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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)**

## **CONNECTED TRANSACTION FINANCIAL ADVISORY AGREEMENT**

### **THE FINANCIAL ADVISORY AGREEMENT 3**

Reference is made to the announcement of the Company dated 27 February 2024 (the “**Previous Announcement**”) in relation to the entering into of the Lead Consultancy Agreement, the Financial Advisory Agreement 1 and the Financial Advisory Agreement 2.

On 10 April 2024, the Fund Manager, AVIC Securities, Baoshan Energy (an indirect subsidiary of the Company) and China Merchants Securities entered into the Financial Advisory Agreement 3, pursuant to which China Merchants Securities will be appointed as the financial advisor to provide financial advisory services with respect to the Proposed AVIC Baoshan Hydropower Plants REITs Investment.

### **LISTING RULES IMPLICATION**

As at the date of this announcement, China Merchants Securities is an associate of China Merchants Group Limited (招商局集團有限公司), which is a substantial shareholder of the Company. Accordingly, China Merchants Securities is a connected person of the Company. Therefore, the entering into of the Financial Advisory Agreement 3 constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 to 14A.83 of the Listing Rules, the Lead Consultancy Agreement and the Financial Advisory Agreements shall be aggregated together since the Lead Consultancy Agreement and the Financial Advisory Agreements are entered into by the Group with a group of connected persons (namely China Merchants Securities and CMAM) within a 12 month period. As the highest applicable percentage ratio in respect of the Lead Consultancy Agreement and the Financial Advisory Agreements and the transactions contemplated thereunder on an aggregated basis exceeds 0.1% but is less than 5%, the Lead Consultancy Agreement and the Financial Advisory Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**Shareholders and potential investors of the Company should note that the Proposed AVIC Baoshan Hydropower Plants REITs Investment is subject to, among other things, the prevailing market conditions and approvals from relevant authorities, including the NDRC, the CSRC and the SSE. Accordingly, Shareholders and potential investors of the Company should be aware that the Proposed AVIC Baoshan Hydropower Plants REITs Investment may or may not occur. The Company will make further announcement(s) to inform its shareholders and potential investors of any material development of the above matters as and when appropriate. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

Reference is made to the announcement of the Company dated 27 February 2024 in relation to the entering into of the Lead Consultancy Agreement, the Financial Advisory Agreement 1 and the Financial Advisory Agreement 2.

On 10 April 2024, the Fund Manager, AVIC Securities, Baoshan Energy (an indirect subsidiary of the Company) and China Merchants Securities entered into the Financial Advisory Agreement 3, pursuant to which China Merchants Securities will be appointed as the financial advisor to provide financial advisory services with respect to the Proposed AVIC Baoshan Hydropower Plants REITs Investment.

## **THE FINANCIAL ADVISORY AGREEMENT 3**

Principal terms of the Financial Advisory Agreement 3 are set out below:

- Date:** 10 April 2024
- Parties:**
- 1) the Fund Manager
  - 2) AVIC Securities
  - 3) Baoshan Energy
  - 4) China Merchants Securities

**Scope of services:**

China Merchants Securities agreed to provide financial advisory services with respect to the Proposed AVIC Baoshan Hydropower Plants REITs Investment, including:

- 1) providing financial advisory services to the Fund Manager and Baoshan Energy on, among others, finance, business, management structure, transaction structure and restructuring matters;
- 2) conducting due diligence on the Proposed AVIC Baoshan Hydropower Plants REITs Investment in accordance with the applicable laws, regulations and rules and issuing a due diligence report;
- 3) coordinating with the relevant intermediaries to carrying out various tasks;
- 4) drafting the relevant agreements and assisting in the preparation of reporting, disclosure and other documents for filing with the NDRC, the CSRC, the SSE and other relevant regulatory bodies;
- 5) assisting the Fund Manager in communication with, and responding to queries raised by the NDRC, the CSRC, the SSE and other relevant regulatory bodies and assisting the Fund Manager and Baoshan Energy in necessary communication with the relevant governmental and/or other relevant bodies;
- 6) issuing a financial advisory report;

- 7) identifying strategic investors, handling the roadshow, promoting, inquiry, placement and other business activities with respect to the offering of the interests of the REITs; and
- 8) providing other assistance as may be required from China Merchants Securities as the financial advisor with respect to the Proposed AVIC Baoshan Hydropower Plants REITs Investment.

