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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  
TRANSFER OF EQUITY INTERESTS IN NINGXIA ZHONGZI  
UNDER THE TRUST LOAN ARRANGEMENT**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 11 September 2023 in connection with the formation of the Limited Partnership. As provided under 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 (i.e. the Trust Loan Arrangement).

To effectuate the Trust Loan Arrangement, on 28 December 2023, the Limited Partnership and the relevant parties entered into the Equity Transfer Agreement and other associated transaction documents. Pursuant to the Equity Transfer Agreement, the Limited Partnership agreed to acquire, and Tibet Zhongzi agreed to transfer, 99.99% of the equity interests of Ningxia Zhongzi at the Consideration, being approximately RMB430.7 million.

As of the date of this announcement, the Limited Partnership is held as to approximately 20.09% in aggregate by BEIED and Beijing Guodian (Beijing Guodian being a wholly-owned subsidiary of BEIED), but is accounted as a subsidiary of the Company by virtue of Beijing Guodian serving as the general partner and executive partner of the Limited Partnership. Further, as at the date of this announcement, Ningxia Zhongzi is held as to 100% by Tibet Zhongzi (which is indirectly held as to approximately 70.57% by the Company). Upon the Completion, while Ningxia Zhongzi will be held as to 99.99% by the Limited Partnership and 0.01% by Tibet Zhongzi (the effective interest of Ningxia Zhongzi held indirectly by the Company will decrease from approximately 70.57% prior to Completion to approximately 11.66% upon Completion as a result), it will remain a subsidiary of the Company and its financial results will remain to be consolidated into the financial statements of the Group.

### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of entering into of the Equity Transfer Agreement exceeds 5% but is less than 25%, the entering into of the Equity Transfer 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**

Reference is made to the announcement of the Company dated 11 September 2023 in connection with the formation of the Limited Partnership. As provided under 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) (“**Hongsibao Project**”)), 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 (i.e. the Trust Loan Arrangement).

As of the date of this announcement, the Limited Partnership is held as to approximately 20.09% in aggregate by BEIED and Beijing Guodian (Beijing Guodian being a wholly-owned subsidiary of BEIED), but is accounted as a subsidiary of the Company by virtue of Beijing Guodian serving as the general partner and executive partner of the Limited Partnership. Further, as at the date of this announcement, Ningxia Zhongzi is held as to 100% by Tibet Zhongzi (which is indirectly held as to approximately 70.57% by the Company). Upon the Completion, while Ningxia Zhongzi will be held as to 99.99% by the Limited Partnership and 0.01% by Tibet Zhongzi (the effective interest of Ningxia Zhongzi held indirectly by the Company will decrease from approximately 70.57% prior to Completion to approximately 11.66% upon Completion as a result), it will remain a subsidiary of the Company and its financial results will remain to be consolidated into the financial statements of the Group.

## **TRUST LOAN ARRANGEMENT**

To effectuate the Trust Loan Arrangement, the Limited Partnership and the relevant parties entered into the transaction documents to be further detailed below.

### **1. Equity Transfer Agreement**

Major terms of the Equity Transfer Agreement are set out as follows:

Date : 28 December 2023

Parties : (i) Tibet Zhongzi (as the transferor)  
(ii) the Limited Partnership (as the transferee)  
(iii) Ningxia Zhongzi

As of the date of this announcement, Tibet Zhongzi is a non wholly-owned subsidiary of the Company, and Ningxia Zhongzi is a wholly-owned subsidiary of Tibet Zhongzi.

Equity interests to be transferred : Pursuant to the Equity Transfer Agreement, the Limited Partnership agreed to acquire, and Tibet Zhongzi agreed to transfer, 99.99% of the equity interests of Ningxia Zhongzi at the Consideration, being approximately RMB430.7 million.

As at the date of this announcement, Ningxia Zhongzi is wholly-owned by Tibet Zhongzi, which was in turn indirectly held as to approximately 70.57% by the Company. Upon the Completion, the equity interests of Ningxia Zhongzi will be held as to 99.99% by the Limited Partnership (of which is held as to approximately 20.09% in aggregate by BEIED and Beijing Guodian (being a wholly-owned subsidiary of BEIED)) and 0.01% by Tibet Zhongzi. Accordingly, the effective interest of Ningxia Zhongzi held indirectly by the Company will decrease from approximately 70.57% prior to Completion to approximately 11.66% upon Completion as a result.

Consideration and payment terms : The Consideration with respect to the Equity Transfer is approximately RMB430.7 million.

Tibet Zhongzi and the Limited Partnership have agreed that they shall not adjust the Consideration regardless of any profit or loss of Ningxia Zhongzi incurred during the period between 31 December 2022 (inclusive) and the Completion Date (exclusive). However, Tibet Zhongzi shall ensure that there shall be no material change to the assets and liabilities of Ningxia Zhongzi during the period between 31 December 2022 (inclusive) and the Completion Date (exclusive) (save for due to the income arising from the ordinary operation of Ningxia Zhongzi), and Tibet Zhongzi shall not be entitled to any amount exceeding the Consideration by reasons of any assets appreciation of Ningxia Zhongzi or Hongsibao Project.

The Consideration shall be payable by the Limited Partnership to Tibet Zhongzi upon the satisfaction of the conditions precedent set out under the Equity Transfer Agreement.

Conditions precedent : The payment of the Consideration is subject to the satisfaction of the following conditions precedent (unless waived by the Limited Partnership in writing):

- (i) the Equity Transfer Agreement having become effective;
- (ii) each of Tibet Zhongzi and the Limited Partnership has completed the relevant internal approval procedures to approve the Equity Transfer;
- (iii) with respect to the relevant agreements or contracts to which Ningxia Zhongzi is a party, if such relevant agreements or contracts require Ningxia Zhongzi to obtain the consents or approvals of third parties in the event of any shareholding structure changes of Ningxia Zhongzi, Ningxia Zhongzi shall have already obtained all such consents or approvals, so as to ensure that Ningxia Zhongzi being able to maintain going forward all the subsisting contractual rights or other rights under the same terms of such agreements or contracts upon the Completion;
- (iv) there shall be no restrictions on the rights of the equity interests and Hongsibao Project of Ningxia Zhongzi;
- (v) Tibet Zhongzi and Ningxia Zhongzi have performed and completed all completion obligations set out under the Equity Transfer Agreement;
- (vi) the offering entity for the Quasi-REITs Fund Raising having been established and becoming effective. Further, the offering entity shall hold the type A limited partnership interests in the Limited Partnership and have settled the payment of capital contributions in accordance with the Limited Partnership Agreement;

(vii) the escrow bank has already implemented effective supervision on the escrow account of Ningxia Zhongzi pursuant to the relevant escrow agreement; and

(viii) there is no breach by Tibet Zhongzi of any representations, guarantees and undertakings under the Equity Transfer Agreement.

