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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
FINANCE LEASE ARRANGEMENTS AND
ANNOUNCEMENT PURSUANT TO
RULE 13.18 OF THE LISTING RULES**

THE FINANCE LEASE ARRANGEMENTS

On 23 December 2016, Yingshang Juan, as lessee, entered into the Finance Lease Agreement I with Huaneng Leasing, as lessor, pursuant to which Huaneng Leasing purchased the Leased Assets I from Yingshang Juan at a total consideration of RMB295,000,000, which were then leased back to Yingshang Juan for a term of ten (10) years. The agreed security deposit payable by Yingshang Juan to Huaneng Leasing is RMB10,325,000. The ownership of the Leased Assets I under the Finance Lease Agreement I will be vested in Huaneng Leasing throughout the lease period. At the end of the lease period and subject to payment by Yingshang Juan of (i) all amounts due under the Finance Lease Agreement I; and (ii) a nominal consideration of RMB10,000, the ownership of the Leased Assets I will be vested in Yingshang Juan.

On 23 December 2016, Shandong Lusa, as lessee, entered into the Finance Lease Agreement II with Huaneng Leasing, as lessor, pursuant to which Huaneng Leasing purchased the Leased Assets II from Shandong Lusa at a total consideration of RMB241,870,000, which were then leased back to Shandong Lusa for a term of fifteen (15) years. The agreed security deposit payable by Shandong Lusa to Huaneng Leasing is RMB4,837,400. The ownership of the Leased Assets II under the Finance Lease Agreement II will be vested in Huaneng Leasing throughout the lease period. At the end of the lease period and subject to payment by Shandong Lusa of (i) all amounts due under the Finance Lease Agreement II; and (ii) a nominal consideration of RMB1, the ownership of the Leased Assets II will be vested in Shandong Lusa.

On 23 December 2016, Shandong Lusa, as lessee, entered into the Finance Lease Agreement III with Huaneng Leasing, as lessor, pursuant to which Huaneng Leasing purchased the Leased Assets III from Shandong Lusa at a total consideration of RMB83,500,000, which were then leased back to Shandong Lusa for a term of three (3) years. The agreed security deposit payable by Shandong Lusa to Huaneng Leasing is RMB2,922,500. The ownership of the Leased Assets III under the Finance Lease Agreement III will be vested in Huaneng Leasing throughout the lease period. At the end of the lease period and subject to payment by Shandong Lusa of (i) all amounts due under the Finance Lease Agreement III; and (ii) a nominal consideration of RMB1, the ownership of the Leased Assets III will be vested in Shandong Lusa.

On 23 December 2016, Tianhong Honghui, as lessee, entered into the Finance Lease Agreement IV with Huaneng Leasing, as lessor, pursuant to which Huaneng Leasing shall purchase the Leased Assets IV from the equipment and construction contractors (the “Contractors”) as per the instructions given by Tianhong Honghui at a total consideration of RMB103,800,000. The Leased Assets IV were then leased to Tianhong Honghui for a term of ten (10) years. The agreed security deposit payable by Tianhong Honghui to Huaneng Leasing is RMB3,633,000. The ownership of the Leased Assets IV under the Finance Lease Agreement IV will be vested in Huaneng Leasing throughout the lease period. At the end of the lease period and subject to payment by Tianhong Honghui of (i) all amounts due under the Finance Lease Agreement IV; and (ii) a nominal consideration of RMB10,000, the ownership of the Leased Assets IV will be vested in Tianhong Honghui.

On 23 December 2016, Lujiang Dongsheng, as lessee, entered into the Finance Lease Agreement V with Huaneng Leasing, as lessor, pursuant to which Huaneng Leasing purchased the Leased Assets V from Lujiang Dongsheng at a total consideration of RMB220,000,000, which were then leased back to Lujiang Dongsheng for a term of ten (10) years. The agreed security deposit payable by Lujiang Dongsheng to Huaneng Leasing is RMB7,700,000. The ownership of the Leased Assets V under the Finance Lease Agreement V will be vested in Huaneng Leasing throughout the lease period. At the end of the lease period and subject to payment by Lujiang Dongsheng of (i) all amounts due under the Finance Lease Agreement V; and (ii) a nominal consideration of RMB10,000, the ownership of the Leased Assets V will be vested in Lujiang Dongsheng.