**Exclusivity:** During the effective period of the Financial Advisory Agreement 3, the Fund Manager undertakes not to engage another company or institution with identical or similar roles to the roles assumed by China Merchants Securities pursuant to the Financial Advisory Agreement 3.

**Service Fee:** China Merchants Securities will receive 0.2% of the proceeds raised from the Proposed AVIC Baoshan Hydropower Plants REITs Investment, inclusive of tax and all expenses to be incurred by China Merchants Securities (“**Service Fee**”).

**Payment Terms:** The Service Fee payable under the Financial Advisory Agreement 3 will be deducted from the consideration to be paid by AVIC Securities to China Merchants Securities for the transfer of infrastructure assets pursuant to infrastructure asset transfer agreement within ten (10) business days upon the completion of the separate listing of the REITs.

### **BASIS FOR DETERMINATION OF THE SERVICE FEE UNDER THE FINANCIAL ADVISORY AGREEMENT 3**

The Service Fee under the Financial Advisory Agreement 3 was determined by the parties after arm’s length negotiation and through a tendering selection process. In particular, the Company has considered the following factors during the selection of the service providers and the determination of the relevant service fee: (i) the financial advisory proposals submitted; (ii) the track record of the candidates of service providers on providing similar services; (iii) the size of operation, manpower and financial performance of the candidates of service providers; (iv) the expected offering sizes of the Proposed AVIC Baoshan Hydroelectric Power Stations REITs Investment; and (v) the prevailing market prices of the provision of similar services.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

China Merchants Securities is a securities firm of the State-owned Assets Supervision and Administration Commission of the State Council in the PRC. It provides a full range of financial services including wealth management and institutional business, investment banking, investment management and investment and trading and has built up significant competitive advantages. The Directors believe that the professional services to be provided by China Merchants Securities under the Financial Advisory Agreement 3, meeting the current requirements and circumstances of the Group, would enable the Group to benefit from its expertise, experience and resources. The service fee of China Merchants Securities is in line with the market standard which will be offered by the independent third party with comparable expertise and/or experience in the financial advisory business.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Financial Advisory Agreement 3 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 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.

Baoshan Energy is a joint stock company established in the PRC with limited liability, and an indirect subsidiary of the Company. Baoshan Energy is principally engaged in electricity production and operation of hydropower plants.

The Fund Manager is a company established in the PRC with limited liability, a CSRC licensed fund management company principally engaged in the business of asset management. The Fund Manager is 55% owned by AVIC Securities and 45% owned by Beijing Shougang Fund Co., Ltd.\* (北京首鋼基金有限公司) which is indirectly wholly-owned by the State-owned Assets Supervision and Administration Commission of Beijing Municipality in the PRC respectively.

AVIC Securities is a company established in the PRC with limited liability. It provides a diverse range of financial and investment consulting services including equity financing, bond financing, securities brokerage, underwriting and sponsorship, securities investment consulting and asset management in the PRC. AVIC Securities is directly owned as to approximately 71.71% and 28.29% by AVIC Investment Holdings Co., Ltd.\* (中航投資控股有限公司) (“**AVIC Investment**”) and AVIC Industry-Finance Holdings Co., Ltd.\* (中航工業產融控股股份有限公司) (“**AVIC Holdings**”), respectively. AVIC Investment is owned as to approximately 73.56% by AVIC Holdings, a company established in the PRC with limited liability and the shares of which are listed on the SSE (stock code: 600705).

The Fund Manager, AVIC Securities and their respective ultimate beneficial owners are Independent Third Parties and not connected persons of the Company as at the date of this announcement.

China Merchants Securities is a joint stock company established in the PRC with limited liability, the H shares and A shares of which are listed on the main board of the Stock Exchange (stock code: 6099) and on the SSE (stock code: 600999), respectively. China Merchants Securities is principally engaged in wealth management and institutional business, investment banking business, investment management business, and investment and trading business.