Completion : Completion shall occur on the effective date of the Equity Transfer Agreement (i.e. the date on which the trust for the purpose of the Quasi-REITs Fund Raising (the “**Quasi-REITs Trust**”) has become effective), whereby (i) the Limited Partnership shall obtain the articles, register of members and confirmation of capital contribution which show the Limited Partnership as the holder of 99.99% equity interests of Ningxia Zhongzi; and (ii) Tibet Zhongzi and Ningxia Zhongzi shall deliver, transfer, perform all completion obligations and complete the Equity Transfer by no later than the Completion Date, to realise the actual control of the Limited Partnership on Ningxia Zhongzi.

Transition period : During the transition period (i.e. from 31 December 2022 and up to the Completion Date), Ningxia Zhongzi shall (i) maintain all qualifications required for its operation and continue to operate Hongsibao Project, and maintain the effectiveness and performance of all the material contracts; and (ii) continue to keep its books, records and accounts in accordance with the generally accepted PRC accounting standards, and shall not alter the currently adopted accounting standards, accounting, financial and taxation methods or rules.

During the transition period, without the written consent from the Limited Partnership, Tibet Zhongzi and Ningxia Zhongzi shall not conduct certain matters specified under the Equity Transfer Agreement, including but not limited to the amendment of articles, distribution of profits to Tibet Zhongzi, change of registered capital, provision of guarantees or entering into debt arrangements, or entering into any contracts or agreements that would restrict Ningxia Zhongzi from operating its existing business.

- Post-completion arrangement
- : (i) Save for the guarantee (if any) to be provided in connection with the Trust Loan, Ningxia Zhongzi shall not provide guarantee to any other third party, and shall release all other guarantee or encumbrances (if any) on its equity interests (if involved), its rights of receipt of electricity tariff and other income from Hongsibao Project, production facilities and equipment of Hongsibao Project (other than in connection with the Trust Loan) within 90 working days upon the effective date of the Quasi-REITs Trust.
- (ii) Within 90 working days upon the effective date of the Quasi-REITs Trust, Ningxia Zhongzi shall repay all its subsisting debts. Save for the Trust Loan, Ningxia Zhongzi shall not obtain any other new loans.
- (iii) Save for the (a) the receipt of the Trust Loan and the settlement of its principal and interests; (b) the receipt of the operation assurance fund and performance assurance fund from the operation assurance entity; and (c) the receipt of the liquidity support fund from the liquidity supporter (if any), there shall be no funds borrowing conducted between Ningxia Zhongzi and its related parties.
- (iv) Without the written consent from the Limited Partnership, Ningxia Zhongzi shall not waive any debt or security rights that it is entitled to, waive any rights under contracts or documents of contractual nature, agree to or request early repayment of debts by its debtors, or waive the obligations owed by the relevant entities to Ningxia Zhongzi.
- (v) In the event the Limited Partnership conduct capital reduction, assets disposal or liquidation of Ningxia Zhongzi, Ningxia Zhongzi shall assist the Limited Partnership to complete the relevant procedures, such as accounting audit, assets transfer, and change of corporate registration.

Other rights and obligations : Save as provided under the Equity Transfer Agreement, from the date of Completion, the Limited Partnership shall be entitled to the 99.99% of equity interests of Ningxia Zhongzi transferred under the Equity Transfer Agreement and all the associated rights, obligations, equity and risks, and Tibet Zhongzi shall cease to enjoy and bear the rights, obligations, equity and risks associated with the 99.99% of equity interests of Ningxia Zhongzi transferred under the Equity Transfer Agreement. Following the Completion, Tibet Zhongzi shall be responsible for all penalties, responsibilities, obligations or losses for matters occurred on or prior to the date of Completion and all liabilities or expenses for matters occurred during the transition period that have not been agreed in advance by the parties under the Equity Transfer Agreement.

Termination : The Equity Transfer Agreement shall not be terminated early save for the occurrence of one of the following circumstances: (i) the parties to the Equity Transfer Agreement have unanimously agreed to the early termination of the Equity Transfer Agreement; or (ii) in the event the continuing breach of the Equity Transfer Agreement by a defaulting party has rendered it impossible or meaningless to perform the Equity Transfer Agreement, the non-defaulting party shall be entitled to early termination of the Equity Transfer Agreement.

Notwithstanding the aforesaid, in the event the Completion and the registration of the change of equity interests of Ningxia Zhongzi are not completed within 120 working days upon the Equity Transfer Agreement has become effective, the Equity Transfer Agreement shall terminate automatically.



### ***Basis of consideration***

The Consideration was agreed after arm's length negotiations among the parties to the Equity Transfer Agreement having considered, among other things, the Valuation Report of Ningxia Zhongzi prepared by the Valuer (adopting discounted cash flow method under income approach) valuing the same at RMB430,738,300 and the section headed "Reasons for and benefits of entering into the Equity Transfer Agreement under the Trust Loan Arrangement" as set out in this announcement below. For further details, please refer to the paragraph headed "Valuation Report" in this announcement.

The payment of the Consideration by the Limited Partnership will be financed by the paid-in capital contributions by the partners in the Limited Partnership.

## **2. Other transaction documents under the Trust Loan Arrangement**

### ***a. Single Fund Trust Agreement***

The major terms of the Single Fund Trust Agreement are set out as follows:

- Date : 28 December 2023
- Parties : (i) the Limited Partnership (as the entrusting party and the beneficiary of the Single Fund Trust)
- (ii) China Railway Trust (as the entrusted party)

It is contemplated that China Railway Trust shall replace Huadian Gaintime as the type A limited partner of the Limited Partnership upon the completion of the establishment of the Quasi-REITs Trust. For further details, please refer to the announcement of the Company dated 11 September 2023.