THE CONSULTANCY AGREEMENTS

On 23 December 2016, Yingshang Juan entered into the Yingshang Consultancy Agreement with Huaneng Leasing, pursuant to which Yingshang Juan agreed to engage Huaneng Leasing to provide tax consultation service on the Finance Lease Agreement I, supervision on the operation of, and maintenance of the Leased Assets I, and other related consultancy services, from the date of signing the Yingshang Consultancy Agreement to 23 December 2026, at a total consideration of RMB7,345,487.63 payable in twenty (20) instalments.

On 23 December 2016, Shandong Lusa entered into the Shandong Consultancy Agreement with Huaneng Leasing, pursuant to which Shandong Lusa agreed to engage Huaneng Leasing to provide tax consultation service on the Finance Lease Agreement II and the Finance Lease Agreement III, supervision on the operation of, and maintenance of the Leased Assets II and the Leased Assets III, and other related consultancy services, from the date of signing the Shandong Consultancy Agreement to 25 October 2018, at a total consideration of RMB31,600,000 payable in eight (8) instalments.

On 23 December 2016, Tianhong Honghui entered into the Tianhong Consultancy Agreement with Huaneng Leasing, pursuant to which Tianhong Honghui agreed to engage Huaneng Leasing to provide tax consultation service on the Finance Lease Agreement IV, supervision on the operation of, and maintenance of the Leased Assets IV, and other related consultancy services, from the date of signing of the Tianhong Consultancy Agreement to 23 December 2026, at a total consideration of RMB6,455,888.99 payable in twenty (20) instalments.

On 23 December 2016, Lujiang Dongsheng entered into the Lujiang Consultancy Agreement with Huaneng Leasing, pursuant to which Lujiang Dongsheng agreed to engage Huaneng Leasing to provide tax consultation service on the Finance Lease Agreement V, supervision on the operation of, and maintenance of the Leased Assets V, and other related consultancy services, from the date of signing the Lujiang Consultancy Agreement to 23 December 2026, at a total consideration of RMB5,098,691.74 payable in twenty (20) instalments.

IMPLICATIONS UNDER THE LISTING RULES

As the transactions contemplated under the Finance Lease Agreements and the Consultancy Agreements were entered into with the same party and within a twelve (12) month period, the Finance Lease Agreements and the Consultancy Agreements shall be aggregated in the calculation of the relevant percentage ratios to determine the classification of notifiable transactions for the purpose of the Listing Rules.

As one or more of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Finance Lease Agreements, the Consultancy Agreements and the transactions contemplated therein are more than 5% and all of which are below 25%, the entering into of the Finance Lease Agreements, the Consultancy Agreements and the transactions contemplated therein constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

SPECIFIC PERFORMANCE OBLIGATION UNDER THE CORPORATE GUARANTEE

Pursuant to the Corporate Guarantee dated 23 December 2016 entered into between the Company and Huaneng Leasing, in the event that during the lease period, Beijing Enterprises Water Group Limited, the controlling shareholder of the Company, holds less than 27% of the Shares directly or indirectly, or if it ceases to become the largest Shareholder, Huaneng Leasing will be entitled to early termination of any of the Finance Lease Agreements and the Consultancy Agreements, and hold the Company liable for all the amounts payable under the aforesaid agreements.

