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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 FORMATION OF LIMITED PARTNERSHIP**

### **FORMATION OF THE LIMITED PARTNERSHIP**

On 11 September 2023, Beijing Guodian, BEIED and Huadian Gaintime entered into the Limited Partnership Agreement in respect of the formation of the Limited Partnership in the PRC. The total capital contribution of the Limited Partnership is RMB1,627.5 million. The maximum capital contribution by Beijing Guodian, BEIED and Huadian Gaintime will be RMB1 million, RMB326 million and RMB1,300.5 million, respectively. The Limited Partnership will be set up for equity investments and project investments (with respect to investments in projects of new energy or relevant fields which are related to the principal business of the Company only) and debt investments, which satisfy the criteria prescribed under the Limited Partnership Agreement.

Upon completion of the capital contribution, the Limited Partnership will be accounted for as a subsidiary of the Group and its financial results will be consolidated into the consolidated financial statements of the Group.

### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of entering into of the Limited Partnership Agreement exceeds 5% but is less than 25%, the entering into of the Limited Partnership Agreement 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 11 September 2023, Beijing Guodian, BEIED and Huadian Gaintime entered into the Limited Partnership Agreement in respect of the formation of the Limited Partnership in the PRC.

## LIMITED PARTNERSHIP AGREEMENT

The major terms of the Limited Partnership Agreement are set out as follows:

- Date : 11 September 2023
- Name of the Limited Partnership : Shengtang No.1 (Tianjin) Enterprise Management Partnership (Limited Partnership)\* (盛唐壹號(天津)企業管理合夥企業(有限合夥))
- Parties : *General partner*
- (1) Beijing Guodian
- Limited partners*
- (2) Huadian Gaintime (as type A limited partner)
- (3) BEIED (as type B limited partner)
- Term of the Limited Partnership : Long term, until all Partners to the Limited Partnership reach mutual consensus to terminate the partnership or adjust the term of the Limited Partnership.
- Purpose and business scope of the Limited Partnership : To utilise the paid-in capital contributions by the Partners for investment in targets which match the requirements set out under the Limited Partnership Agreement. The scope of investments would cover equity investments and project investments (limited to investments in projects of new energy or relevant fields which are related to the principal business of the Company only) and debt investments. The investment target shall satisfy the following prerequisites:
- (i) the investment target shall be a state-owned enterprise or state-controlled enterprise in the PRC;

(ii) the credit rating of the investment target or its actual controller shall not be lower than AAA rating (subject to the rating report issued by a credit evaluation company qualified for credit rating business in China's securities market and China's inter-bank bond market);

(iii) the annualised rate of return for the first investment target of the Limited Partnership shall not be lower than 3%, whereas the annualised rate of return for the each of the subsequent investment targets shall not be lower than (the annualised rate of return for the first investment target + 3% + benchmark spread) but not exceeding 9%. The benchmark spread refers to:

(the arithmetic average yield (rounded up to 0.01%) of China Treasury Bonds with a maturity equal to the corresponding investment period at that of the investment target as contained in the yield curves of the China Treasury Bonds 5 working days prior to such investment in the investment target by the Limited Partnership) minus (the arithmetic average yield of China Treasury Bonds with a maturity equal to the corresponding investment period at that of the investment target as contained in the yield curves of the China Treasury Bonds 5 working days prior to the formation of the Limited Partnership);

(iv) the industry to be invested in by the Limited Partnership shall be unanimously agreed by a decision committee (the "**Decision Committee**"), but in any event the investment target shall not involve in the real estate industry.

Total capital contribution : The total capital contribution by the Partners to the Limited Partnership is RMB1,627.5 million. The capital contribution to be made by each of the Partners as follows:

Partner	Type	Capital contribution	Percentage (approximately)
Beijing Guodian	General partner	RMB1 million	0.06%
Huadian Gaintime	Type A Limited partner	RMB1,300.5 million	79.91%
BEIED	Type B Limited Partner	RMB326 million	20.03%

If the limited partners failed to make the capital contribution within 6 months after the establishment of the Limited Partnership, the Limited Partnership shall commence the liquidation process forthwith and complete it within 90 days after the aforesaid 6 months period.

Management of the Limited Partnership : The Limited Partnership shall be managed by Beijing Guodian, which is acting as the general partner and the executive partner pursuant to the Limited Partnership Agreement. The limited partners shall not perform partnership affairs and shall not represent the Limited Partnership externally. The executive partner shall regularly report to the other limited partners the status of execution of partnership affairs and the operation and financial status of the Limited Partnership. However, in the event the executive partner neglected to exercise any rights entitled by the Limited Partnership, the type A limited partner shall have the right to, but is not obliged to, institute legal proceedings, arbitrations, claims etc. in its own name or in the name of the Limited Partnership for the benefit of the Limited Partnership.