Conditions precedent : The Single Fund Trust shall be established and become effective on the date of satisfaction of the following conditions: (i) the Single Fund Trust Agreement has been executed and become effective; (ii) the Limited Partnership has fully paid the trust fund; and (iii) the transaction documents under the Single Fund Trust have been executed and become effective, and the relevant notarisation for compulsory enforcement with respect to such transactions documents (if any) has been completed.

In the event the Single Fund Trust is not established, within 10 working days after the Single Fund Trust is confirmed not to be established, China Railway Trust shall return all trust fund already paid by the Limited Partnership (together with the interests accrued and after deduction of relevant bank charges and other fees) to the Limited Partnership.

Term of the Single Fund Trust : For a period of 18 years from the establishment and effective date of the Single Fund Trust

Principal of the Single Fund Trust : Approximately RMB1,195.8 million

Purpose of the Single Fund Trust : The Single Fund Trust Principal is entrusted to China Railway Trust for onward lending as Trust Loan to Ningxia Zhongzi. The Trust Loan shall be used by Ningxia Zhongzi for repayment of its subsisting debt.

Handling fee : Handling fee shall be 0.005% of the trust fund under the Single Fund Trust per annum. The handling fee shall be calculated by day and be payable for the period between the date of establishment and the date of termination of the Single Fund Trust. The daily handling fee shall be calculated as:

Remaining amount of trust fund  
under the Single Fund Trust  $\times 0.005\% \div 365$

The handling fee shall be payable to China Railway Trust on such dates in accordance with the Single Fund Trust Agreement.

The handling fee is determined after arm's length negotiation between the Limited Partnership and China Railway Trust with reference to the prevailing rates in the market and the size of the Single Fund Trust Principal.

Risk : Save for any loss arising from the breach of the terms of the Single Fund Trust Agreement by China Railway Trust, all the risks (including the failure of repayment of the Trust Loan by Ningxia Zhongzi) shall be borne by the Limited Partnership.

***b. Trust Loan Agreement***

The major terms of the Trust Loan Agreement are set out as follows:

Date : 28 December 2023

Parties : (i) China Railway Trust (as the lender)  
(ii) Ningxia Zhongzi (as the borrower)

Principal amount : Approximately RMB1,195.8 million

Term : From the date of drawdown of the Trust Loan to the 9 working days before the expiry of 18 years from the effective and establishment date of the Single Fund Trust.

Ningxia Zhongzi shall not be entitled to make early repayment of the Trust Loan unless otherwise provided under the Trust Loan Agreement.

- Purpose : For Ningxia Zhongzi to repay subsisting debts in the total amount of approximately RMB1,195.8 million.
- Conditions precedent for the drawdown of the Trust Loan : China Railway Trust shall release the Trust Loan to Ningxia Zhongzi upon the satisfaction of all of the following conditions (subject to waiver in full or in part by China Railway Trust of these conditions):
- (i) the Single Fund Trust has been established and become effective;
  - (ii) Ningxia Zhongzi has provided to China Railway Trust of the relevant certificate documents evidencing Ningxia Zhongzi has completed the relevant internal approval procedures with respect to the acceptance of the Trust Loan, and the execution and performance of the Trust Loan Agreement;
  - (iii) Ningxia Zhongzi has obtained all necessary authorisations, consents, approvals and filing documents from the government authority, and have provided such documents to China Railway Trust;
  - (iv) the Trust Loan Agreement has been executed and become effective, and there is no event of default under the Trust Loan Agreement and any other agreement signed by Ningxia Zhongzi and China Railway Trust, or in the event there is an event of default, it has been resolved to the satisfaction of China Railway Trust or waived by China Railway Trust; and
  - (v) the trust security fund entrusted subscription agreement to be entered into between China Railway Trust and Ningxia Zhongzi has been executed and become effective.

Repayment arrangement : Ningxia Zhongzi shall repay the Trust Loan together with the accrued interests pursuant to the schedule set out under the Trust Loan Agreement. Notwithstanding the aforesaid, upon the instruction by the Limited Partnership, China Railway Trust shall be entitled to unilaterally amend the repayment schedule retrospectively in one or multiple times and request Ningxia Zhongzi to make repayment of the principal and interest of the Trust Loan in accordance with the amended repayment schedule and pursuant to the terms of the Trust Loan Agreement. Regardless, the interest rate of the Trust Loan under the amended repayment schedule shall not (i) be higher than 10% per annum; and (ii) exceed the maximum interest rate permitted for trust loan under the relevant laws and regulations.

At maturity, Ningxia Zhongzi shall repay in full the remaining outstanding principal amount and interests of the Trust Loan.

Default : If Ningxia Zhongzi commits any of the defaulting events as specified under the Trust Loan Agreement (including the failure of repayment of the principal and interests on time), China Railway Trust has the right to, among others, (i) request Ningxia Zhongzi to rectify the default within a specified period; (ii) declare the Trust Loan and the interests due to be immediately repayable; and/or (iii) implement any other measures as set out under the Trust Loan Agreement deemed necessary by China Railway Trust, or in accordance with the relevant laws and regulations.

The interest rate of the Trust Loan under the Trust Loan Agreement shall be further determined by the parties after arm's length negotiation, with reference to the interest rate of, and cash flow required under, the asset-backed securities issued under the Quasi-REITs Fund Raising.

**c. *Right of First Refusal Agreement***

- Date : 28 December 2023
- Parties : (i) China Railway Trust  
(ii) the Limited Partnership  
(iii) Ningxia Zhongzi  
(iv) BEIED
- Subject matter : China Railway Trust, the Limited Partnership and Ningxia Zhongzi have agreed to grant the right of first refusal to BEIED to acquire (i) the type A limited partnership interests in the Limited Partnership held by China Railway Trust; (ii) the equity interests of Ningxia Zhongzi held by the Limited Partnership, the beneficiary right of the Limited Partnership in the Single Fund Trust, and the creditor's right of China Railway Trust to the Trust Loan granted to Ningxia Zhongzi; and (iii) the projects held by Ningxia Zhongzi.