As Mr. Lu Zhenwei, being an executive Director, is a director of several companies controlled by the holding company of China Merchants Securities, he had abstained from voting on the Board resolution approving the Financial Advisory Agreement 3. Save and except for the aforesaid, none of the Directors has any material interest or was required to abstain from voting on the Board resolution in relation to the Financial Advisory Agreement 3.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, China Merchants Securities is an associate of China Merchants Group Limited (招商局集團有限公司), which is a substantial shareholder of the Company. Accordingly, China Merchants Securities is a connected person of the Company. Therefore, the entering into of the Financial Advisory Agreement 3 constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 to 14A.83 of the Listing Rules, the Lead Consultancy Agreement and the Financial Advisory Agreements shall be aggregated together since the Lead Consultancy Agreement and the Financial Advisory Agreements are entered into by the Group with a group of connected persons (namely China Merchants Securities and CMAM) within a 12 month period. As the highest applicable percentage ratio in respect of the Lead Consultancy Agreement and the Financial Advisory Agreements and the transactions contemplated thereunder on an aggregated basis exceeds 0.1% but is less than 5%, the Lead Consultancy Agreement and the Financial Advisory Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

**Shareholders and potential investors of the Company should note that the Proposed AVIC Baoshan Hydropower Plants REITs Investment is subject to, among other things, the prevailing market conditions and approvals from relevant authorities, including the NDRC, the CSRC and the SSE. Accordingly, Shareholders and potential investors of the Company should be aware that the Proposed AVIC Baoshan Hydropower Plants REITs Investment may or may not occur. The Company will make further announcement(s) to inform its shareholders and potential investors of any material development of the above matters as and when appropriate. Shareholders and potential investors of the Company are advised 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:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“AVIC Securities”	AVIC Securities Co., Ltd. (中航證券有限公司), a company established in the PRC with limited liability
“AVIC Jingneng Photovoltaics Fund”	AVIC Jingneng Photovoltaics Closed-end Infrastructure Securities Investment Fund* (中航京能光伏封閉式基礎設施證券投資基金), a publicly-offered infrastructure securities investment fund in the PRC and listed on the SSE with fund code 508096
“Baoshan Energy”	Baoshan Energy Development Joint Stock Company Limited* (保山能源發展股份有限公司), a joint stock company established in the PRC with limited liability and an indirect subsidiary of the Company

“BEJN”	BEJN International Holding Co., Ltd.* (北京京能國際控股有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“China Merchants Securities”	China Merchants Securities Co., Ltd. (招商證券股份有限公司), a joint stock company established in the PRC with limited liability
“CMAM”	China Merchants Securities Assets Management Co., Ltd.* (招商證券資產管理有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of China Merchants Securities
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Financial Advisory Agreements”	collectively, the Financial Advisory Agreement 1, the Financial Advisory Agreement 2 and the Financial Advisory Agreement 3
“Financial Advisory Agreement 1”	the financial advisory agreement entered into between BEJN, China Merchants Securities and Hexin (Tianyin) on 27 February 2024 as disclosed in the Previous Announcement
“Financial Advisory Agreement 2”	the financial advisory agreement entered into between BEJN, China Merchants Securities and CMAM on 27 February 2024 as disclosed in the Previous Announcement

“Financial Advisory Agreement 3”	the financial advisory agreement entered into between the Fund Manager, the AVIC Securities, Baoshan Energy and China Merchants Securities on 10 April 2024 in relation to the appointment of China Merchants Securities as financial advisor with respect to the Proposed AVIC Baoshan Hydropower Plants REITs Investment
“Fund Manager”	AVIC Fund Management Co., Ltd.* (中航基金管理有限公司), a company established in the PRC with limited liability, and the fund manager of the Proposed AVIC Baoshan Hydropower Plants REITs Investment
“Group”	the Company and its subsidiaries
“Hexin (Tianjin)”	Hexin (Tianjin) International Commercial Factoring Co., Ltd.* (和信(天津)國際商業保理有限公司), a company established in the PRC with limited liability, a non-bank financial institution and an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Group and its connected persons and their respective ultimate beneficial owner(s) or their respective associates
“Lead Consultancy Agreement”	the lead consultancy agreement entered into between the Company and China Merchants Securities on 27 February 2024 as disclosed in the Previous Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“NDRC”	National Development and Reform Commission
“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

“Proposed AVIC Baoshan Hydropower Plants REITs Investment”	Baoshan Energy’s potential injection of its hydropower plants as underlying infrastructures (“ <b>AVIC Baoshan Hydropower Plants REITs</b> ”) either by enlarging the AVIC Jingneng Photovoltaics Fund through cooperating with the Fund Manager, or issuing another publicly-offered REITs
“REIT(s)”	real estate investment trust(s)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the issued shares of the Company
“SSE”	Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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

Hong Kong, 10 April 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 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*