Nevertheless, there are matters which shall be determined in the partners' meeting to be convened from time to time, including, among others, (i) the change of name, scope of operation and to increase or decrease the scale of the Limited Partnership; (ii) the removal and divestment of partners, and the acceptance of new partners; (iii) the early termination of the Limited Partnership, adjustment of the term of the Limited Partnership, or the liquidation, settlement or cancellation of the Limited Partnership; (iv) the revision or supplement of the Limited Partnership Agreement; (v) the increase or reduction of capital contribution to the Limited Partnership; and (vi) the transfer of limited partnership interests by the general partner and type B limited partner to third parties other than the existing partners.

The general partner and the type B limited partner shall act unanimously when exercising the proposal right, nomination right and voting right at the partners' meeting. The general partner and type B limited partner shall reach consensus through consultation with each other on major matters related to major business decisions, personnel nomination, appointment and removal, etc. In case of failure to reach consensus between the general partner and the type B limited partner, the general partner shall make the final decision and the type B limited partner shall unconditionally comply with the decision and undertake corresponding responsibilities.

Decision Committee : The Partners shall establish the Decision Committee which shall have the following responsibilities:

- (i) To consider and approve investment targets which meet the requirements;
- (ii) To consider and approve the mode of investment in the investment targets;
- (iii) To confirm the estimated return of type A limited partner and type B limited partner;
- (iv) To vote on whether the Limited Partnership shall conduct ordinary distribution;
- (v) To consider and approve the financial policy of the Limited Partnership;
- (vi) To consider and approve the institution of litigation or responding to litigation for the benefits of the Limited Partnership; and
- (vii) Any other responsibilities authorised by all the Partners.

The Decision Committee shall comprise three members, which each of Beijing Guodian (as the general partner and executive partner), Huadian Gaintime (as type A limited partner) and BEIED (as type B limited partner) shall be entitled to nominate one representative. The chairman of the Decision Committee shall be appointed by Beijing Guodian (as the general partner and executive partner).

Resolutions of the Decision Committee with respect to matters (i) to (iv) above shall be passed by two-thirds of the members of the Decision Committee. For any other matters listed above, unanimous approval is required.

Distribution : Subject to the terms of the Limited Partnership Agreement, assets of the Limited Partnership (“**Distributable Assets**”) which are not required to be used for investment or other payments (including but not limited to for settlement of payments to the creditors of the Limited Partnership) can be distributed to the Partners of the Limited Partnership. There are generally three types of distribution: (i) ordinary distribution; (ii) divestment distribution; and (iii) dissolution distribution.

*Ordinary distribution*

Ordinary distribution refers to any distribution before divestment from the investment target, whereby the Distributable Assets arise from (i) the net profits of the Limited Partnership after deducting the relevant tax expenses and (ii) the repayment of principal of the Trust Loan.

The executive partner shall convene a meeting of the Decision Committee 3 months before the date the Limited Partnership is expected to receive Distributable Assets for distribution, during which the Partners shall determine whether to conduct distribution.

In the event the Decision Committee resolved to conduct distribution, the distribution shall be conducted within 1 working day after the relevant accounting date with the follow priority:

- (a) firstly, to distribute the expected profit to the type A limited partner. The expected profit shall be determined separately by the Decision Committee;
- (b) secondly, to distribute the expected profit to the type B limited partner. The expected profit shall be determined separately by the Decision Committee;
- (c) thirdly, to continue the distribution to type A limited partners, until the amount of Distributable Assets distributed equals to the actual paid-in capital contributed by the type A limited partners to the Limited Partnership;
- (d) fourthly, to continue the distribution to type B limited partners, until the amount of Distributable Assets distributed equals to the actual paid-in capital contributed by the type B limited partners to the Limited Partnership;
- (e) lastly, upon the completion of the above distributions, the remaining Distributable Assets shall be distributed to the general partner.

In the event the Decision Committee resolved not to conduct distribution or did not reach any resolution, then the executive partner shall within 3 months after the resolution or after the meeting, proactively look for investment targets which satisfy the requirements prescribed under the Limited Partnership Agreement. If such an investment target is identified within the prescribed period, the executive partner shall invest in such new investment target upon receiving the distributable assets from the previous investment target. If no such investment target is identified within the prescribed period, the executive partner shall distribute the assets in accordance with the manners as aforementioned.

### *Divestment distribution*

Divestment distribution refers to any distribution after divestment from the investment target, whereby the Distributable Assets arise from (i) the principal sum of investment previously injected to the investment target; (ii) the profits from the investment; and (iii) idle cash in the account of the Limited Partnership (after deduction of relevant tax expenses).

The mode of distribution and priority of distribution under the divestment distribution follow largely the same as that of the ordinary distribution described above.

