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**北控清潔能源集團有限公司**

BEIJING ENTERPRISES CLEAN ENERGY GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01250)**

## **DISCLOSEABLE TRANSACTION FORMATION OF INVESTMENT FUND**

### **FORMATION OF THE FUND**

On 16 July 2020, (i) the General Partners (as general partners) and Tianjin Beiqing, a subsidiary of the Company, and China Cinda (as limited partners) entered into the Partnership Agreement in relation to the formation of the Fund; and (ii) the General Partners and the Limited Partners entered into the Supplemental Agreement to the Partnership Agreement in relation to, among other things, the proposed investment of the Fund.

### **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Group's total capital commitment underlying the formation of the Fund exceeds 5% and all of the applicable percentage ratios are below 25%, the formation of the Fund constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## INTRODUCTION

On 16 July 2020, (i) the General Partners (as general partners) and Tianjin Beiqing, a subsidiary of the Company, and China Cinda (i.e. the Limited Partners) entered into the Partnership Agreement in relation to the formation of the Fund; and (ii) the General Partners and the Limited Partners entered into the Supplemental Agreement to the Partnership Agreement in relation to, among other things, the proposed investment of the Fund.

A summary of the principal terms of the Partnership Agreement and the Supplemental Agreement to the Partnership Agreement are set out below.

## THE PARTNERSHIP AGREEMENT

Date: 16 July 2020

Name of the Fund: 延發北控信能(天津)股權投資合夥企業(有限合夥)(Yanfa Beikong Xinneng (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership)\*), which is subject to approval of the relevant registration authority in the PRC.

Parties: As general partners:

The General Partners, i.e.

(i) Cinda Capital

(ii) Yanan Investment

As limited partners:

The Limited Partners, i.e.

(i) Tianjin Beiqing

(ii) China Cinda

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the General Partners, China Cinda and their respective ultimate beneficial owners are Independent Third Parties.

Investment direction of the Fund: The investment direction of the Fund is to invest in clean energy power plants projects.

Term of the Fund: The term of the Fund will be five years from the date of the payment of the initial capital commitment by all the Partners. The first three years from the date of the payment of the initial capital commitment by all the Partners is designated as the investment operation period of the Fund (the “**Investment Operation Period**”), and the next two years following expiry of the Investment Operation Period is designated as the exit period of the Fund.

Capital commitment: The total capital commitment to the Fund is RMB650 million, amongst which the total capital agreed to be contributed by each of the General Partners and the Limited Partners is as follows:

- (i) as to RMB 1 million to be contributed by Yanan Investment, representing approximately 0.15% of the total capital of the Fund;
- (ii) as to RMB 1 million to be contributed by Cinda Capital, representing approximately 0.15% of the total capital of the Fund;
- (iii) as to RMB324 million to be contributed by China Cinda, representing approximately 49.85% of the total capital of the Fund; and
- (iv) as to RMB324 million to be contributed by Tianjin Beiqing, representing approximately 49.85% of the total capital of the Fund.

The scale of the Fund and the capital contribution of each of the Partners are determined after arm's length negotiations among the Partners with reference to the anticipated capital requirements of the Fund and its investment term. The Group intends to finance its capital contribution to the Fund by using its internal resources.

Manager and Executive Partner of the Fund and remuneration:

Yanan Investment is appointed as the manager of the Fund (the "**Manager**") and is entitled to annual management fee.

Cinda Capital is appointed as the executive partner of the Fund (the "**Executive Partner**") and is entitled to annual executive remuneration.

The aggregate annual remuneration for the Manager and the Executive Partner is calculated at 1.3% per annum of the amount of investment of the Fund in the invested companies (the "**Annual Remuneration**"). Out of the Annual Remuneration, 23/26 of the Annual Remuneration is payable to the Executive Partner as annual executive remuneration, and the remaining 3/26 of the Annual Remuneration is payable to the Manager as annual management fee.

Investment committee:

An investment committee (the "**Investment Committee**") will be established by the Fund to consider and approve, by simple majority, among other things, investment decisions and investment exit plans. The Investment Committee comprises of five members, among whom China Cinda may nominate two members, and Tianjin Beiqing, Cinda Capital and Yanan Investment may each nominate one member respectively.

Profit distribution and  
loss sharing:

*Profit distribution*

Distributable income (the “**Distributable Income**”) of the Fund comprises of (upon deduction of tax, management fee and executive remuneration and other expenses of the Fund):

- (i) income derived from the investment projects (the “**Investment-related Distributable Income**”); and
- (ii) other income not related to the investment projects (the “**Non-Investment Related Distributable Income**”).