The right of first refusal shall be granted to BEIED at nil consideration.

BEIED shall be entitled to exercise the right of first refusal during the periods specified under the Right of First Refusal Agreement, and shall pay the consideration for the relevant acquisition which will be determined later upon the exercise of the right of first refusal.

If any of the aforesaid acquisitions materialised upon the exercise of the first right of refusal, the Company will make further announcement as and when necessary in compliance with the Listing Rules.

**d. Operation Assurance Agreement**

- Date : 28 December 2023
- Parties : (i) China Railway Trust
- (ii) the Limited Partnership
- (iii) Ningxia Zhongzi
- (iv) BEIED
- Subject Matter : Pursuant to the terms of the Operation Assurance Agreement, BEIED shall provide, among others, the following services:
- (i) Operation assurance services – including but not limited to provision of supervision on the operation of Ningxia Zhongzi and formulation and management of budget plans of Ningxia Zhongzi, etc.;
- (ii) Project operation support – including but not limited to providing financial support in the event Ningxia Zhongzi has operation difficulties; and
- (iii) Performance support – including but not limited to providing financial support in the event Ningxia Zhongzi has insufficient capital to satisfy its payment obligation (such as the repayment of the principal and/or interest of the Trust Loan or payment of dividend to the Limited Partnership).

Ancillary to the Operation Assurance Agreement, BEH (the controlling shareholder of the Company) has agreed to provide relevant financial support to Ningxia Zhongzi in the event BEIED is unable to provide the required operation assurance in accordance with the Operation Assurance Agreement.

## VALUATION OF NINGXIA ZHONGZI

According to the Valuation Report, the appraised value of the total shareholders' equity of Ningxia Zhongzi as at 31 December 2022 (the “**Valuation Reference Date**”) using the discounted cash flow method of the income approach was RMB430,738,300.

### **Selection of valuation methods**

The Valuer adopted both income approach and asset-based approach for the valuation of the value of the total shareholders' equity of Ningxia Zhongzi as at the Valuation Reference Date.

The income approach is a valuation method that capitalises or discounts expected earnings to determine the value of the valuation target. The valuation under the income approach adopts the discounted cash flow approach. Free cash flow of the enterprise is adopted. The entire shareholders' equity is indirectly valued through the valuation of the entire enterprise value. The value of entire shareholders' equity was calculated by applying the appropriate discount rate to calculate the value of the overall operating assets of the enterprise based on the net free cash flow of the enterprise in the incoming years, adding the values of the surplus assets and the non-operating assets, then deducting interest-bearing debts. Based on such approach, the appraised value of the total shareholders' equity of Ningxia Zhongzi as at the Valuation Reference Date was RMB430,738,300.

The asset-based approach adopted in the Valuation Report is a valuation method by which the value of the valuation target is determined by assessing the values of every assets and liabilities items, both on-balance sheet items and identifiable off-balance sheet ones, on the basis of the balance sheet of the appraised entity on the Valuation Reference Date. To determine the value of the appraised entity, various elements of assets and liabilities within the entity are assessed using appropriate specific valuation methods. The assessed values of the different elements of assets and liabilities are then aggregated to determine the overall value of the appraised entity. Based on such approach, the appraised value of the total shareholders' equity of Ningxia Zhongzi as at the Valuation Reference Date was RMB-91,594,500.



The discrepancy between the asset-based approach and the income approach in evaluating the value of Ningxia Zhongzi reflects the different perspectives and considerations taken into account by these two methods. The asset-based approach evaluates the fair market value of an asset from the perspective of asset replacement, which only reflects the individual value of the valuation target's assets. From the perspective of the actual situation of Ningxia Zhongzi, as the cost of photovoltaic modules has dropped considerably at present, it has resulted in the replacement cost being much lower than the original value of the fixed assets, and the valuation result derived from the adoption of the asset-based approach being much lower than the book value. From the perspective of newly-built photovoltaic projects, as the construction costs have dropped considerably compared with the previous projects, they are not entitled to the state subsidy tariffs for photovoltaic projects, i.e. the asset-based approach is unable to reflect the effect of the state subsidies enjoyed by Ningxia Zhongzi on the enterprise's value, and therefore, the results of the asset-based approach were not adopted as the final conclusion for the valuation. The value of an asset is usually not based on its replacement cost but market participants' expectations about its future income. After conducting investigation on the financial position of the appraised entity and analysis of its operating status, taking into account the asset valuation target, purpose of valuation, and applicable type of value, and making comparative analysis, the Valuer believes that the valuation conclusion by using the income approach can reflect the intrinsic value of the appraised entity in a more comprehensive and reasonable way. Therefore, the valuation conclusion by using the income approach is adopted as the final conclusion of the valuation of Ningxia Zhongzi.

### **Profit Forecast in relation to the Valuation**

As the discounted cash flow method of the income approach was applied in the valuation, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules and accordingly, the requirements under Rule 14.62 of the Listing Rules are applicable.

Pursuant to Rule 14.62 of the Listing Rules, details of the bases and assumptions (including the commercial assumptions) upon which the profit forecast is based are as follows:

**(A) General assumptions**

1. Transaction assumption: transaction assumption is to assume that all assets to be evaluated are already in the process of transaction, and the Valuer carries out the valuation based on the trading conditions of the assets to be evaluated in a simulated market.
2. Open market assumption: open market assumption is an assumption made on the conditions of the market where the assets are proposed to enter and how the assets will be affected under such market conditions. An open market refers to fully developed and comprehensive market conditions, which means a competitive market with willing buyers and sellers, where buyers and sellers are on equal footing and have opportunity and time to access adequate market information, and where transactions between buyers and sellers are conducted under voluntary, rational, non-compulsory or unrestricted conditions.
3. Continuous use assumption: continuous use assumption is an assumption made on the conditions of the market where the assets are proposed to enter and the status of the assets under such market conditions. Firstly, the assets to be evaluated are in use; and secondly, it is assumed that the assets in use will be used continuously. Under the conditions of continuous use assumption, no consideration is given to the change of use or the best utilisation conditions of the assets. The scope of applicability of the valuation results is subject to limitations.
4. Enterprise going-concern assumption: it is the valuation assumption made on the overall assets of the enterprise (i.e. Ningxia Zhongzi) as the valuation object. In other words, the enterprise (i.e. Ningxia Zhongzi), as an operating entity, will operate as a going concern in accordance with its operation target under the external environment where it operates. The operators of the enterprise (i.e. Ningxia Zhongzi) are accountable for and capable of assuming responsibilities; the enterprise conducts lawful operations and is capable of acquiring appropriate profit to maintain its capability of operating as a going concern.