### *Dissolution distribution*

Dissolution distribution refers to the distribution upon the dissolution of the Limited Partnership, whereby all remaining Distributable Assets would be distributed in the following manners:

- (a) firstly, distribution would be made for settlement of all expenses, compensations, tax expenses and debts in accordance with the relevant laws and regulations;
- (b) secondly, distribution would be made to the type A limited partner in the amount equivalent to the actual paid-in capital contributed by the type A limited partner to the Limited Partnership and the expected profit entitled (if any);
- (c) thirdly, distribution would be made to the type B limited partner in the amount equivalent to the actual paid-in capital contributed by the type B limited partner to the Limited Partnership and the expected profit entitled (if any);
- (d) any remaining Distributable Assets (if any) would be distributed to the general partner.



Loss sharing : Any loss incurred by the Limited Partnership shall be borne by each Partners in proportion to their respective committed capital contribution in the Limited Partnership. If the assets of the Limited Partnership are insufficient to cover such loss, the liability of the limited partners shall be limited to the amount of their respective committed capital contribution, while the liability of the general partner towards the debts of the Limited Partnership shall be unlimited.

### **First investment target and mode of investment**

Pursuant to the Limited Partnership Agreement, the first investment target of the Limited Partnership shall be Ningxia Zhongzi Photovoltaics Co., Ltd.\* (寧夏中自太陽能光伏發電有限公司) (“**Ningxia Zhongzhi**”), a non wholly-owned subsidiary of the Company, which owns and operates the 200MWp photovoltaic power generation project in Hongsibao District, Ningxia (紅寺堡區200MWp光伏發電項目).

The Limited Partnership shall acquire 99.99% equity interests in Ningxia Zhongzhi by way of an equity transfer agreement. In addition, the Limited Partnership shall engage a third-party trust institution (the “**Third-Party Trust Institution**”) to set up a single fund trust (the “**Trust**”) with the paid-in capital contributions by the Partners in the Limited Partnership. The Third-Party Trust Institution shall serve as the trustee of the Trust, and grant a loan using the capital of the Trust to Ningxia Zhongzhi (“**Trust Loan**”) for repayment of its subsisting debt.

## **SUBSEQUENT ARRANGEMENT OF THE LIMITED PARTNERSHIP**

To the best knowledge and information of the Directors, the capital contribution in the Limited Partnership made by the type A limited partner will be financed through fund raising, in the form of issuance of asset-backed securities (Quasi-REITs) to prospective investors (the “**Quasi-REITs Fund Raising**”). The Quasi-REITs would be backed by the investment return of type A limited partner’s portion of interests in the Limited Partnership, arising from the Limited Partnership’s subsequent investments. In this connection, Huadian Gaintime will be replaced by the Third-Party Trust Institution as the type A limited partner and conduct the Quasi-REITs Fund Raising subsequently.

It is contemplated that Beijing Guodian, BEIED and the Third-Party Trust Institution will enter into an updated limited partnership agreement to reflect the aforesaid change of type A limited partner. It is envisaged that the terms of the updated limited partnership agreement would be largely the same as the Limited Partnership Agreement.

To the best information and knowledge of the Directors, the Quasi-REITs Fund Raising would be underwritten by a qualified financial institution established in the PRC.

The total amount of capital contribution to be made by each of the Partners has been arrived at after arm’s length negotiations between the Partners, with reference to, among others, the capital requirements of the Limited Partnership. The Group intends to finance its capital contribution by using its internal resources.

As at the date of this announcement, the Limited Partnership does not have any historical financial results. Upon completion of the capital contribution, the Limited Partnership will be accounted for as a subsidiary of the Group and its financial results will be consolidated into the consolidated financial statements of the Group.

## INFORMATION ON 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.

Beijing Guodian is a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company. It is principally engaged in technology development, technology consultancy, corporate business planning and corporate management consultancy, etc.

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

Huadian Gaintime is a company established in the PRC with limited liability. It is held as to approximately 49% by Huadian Asset Management (Tianjin) Co., Ltd.\* (華電資產管理(天津)有限公司), 21% by Shenzhen Overseas Chinese Town Capital Investment Management Co., Ltd.\* (深圳華僑城資本投資管理有限公司), and 30% by Dingxin Great Wall Investment Management Group Co., Ltd.\* (鼎信長城投資管理集團有限公司). Huadian Asset Management (Tianjin) Co., Ltd.\* and Shenzhen Overseas Chinese Town Capital Investment Management Co., Ltd.\* are ultimately wholly-owned by State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會). Dingxin Great Wall Investment Management Group Co., Ltd.\* is held as to (i) approximately 50.57% by Dingzhi Chuangfu (Beijing) Enterprise Management Co., Ltd.\* (鼎智創富(北京)企業管理有限公司), which is in turn held by Zhang Hua (章華), Wang Jianfei (王健飛) and Chen Dan (陳丹) as to 82%, 10% and 8%; and (ii) an aggregate of approximately 49.43% by seven shareholders (none of which holding more than 30% of equity interests). Huadian Gaintime is private equity fund manager registered under the relevant PRC laws.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Huadian Gaintime and its ultimate beneficial owner(s) are Independent Third Parties as at the date of this announcement.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE LIMITED PARTNERSHIP**