Upon receipt of such Distributable Income by the Fund, distribution of the Investment-related Distributable Income will be made in the following order:

- (i) firstly, to China Cinda, until a rate of return of 7% per annum on the actual capital contribution of China Cinda is achieved;
- (ii) secondly, as to the balance (if any), to China Cinda to repay all of or (if insufficient) part of the actual capital contribution of China Cinda;
- (iii) thirdly, as to the balance (if any), to Tianjin Beiqing to repay all of or (if insufficient) part of the actual capital contribution of Tianjin Beiqing;
- (iv) fourthly, as to the balance (if any), to the General Partners to repay all of or (if insufficient) part of the actual capital contribution of the General Partners in proportion to their actual capital contribution; and
- (v) lastly, as to the balance (if any), 20% to the Manager and 80% to Tianjin Beiqing, respectively.

On the other hand, the Non-Investment Related Distributable Income will be distributed to the Limited Partners in proportion to their respective actual capital contribution amount.

Taking into account the abovementioned rate of return on capital and annual executive remuneration of China Cinda and Cinda Capital (collectively, the “**Cinda Group**”), the Cinda Group’s comprehensive rate of return will be approximately 8%.

*Loss sharing*

Loss incurred by the Fund shall be indemnified by the assets of the Fund. If the amount of the assets of the Fund is insufficient to cover such loss, any loss in excess shall be borne in the following order:

- (i) by all the Partners up to the amount of their respective committed capital contributions; and
- (ii) as to any loss in excess of committed capital contribution of the Fund, by the General Partners.

The Limited Partners shall be liable for the debts of the Fund up to the amount of their respective committed capital contributions. The General Partners shall bear unlimited joint and several liability for the debts of the Fund.

Transfer of interests  
in the Fund:

Transfer of interests in the Fund by other Partners are subject to prior written consent by the Executive Partner, whereas transfer of interests in the Fund by any one of the General Partners shall be approved by the Partners in the meeting of the Partners.

Dissolution and winding-up of the Fund:

Subject to the Partnership Agreement, the Fund will be dissolved and wound up upon occurrence of any of the following events:–

- (i) any one of the General Partners proposes and all the Partners agree to dissolve the Fund;
- (ii) the term of the Fund expires and is not extended;
- (iii) the General Partner withdraws from or is removed as a partner of the Fund and the Fund does not appoint a new general partner;
- (iv) material breach of the Partnership Agreement by limited partner(s) such that the Executive Partner considers that the partnership is unable to continue to subsist;
- (v) the business license of the Fund has been cancelled or revoked, or the Fund is required to be terminated by law;
- (vi) the Fund has completed the exit of all the investment projects and the Executive Partner independently determines that the Fund be wound up; or
- (vii) other reasons pursuant to the Partnership Law of the PRC.

## **THE SUPPLEMENTAL AGREEMENT TO THE PARTNERSHIP AGREEMENT**

Date: 16 July 2020

Parties: The General Partners and the Limited Partners

Proposed use of the capital contribution to the Fund: The capital contribution to the Fund is to be used to acquire the equity interest in and the relevant shareholder's loan of certain project companies that hold photovoltaic power plant or wind power plant in the PRC which are managed and/or owned by the Group.

Supplemental agreement on certain matters of the Investment Committee: In the event that China Cinda has not exited its investment in the Fund within 36 months of the date of the payment of its initial capital contribution, Tianjin Beiqing shall cease to have any voting power in the Investment Committee, and the Investment Committee can determine by simple majority on the price for the disposal of the equity interest in the project companies which have been invested by the Fund. Tianjin Beiqing and the Company shall not be entitled to dissent from such disposal and shall confirm in writing by producing relevant documents.

Upon the formation of the Fund and the completion of the capital contribution by the Partners, the Fund will be accounted for as an associate of the Group.

### **INFORMATION ON THE PARTIES**

The principal activity of the Company is investment holding. The Group is principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC.

Tianjin Beiqing is a subsidiary of the Company and is principally engaged in investment holding.



Yanan Investment is a company established under the laws of the PRC with limited liability and is principally engaged in the provision of private equity fund management services and consultancy services in the PRC. The ultimate beneficial owner of Yanan Investment is 延安市人民政府國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of Yan'an City\*).