**(B) *Income approach valuation assumptions***

1. There are no significant changes in the relevant prevailing laws, regulations and policies of the PRC, no significant changes in the macro-economic conditions of the PRC and no significant changes in the political, economic and social environment in the regions where the parties to the transaction are located, and no material adverse impact caused by other unforeseeable factors and force majeure.
2. In respect of the actual status of the assets of Ningxia Zhongzi as at the Valuation Reference Date, it is assumed that Ningxia Zhongzi will operate as a going concern.
3. It is assumed that the operators of Ningxia Zhongzi are responsible, and its management is able to perform its duties.
4. Unless otherwise stated, it is assumed that Ningxia Zhongzi fully complies with all relevant laws and regulations.
5. It is assumed that the accounting policies to be adopted in the future by Ningxia Zhongzi are in all material aspects generally consistent with the accounting policies adopted in the compilation of this report.
6. There are no material changes in the interest rates, exchanges rates, tax bases and tax rates, policy levy, etc.
7. It is assumed that the on-grid tariff of Ningxia Zhongzi will be determined in a manner generally consistent with the existing policy and that there will be no significant fluctuations in existing sales tariffs and volumes.
8. There are no other force majeure and unforeseeable factors that may give rise to material adverse impact on Ningxia Zhongzi.
9. It is assumed that the cash flow of Ningxia Zhongzi for the projected year will be generated in the interim.
10. It is assumed that the products or services of Ningxia Zhongzi could remain competitive in the current market after the Valuation Reference Date.

11. It is assumed that there will be no material changes in the scope and mode of operation of Ningxia Zhongzi in the future operating period, and that the structure of its main business, the composition of its revenues and costs, as well as the sales strategy and cost control of its future business will remain in the same state as in the recent few years, without any material changes. Changes in operating capacity, business scale and business structure that may be caused by changes in management, business strategies and additional investments, as well as changes in the business environment in the future will not be taken into account, although such changes are highly probable. In other words, the valuation is based on the continuation of production and operating capacity, business scale and mode of operation as at the Valuation Reference Date.
12. Due to the large difference in the amount of settled electricity volume by using the benchmark tariff as adopted by Ningxia Zhongzi in the historical years, the current valuation does not distinguish between the benchmark tariff and the bidding tariff, and only predicts the basic tariff. Through the statistics of the average tariff range of Ningxia Zhongzi in each of the years from 2016 to 2022 (except for the state subsidy tariff) of RMB0.1972 to RMB0.2595/kWh (including value-added tax), the average multi-year tariff is RMB0.2203/kWh (inclusive of value-added tax). The Valuer has assumed that the future annual basic tariff will be consistent with the historical multi-year average, i.e. the future annual basic tariff will be RMB0.2203/kWh (inclusive of value-added tax).
13. Pursuant to the 2022 power station production operation service agreement entered into between Ningxia Zhongzi and the northwest branch of BEJN International Holding Co., Ltd.\* (北京京能國際控股有限公司), Ningxia Zhongzi has engaged the northern branch to provide power station production operation services, with the scope of service including personnel administration, personnel compensation, information management, safety inspections, safety training, technical transformation, emergency troubleshooting, legal consultation, small scale construction, material procurement, financial management, accounting and auditing, etc. The period of service shall be one year. The service fee shall be calculated on the basis of RMB0.1/watt, for a total of 20 megawatts, with the total service fee being RMB20.00 million/year (tax inclusive at the rate of 6%. The amount without tax shall be RMB18.8679 million/year). The current valuation assumes that the service fee shall remain unchanged for the future years.

14. According to the electricity charge settlement statistics table of Ningxia Zhongzi, as of the Valuation Reference Date, the accumulated amount of state subsidies received was approximately RMB269.28 million (inclusive of value-added tax), and the balance of state subsidies receivable was approximately RMB887.55 million (inclusive of value-added tax). According to the transfer agreement on renewable energy tariff surcharge subsidy, allowance and income entered into between Ningxia Zhongzi and BEIED on 28 December 2022, Ningxia Zhongzi transferred the renewable energy subsidy of RMB481.50 million (including value-added tax) at par to BEIED; since part of the renewable energy subsidy has been received, according to the agreement, the approximately transfer amount of RMB13.66 million (inclusive of value-added tax) was returned, and hence the carrying amount of state subsidies receivable as of the Valuation Reference Date was approximately RMB419.71 million (inclusive of value-added tax). According to enterprise's management, Ningxia Zhongzi intended to continue to transfer the renewable energy subsidy of RMB170.00 million (inclusive of value-added tax) at par to BEIED in 2023, the amount of which was equivalent to Ningxia Zhongzi's income from state subsidies for one year (tax inclusive). According to the consideration of Ningxia Zhongzi's management to ensure sufficient cash flow, Ningxia Zhongzi intends to transfer renewable energy subsidy annually, and Ningxia Zhongzi will recover RMB170.00 million (inclusive of value-added tax) every year through recovery of state subsidies or by way of transfer based on this valuation assumption.
15. Pursuant to the letter of comfort issued by BEH, BEIED shall provide operation assurance service to Hongsibao Project and provide operation support and performance support to Ningxia Zhongzi. In the event BEIED is unable to perform operation support under the Operation Assurance Agreement, BEH shall provide timely liquidity support, and shall on the liquidity support fund payment day provide, or take all appropriate measures (including but not limited to coordinating with the other related parties) to provide liquidity support fund to the supervision account of Ningxia Zhongzi or the designated account of Ningxia Zhongzi in accordance to the monetary sum and timing as set out in the "operation support request letter" and "liquidity support request letter" issued by Ningxia Zhongzi. In the event BEIED is unable to perform the performance support under the Operation Assurance Agreement, BEH shall provide timely liquidity support, and shall on the liquidity support fund payment day provide, or take all appropriate measures (including but not limited to coordinating with the other related parties) to provide liquidity support fund to the supervision account of Ningxia Zhongzi or the designated account of Ningxia Zhongzi in accordance to the monetary sum and timing as set out in the "performance support request letter" and "liquidity support request letter" issued by Ningxia Zhongzi. As BEH has good credit, and its scale is much larger than Ningxia Zhongzi, therefore the Valuer assumes that BEH is capable of providing the liquidity support.