The Directors believe that through the strategic cooperation and resources sharing with Huadian Gaintime in the form of Limited Partnership, it would enable the Group to (i) leverage on the fund raising capability of Huadian Gaintime and (ii) invest in quality investment targets which satisfy the standards set out in the Limited Partnership Agreement, and as a result establishing a network of entities and personnel with different capital resources, expertise and technical knowhow, which would as a result facilitate enhancing the economic benefits, expanding the business scale, and maximising the profitability of the Group.

With the daily operation and investment management of the Limited Partnership being led by the Group, coupled with the capital bring in by the type A limited partner (through the Quasi-REITs Fund Raising) which strengthen the Group's financial resources and investment capability, it would open up investment opportunities (in the new energy field in accordance with the Limited Partnership Agreement) which would otherwise inaccessible by the Group, and facilitate the business development of the Group.

As part of the scope of investment of the Limited Partnership, debt investment offers an additional channel for the Group to invest in high credit rating and quality enterprises within reasonable risk. By leveraging on the capital of the Limited Partnership which is in majority contributed by the type A Limited Partner, the debt investment is expected to generate favourable return for the relatively lower sum of capital contributed by the Group.

Furthermore, as the general partner and executive partner of the Limited Partnership, the Group would take lead in the selection of investment target and approval of the mode of investment. In this connection, through the subsequent investment of the Limited Partnership, it would demonstrate, and project a positive image to the public on the capability of the Group to manage a large size capital from third parties (the fund raised from the Quasi-REITs Fund Raising will be injected into the Limited Partnership and accounted into the financial statement of the Group). The Directors believe that would facilitate the subsequent investment projects of the Group, instill confidence of the market in the Group, and potentially improve the credit rating of the Company.

As set out in the Limited Partnership Agreement, the first investment target of the Limited Partnership shall be Ningxia Zhongzi (a non wholly-owned subsidiary of the Company which owns and operates the 200MWp photovoltaic power generation project in Hongsibao District, Ningxia (紅寺堡區200MWp光伏發電項目)), whereby the Limited Partnership shall acquire 99.99% of equity interests in Ningxia Zhongzi, and subsequently grant a trust loan to Ningxia Zhongzi via a single fund trust set up by the Limited Partnership. The Directors believe such investment would provide the necessary capital to strengthen the financial health of Ningxia Zhongzi (which is expected to remain as a subsidiary of the Group) through repayment of its existing debt, which would enable Ningxia Zhongzi to better allocate its financial resources to continue to operate or expand its current photovoltaic power general project. Further, due to Ningxia Zhongzi being a subsidiary of the Group, the Company has a very good understanding of its financial background and operation, and consider the risk of debt investment in Ningxia Zhongzi would be relatively low.

In the event any of the above transactions materialise, the Company will make further announcements as and when appropriate in accordance with the Listing Rules.

In view of the aforesaid, the Directors (including the independent non-executive Directors) consider that although the investment in the Limited Partnership is not in the ordinary course of business of the Group, the investment and the terms of the Limited Partnership Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of entering into of the Limited Partnership Agreement exceeds 5% but is less than 25%, the entering into of the Limited Partnership Agreement 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:

“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 non wholly-owned of the Company
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“Beijing Guodian”	Beijing Guodian Shengtang Technology Development Co., Ltd.* (北京國電盛唐科技發展有限公司), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huadian Gaintime”	Huadian Gaintime (Beijing) Investment Fund Management Co., Ltd. (華電金泰(北京)投資基金管理有限公司), a company established in the PRC with limited liability
“Independent Third Party/(ies)”	third party/(ies) independent of the Company and connected person(s) of the Company
“Limited Partnership”	a limited partnership established in the PRC pursuant to the Limited Partnership Agreement under the name of Shengtang No.1 (Tianjin) Enterprise Management Partnership (Limited Partnership)* (盛唐壹號(天津)企業管理合夥企業(有限合夥))
“Limited Partnership Agreement”	the agreement dated 11 September 2023 entered into by and among the Partners in respect of the formation of the Limited Partnership

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Partners”	the partners of the Limited Partnership, which comprised Beijing Guodian, Huadian Gaintime and BEIED as at the date of this announcement
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

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

Hong Kong, 11 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*