, the factoring business services contemplated thereunder and the proposed annual caps thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“New Energy Subsidy Receivables”	the account receivables of renewable energy subsidies arising from the sales of electricity under the Group’s electricity sale agreements of its renewable energy projects
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SGM”	the special general meeting to be held by the Company to consider and approve, among other things, the Commercial Factoring Business Framework Agreement, the continuing connected transactions contemplated thereunder and the proposed annual caps thereunder
“Shareholder(s)”	holder(s) of issued share(s) of the Company
“Shenzhen Jingneng Leasing”	Shenzhen Jingneng Financial Leasing Co., Ltd.* (深圳京能融資租賃有限公司), a company established in the PRC with limited liability, which is a subsidiary of BEH and hence a connected person 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, 17 August 2021

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman), Mr. Lu Zhenwei and Mr. Xu Jianjun; the non-executive directors of the Company are Mr. Sui Xiaofeng, Mr. Zhao Bing 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*