16. It is assumed in the valuation that the fixed assets included in the scope of valuation will be recovered on a reimbursable basis at the end of the forecast period. In other words, the recovery amount will be recognized at the end of the forecast period based on its book amortized value.
  
17. Pursuant to the “Notice on the Publication of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment (2008 Edition) by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission” (No. 116 [2008] of the MOF) (《財政部、國家稅務總局、國家發展改革委關於公佈公共基礎設施項目企業所得稅優惠目錄(2008年版)的通知》(財稅[2008]116號)) and the “Notice on Issues Relevant to the Execution of the Catalogue of Public Infrastructure Projects Entitled for Preferential Tax Treatment by the Ministry of Finance and the State Taxation Administration” (No. 46 [2008] of the MOF) (《財政部、國家稅務總局關於執行公共基礎設施項目企業所得稅優惠目錄有關問題的通知》(財稅[2008]46號)), new projects for solar power generation were included in the relevant preferential catalogue. The 20 megawatts photovoltaic power station project of Ningxia Zhongzi complies with the aforesaid requirements and the investment and operating income from the various phases of the photovoltaic power station project is exempted from enterprise income tax for three years from the date of grid-connected generation and the enterprise income tax is reduced by half for the subsequent three years after the filing. Meanwhile, according to the “Notice of the Continuation of the Enterprise Income Tax Policy Related with the Western Region Development” (MOF Notice 2020 No. 23) (《關於延續西部大開發企業所得稅政策的公告》(財政部公告2020年第23號)) issued by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission, the enterprise income tax rate for enterprises in the encouraged industries located in the western region will be levied at a reduced rate of 15% from 1 January 2021 to 31 December 2030. The 20 megawatts photovoltaic power station project of Ningxia Zhongzi complies with the aforesaid requirements. In addition, taking into account the extension of the preferential income tax policy for the historical development of western region and the purpose of the valuation, the Valuer assumes that the preferential income tax policy for the development of western region can be continued in the long term.

## **Confirmations**

Grant Thornton Hong Kong Limited, being the auditor of the Company, has reviewed and reported to the Directors in respect of the compilation of the discounted future cash flows in connection with the valuation of Ningxia Zhongzi prepared by the Valuer used in the Valuation Report, which do not involve the adoption of accounting policies.

The Directors confirm that the fair value of Ningxia Zhongzi as at 31 December 2022 in the Valuation Report, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry. A report from Grant Thornton Hong Kong Limited in compliance with Rule 14.62(2) of the Listing Rules is included in Appendix I to this announcement and a letter from the Board in compliance with Rule 14.62(3) of the Listing Rules is included in Appendix II to this announcement.

## **EXPERTS AND CONSENTS**

The qualifications of the experts who have given their opinion and advice in this announcement are as follows:

<b>Name</b>	<b>Qualification</b>
Grant Thornton Hong Kong Limited	Certified Public Accountants Registered Public Interest Entity Auditor
Pan-China Assets Appraisal Co., Ltd.* (北京天健興業資產評估有限公司)	Independent valuer

Each of the Valuer and Grant Thornton Hong Kong Limited has given and has not withdrawn its respective written consent to the publication of this announcement with inclusion of its report/letter and all references to its name (including its qualifications) in the form and context of this announcement in which they are included.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, each of the Valuer and Grant Thornton Hong Kong Limited is a third party independent of the Group and is not a connected person of the Group. As at the date of this announcement, neither the Valuer nor Grant Thornton Hong Kong Limited has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.



As at the date of this announcement, neither the Valuer nor Grant Thornton Hong Kong Limited had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2022 (the date to which the latest published annual results of the Group were made up).

## **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.

BEIED is a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company. As at the date of this announcement, the actual paid-in capital of BEIED is held as to approximately 57.63% indirectly by the Company, 42.01% indirectly by Agricultural Bank of China Limited (中國農業銀行股份有限公司) (a joint stock company established in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 1288), and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601288)) and 0.36% by Silk Road New Energy (Changzhou) Co., Ltd.\* (絲綢之路新能源(常州)有限公司), which is indirectly held as to approximately 70.57% by the Company and 29.43% by ICBC Financial Asset Investment Co., Ltd.\* (工銀金融資產投資有限公司), which is in turn wholly-owned by Industrial and Commercial Bank of China Limited\* (中國工商銀行股份有限公司) (a joint stock company established in the PRC with limited liability, H shares and offshore preference shares of which are listed on the Stock Exchange (H shares stock code: 1398 and USD preference shares stock code: 4620), and the A shares and domestic preference shares of which are listed on the Shanghai Stock Exchange (A shares stock code: 601398 and domestic preference shares stock codes: 360011, 360036) (“ICBC”). It is principally engaged in the investment, development and operation of solar energy and other clean energy projects.

Tibet Zhongzi is a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company. It is indirectly held as to approximately 70.57% by the Company and approximately 29.43% by ICBC Financial Asset Investment Co., Ltd.\* (工銀金融資產投資有限公司). ICBC Financial Asset Investment Co., Ltd. is wholly owned by ICBC and is an Independent Third Party. Tibet Zhongzi is principally engaged in investment holding in new energy business.



The Limited Partnership is 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)), and is a non wholly-owned subsidiary of the Company. As at the date of this announcement, the Limited Partnership is held as to approximately 79.91% by Huadian Gaintime, 20.03% by BEIED and 0.06% by Beijing Guodian. The purpose of the Limited Partnership is to utilise the paid-in capital contributions by the partners of the Limited Partnership for investment in targets which match the requirements set out under the Limited Partnership Agreement. For further details, please refer to the announcement of the Company dated 11 September 2023.