Cinda Capital is a company established under the laws of the PRC with limited liability and is principally engaged in the provision of private equity fund management services and consultancy services in the PRC. Cinda Capital is indirectly wholly-owned by China Cinda.

China Cinda is a joint stock company established under the laws of the PRC with limited liability, the H shares and preference shares of which are listed on the main board of the Stock Exchange (stock code: 1359 and 4607) and is principally engaged in distressed asset management, and provides customised financial solutions and differentiated asset management services to its clients through its diversified business platforms.

The ultimate beneficial owner of both Cinda Capital and China Cinda is the Ministry of Finance of the PRC.

## **REASONS FOR AND BENEFITS OF THE FORMATION OF THE FUND AND THE ENTERING OF THE PARTNERSHIP AGREEMENT**

Clean energy businesses are the core development focus of the Group. The Group explores potential investment opportunities which is in line with the Group's development focus from time to time and had entered into other investment in the form as a partner to limited partnerships and/or funds in the past. Taking into consideration of the formation of the Fund by the Group, China Cinda and General Partners will continue to provide the Group with an additional source of funding, the Group is able to strengthen its business development in the clean energy businesses in a long run.

The Directors are of the view that the formation of the Fund and the Group's participation in the same are in the interests of the Company and the Shareholders as a whole and the terms of the Partnership Agreement (together with the Supplemental Agreement to the Partnership Agreement) are on normal commercial terms and are fair and reasonable.

Upon the formation of the Fund, it is intended that other cooperation and/or further agreements to govern the return and exit of the Partners may be entered into by and amongst the Partners and the Fund. Further announcement(s) will be made by the Company in accordance with the requirements under the Listing Rules as and when appropriate upon the entering into such definitive agreements.

Meanwhile, the formation of the Fund is expected to be the first step of cooperation between the Group and China Cinda. Subsequently, both parties will carry out various forms of business cooperation in order to establish a comprehensive cooperative relationship. The introduction of a well-established strategic business partner will benefit the Group's development in a long-run.

## **LISTING RULES IMPLICATION**

As one of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Group's total capital commitment underlying the formation of the Fund exceeds 5% and all of the applicable percentage ratios are below 25%, the formation of the Fund constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Beijing Enterprises Clean Energy Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1250)

“China Cinda”	中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.*), a joint stock company established in the PRC with limited liability, the H shares and preference shares of which are listed on the main board of the Stock Exchange (stock code: 1359 and 4607)
“Cinda Capital”	信達資本管理有限公司 (Cinda Capital Management Co., Ltd.*), a company established in the PRC with limited liability
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Fund”	延發北控信能(天津)股權投資合夥企業(有限合夥)(Yanfa Beikong Xinneng (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership)*), a limited liability partnership established under the laws of the PRC and the name of which is subject to approval of the relevant registration authority in the PRC
“General Partners”	Cinda Capital and Yanan Investment
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who are independent of the Group and connected persons of the Company
“Limited Partners”	Tianjin Beiqing and China Cinda

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partners”	the General Partners and the Limited Partners
“Partnership Agreement”	the partnership agreement dated 16 July 2020 entered into between the General Partners and the Limited Partners in respect of, among other things, the formation and management of the Fund
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	ordinary shares of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement to the Partnership Agreement”	the supplement agreement dated 16 July 2020 entered into between the General Partners and the Limited Partners to supplement the Partnership Agreement
“Tianjin Beiqing”	天津北清電力智慧能源有限公司 (Tianjin Beiqing Power and Smart Energy Co., Ltd.*) (formerly known as 北清清潔能源投資有限公司 (Beiqing Clean Energy Investment Co., Ltd.*)), a company established in the PRC with limited liability and a subsidiary of the Company as at the date of this announcement

“Yanan Investment” 延安振興發展產業投資基金管理有限公司 (Yanan Zhenxing Development Industry Investment Fund Management Co., Ltd.\*), a company established in the PRC with limited liability

“%” per cent.

By Order of the Board  
**Beijing Enterprises Clean Energy Group Limited**  
**Hu Xiaoyong**  
*Chairman*

Hong Kong, 16 July 2020

*As at the date of this announcement, the Board comprises seven Directors, namely Mr. Hu Xiaoyong, Mr. Shi Xiaobei, Mr. Tan Zaixing and Ms. Huang Danxia as executive Directors; and Mr. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik as independent non-executive Directors.*

\* *For identification purpose only*