China Railway Trust is a company incorporated in the PRC with limited liability which is a non-banking financial institution and is principally engaged in trust business. It is in aggregate held directly and indirectly as to approximately 93.01% by China Railway Group Limited, the shares of which are listed on the Stock Exchange (stock code: 390) and the Shanghai Stock Exchange (stock code: 601390). It is contemplated that China Railway Trust shall replace Huadian Gaintime as the type A limited partner of the Limited Partnership upon the completion of the establishment of the Quasi-REITs Trust, and shall hold approximately 79.91% of the partnership interests in the Limited Partnership thereafter. For further details, please refer to the announcement of the Company dated 11 September 2023.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save that China Railway Trust is contemplated to become the type A limited partner of the Limited Partnership upon the completion of the establishment of the Quasi-REITs Trust, China Railway Trust and its ultimate beneficial owner(s) are Independent Third Parties as at the date of this announcement.

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, indirectly holding approximately 32.04% of the issued share capital of the Company. Therefore, BEH is a connected person of the Company under the Listing Rules.

## INFORMATION ABOUT NINGXIA ZHONGZI

Ningxia Zhongzi is a company established in the PRC with limited liability. As of the date of this announcement, Ningxia Zhongzi was wholly owned by Tibet Zhongzi, which was in turn indirectly held as to approximately 70.57% by the Company and approximately 29.43% by ICBC Financial Asset Investment Co., Ltd.\* (工銀金融資產投資有限公司) (For more details, please refer to the paragraph headed “Information on the Parties” in this announcement above. The audited financial information of Ningxia Zhongzi (prepared in accordance with China Accounting Standards for Business Enterprises) for the years ended 31 December 2021 and 2022 is set out below:

	<b>For the years ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>RMB('000)</i>	<i>RMB('000)</i>
	<i>(Audited)</i>	<i>(Audited)</i>
Net profit before tax	64,920	73,880
Net profit after tax	59,607	62,641

The unaudited net asset value of Ningxia Zhongzi (prepared in accordance with China Accounting Standards for Business Enterprises) as at 30 June 2023 was approximately RMB467.62 million.

## FINANCIAL EFFECT OF THE EQUITY TRANSFER AND THE PROPOSED USED OF PROCEEDS

The Limited Partnership is held as to approximately 20.09% in aggregate by BEIED and Beijing Guodian (Beijing Guodian being a wholly-owned subsidiary of BEIED), but is accounted as a subsidiary of the Company by virtue of Beijing Guodian (a non wholly-owned subsidiary of the Company) serving as the general partner and executive partner of the Limited Partnership. Further, as at the date of this announcement, Ningxia Zhongzi is held as to 100% by Tibet Zhongzi (which is indirectly held as to approximately 70.57% by the Company). Upon the Completion, while Ningxia Zhongzi will be held as to 99.99% by the Limited Partnership and 0.01% by Tibet Zhongzi (the effective interest of Ningxia Zhongzi held indirectly by the Company will decrease from approximately 70.57% prior to Completion to approximately 11.66% upon Completion as a result), it will remain a subsidiary of the Company and its financial results will remain to be consolidated into the financial statements of the Group.

As the effect of the Equity Transfer will not cause a loss of the Group's control over Ningxia Zhongzi, the Equity Transfer will be accounted for as an equity transaction that will not result in the recognition of any gain or loss in profit or loss. The proceeds from the Equity Transfer are currently intended to be used by the Group for general corporate purposes. Shareholders should note that the financial effect shown above is for reference only and the actual amount of gain or loss (if any) resulting from the Equity Transfer will eventually be recognised in the consolidated financial statements of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT UNDER THE TRUST LOAN ARRANGEMENT**

Reference is made to the announcement of the Company dated 11 September 2023 which set out the reasons and benefits of the formation of the Limited Partnership. The Trust Loan Arrangement, which the Equity Transfer forms part, marked the first investment of the Limited Partnership in accordance with the terms of the Limited Partnership Agreement.

The Directors believe the Trust Loan Arrangement would provide the necessary capital to strengthen the financial health of Ningxia Zhongzi (which shall remain as a subsidiary of the Group upon Completion) 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 generation project. The Equity Transfer serves an integral part of the Trust Loan Arrangement as it would enable the Limited Partnership to hold direct shareholding interests and control in Ningxia Zhongzi, which paves way for the subsequent operation of the Trust Loan Arrangement. As Ningxia Zhongzi has been a subsidiary of the Group, the Company has a very good understanding of its financial background and operation, and the risk of debt investment in Ningxia Zhongzi is considered relatively low.

In view of the aforesaid, the Directors (including the independent non-executive Directors) consider that although the Equity Transfer and the Trust Loan Arrangement is not in the ordinary course of business of the Group, the Equity Transfer, the terms of the Equity Transfer Agreement and the transactions contemplated under the Trust Loan Arrangement 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 Equity Transfer Agreement exceeds 5% but is less than 25%, the entering into of the Equity Transfer 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:

“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 32.04% of the issued share capital of the Company
“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 subsidiary of the Company
“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
“China Railway Trust”	China Railway Trust Co., Ltd. (中鐵信託有限責任公司), a company incorporated in the PRC with limited liability
“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)
“Completion”	the completion of the Equity Transfer pursuant to the Equity Transfer Agreement
“Completion Date”	the date on which Completion takes places
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Equity Transfer, being approximately RMB430.7 million

“Director(s)”	the director(s) of the Company
“Equity Transfer”	the transfer of 99.9% of the equity interests of Ningxia Zhongzi from Tibet Zhongzi to the Limited Partnership at the Consideration
“Equity Transfer Agreement”	the agreement dated 28 December 2023 entered into between Tibet Zhongzi, the Limited Partnership and Ningxia Zhongzi in relation to the Equity Transfer
“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 of the Limited Partnership 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
“Ningxia Zhongzi”	Ningxia Zhongzi Photovoltaics Co., Ltd.* (寧夏中自太陽能光伏發電有限公司), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company

“Operation Assurance Agreement”	the operation assurance agreement dated 28 December 2023 entered into between China Railway Trust, the Limited Partnership, Ningxia Zhongzi and BEIED, pursuant to which BEIED is engaged into provide, among others, operation assurance services, project operation support and performance support
“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
“Quasi-REITs Fund Raising”	the issuance of asset-backed securities (Quasi-REITs) to prospective investor by the type A limited partner of the Limited Partnership, the proceeds of which will be used to finance the capital contribution committed by the type A limited partner of the Limited Partnership. For further details, please refer to the announcement of the Company dated 11 September 2023
“Right of First Refusal Agreement”	the right of first refusal agreement dated 28 December 2023 entered into between China Railway Trust, the Limited Partnership, Ningxia Zhongzi and BEIED, in relation to the grant of first right of refusal to BEIED to acquire (i) the type A limited partnership interests in the Limited Partnership held by China Railway Trust; (ii) the equity interests of Ningxia Zhongzi held by the Limited Partnership, the beneficiary right of the Limited Partnership in the Single Fund Trust, and the creditor’s right of China Railway Trust to the Trust Loan granted to Ningxia Zhongzi; and (iii) the projects held by Ningxia Zhongzi
“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
“Single Fund Trust”	the trust established under the Single Fund Trust Agreement

“Single Fund Trust Agreement”	the agreement dated 28 December 2023 entered into between the Limited Partnership and China Railway Trust in respect of the terms and conditions of the Single Fund Trust
“Single Fund Trust Principal”	the principal amount of approximately RMB1,195.8 million of the Single Fund Trust under the Single Fund Trust Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tibet Zhongzi”	Tibet Zhongzi New Energy Technology Co., Ltd.* (西藏中自新能源技術有限公司), a company established in the PRC with limited liability and a non wholly-owned subsidiary of the Company
“Trust Loan”	the trust loan under the Trust Loan Agreement with the principal amount of approximately RMB1,195.8 million
“Trust Loan Agreement”	the agreement dated 28 December 2023 entered into between China Railway Trust and Ningxia Zhongzi in relation to the Trust Loan
“Trust Loan Arrangement”	the financial arrangement as provided under the Limited Partnership Agreement 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
“Valuation Report”	the valuation report dated 20 December 2023 prepared and issued by the Valuer in relation to the value of Ningxia Zhongzi as at 31 December 2022, being the reference date adopted by the Valuer on which the valuation of Ningxia Zhongzi is made
“Valuer”	Pan-China Assets Appraisal Co., Ltd.* (北京天健興業資產評估有限公司), an independent professional valuer

“%”

percent

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

Hong Kong, 28 December 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*



## APPENDIX I – REPORT FROM GRANT THORNTON HONG KONG LIMITED

*The following is the text of a report received from the Company’s auditor and reporting accountants, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, for inclusion in this announcement.*

The Board of Directors  
Beijing Energy International Holding Co., Ltd.  
Unit 1012, 10<sup>th</sup> Floor  
West Tower, Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

28 December 2023

Dear Sirs

### **REPORT ON CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE TOTAL SHAREHOLDERS’ EQUITY IN NINGXIA ZHONGZI PHOTOVOLTAICS CO., LTD.**

**To the board of directors of Beijing Energy International Holding Co., Ltd. (the “Company”)**

We have examined the calculations of the discounted future estimated cash flows on which the valuation dated 20 December 2023 prepared by Pan-China Assets Appraisal Co., Ltd. in respect of the total shareholders’ equity in Ningxia Zhongzi Photovoltaics Co., Ltd. (the “**Target Company**”) as at 31 December 2022 is based (the “**Valuation**”). The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and reference to the Valuation will be included in an announcement dated 28 December 2023 issued by the Company in connection with the transfer of equity interests in the Target Company under the trust loan arrangement (the “**Announcement**”).

### **Directors’ Responsibilities**

The directors of the Company are responsible for the reasonableness and validity of the assumptions as set out in the Announcement (the “**Assumptions**”), based on which the discounted future estimated cash flows and the Valuation are prepared.

## **Professional Ethics and Quality Management**

We have complied with the ethical requirements in “Code of Ethics for Professional Accountants” issued by HKICPA. For the purpose of this engagement, there are no independence requirements with which we are required to comply.

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Reporting Accountants’ Responsibilities**

It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. The discounted future estimated cash flows does not involve the adoption of accounting policies. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the arithmetical calculations are concerned, have been properly compiled in accordance with the Assumptions.

Our work does not constitute any valuation of the equity interests in the Target Company. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

## **Opinion**

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects in accordance with the Assumptions.

**Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

Hong Kong

## APPENDIX II – LETTER FROM THE BOARD

*The following is the text of a letter from the Board prepared for inclusion in this announcement.*

28 December 2023

Listing Division  
The Stock Exchange of Hong Kong Limited  
12th Floor, Two Exchange Square,  
8 Connaught Place, Central, Hong Kong

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION – TRANSFER OF EQUITY INTERESTS IN NINGXIA ZHONGZI UNDER THE TRUST LOAN ARRANGEMENT**

We refer to the announcement of Beijing Energy International Holding Co., Ltd. (the “**Company**”) dated 28 December 2023 in relation to the captioned transactions. Unless the context otherwise requires, terms defined in the announcement shall have the same meanings in this letter when used herein.

We refer to the Valuation Report dated 20 December 2023 prepared by Pan-China Assets Appraisal Co., Ltd.\* (北京天健興業資產評估有限公司), the Valuer, in relation to the valuation of the total shareholders’ equity in Ningxia Zhongzi Photovoltaics Co., Ltd.\* (寧夏中自太陽能光伏發電有限公司). Such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

The Board has reviewed the valuation basis and assumptions set out in the Valuation Report, for which the Valuer is responsible. The Board has also considered the letter issued by Grant Thornton Hong Kong Limited dated 28 December 2023 regarding whether the profit forecasts, so far as the calculations are concerned, have been properly complied with the bases and assumptions set out in the Valuation Report.

On the basis of the foregoing, pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the Board confirms that the valuation prepared by the Valuer has been made after due and careful enquiry.

Yours faithfully,

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

\* *For identification purpose only*