The Company announces that (i) on 23 December 2016, Yingshang Juan, as lessee, entered into the Finance Lease Agreement I with Huaneng Leasing, as lessor, pursuant to which Huaneng Leasing purchased the Leased Assets I from Yingshang Juan at a total consideration of RMB295,000,000, which were then leased back to Yingshang Juan for a term of ten (10) years; (ii) on 23 December 2016, Shandong Lusa, as lessee, entered into the Finance Lease Agreement II with Huaneng Leasing, as lessor, pursuant to which Huaneng Leasing purchased the Leased Assets II from Shandong Lusa at a total consideration of RMB241,870,000, which were then leased back to Shandong Lusa for a term of fifteen (15) years; (iii) on 23 December 2016, Shandong Lusa, as lessee, entered into the Finance Lease Agreement III with Huaneng Leasing, as lessor, pursuant to which Huaneng Leasing purchased the Leased Assets III from Shandong Lusa at a total consideration of RMB83,500,000, which were then leased back to Shandong Lusa for a term of three (3) years; (iv) on 23 December 2016, Tianhong Honghui, as lessee, entered into the Finance Lease Agreement IV with Huaneng Leasing, as lessor, pursuant to which Huaneng Leasing shall purchase the Leased Assets IV from the Contractors as per the instructions given by Tianhong Honghui at a total consideration of RMB103,800,000, which were then leased to Tianhong Honghui for a term of ten (10) years; and (v) on 23 December 2016, Lujiang Dongsheng, as lessee, entered into the Finance Lease Agreement V with Huaneng Leasing, as lessor, pursuant to which Huaneng Leasing purchased the Leased Assets V from Lujiang Dongsheng at a total consideration of RMB220,000,000, which were then leased back to Lujiang Dongsheng for a term of ten (10) years. The principal terms of the Finance Lease Agreements are set out below.

THE FINANCE LEASE AGREEMENT I

Date

23 December 2016

Parties

Purchaser/Lessor: Huaneng Leasing

Vendor/Lessee: Yingshang Juan

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Huaneng Leasing and its ultimate beneficial owners are independent of the Company and the Connected Persons of the Company.

The Finance Lease Agreement I comprised (i) the sale and purchase of the Leased Assets I; and (ii) the lease back of the Leased Assets I to Yingshang Juan, details of which are discussed below.

Sale and purchase arrangement

Pursuant to the Finance Lease Agreement I, Huaneng Leasing purchased the Leased Assets I from Yingshang Juan as specified in the Finance Lease Agreement I for a total consideration of RMB295,000,000. The consideration in respect of the sale and purchase of the Leased Assets I was determined after arm's length negotiations between the parties to the Finance Lease Agreement I by reference to the prevailing market price of the Leased Assets I. The payment of the consideration is conditional upon the fulfilment of certain conditions, including, among others, the Lessor having received the security deposit from Yingshang Juan; the Lessor having received the relevant documentary proof for confirming the ownership of the Leased Assets I; and the Lessor having received the relevant documentary proof for confirming that the applicable registration procedures in respect of the pledges as mentioned in the second paragraph headed "Lease payments" below have been completed. As at the date of this announcement, the payment of the consideration has not been satisfied by Huaneng Leasing.

Lease back arrangement

Pursuant to the Finance Lease Agreement I, Huaneng Leasing agreed to lease the Leased Assets I back to Yingshang Juan for a term of ten (10) years. The commencement date of the finance lease period of the Leased Assets I shall be notified by the Lessor in writing.

Lease payments

Pursuant to the Finance Lease Agreement I, the estimated aggregate lease payments payable by Yingshang Juan to Huaneng Leasing shall be RMB381,577,775.78, being the principal lease cost of RMB295,000,000 plus the estimated aggregate interest of RMB86,577,775.78, which shall be payable in forty (40) quarterly instalments. The interest is calculated at a floating rate and shall be adjusted with reference to the benchmark interest rate for RMB loans with a maturity of above five (5) years as promulgated by the People's Bank of China from time to time.

The obligations of Yingshang Juan under the Finance Lease Agreement I and the Yingshang Consultancy Agreement will be secured by, among others, (a) a pledge of the 100% equity interest in Yingshang Juan; (b) a guarantee from the Company pursuant to the Corporate Guarantee; (c) a pledge on the Leased Assets I; and (d) a pledge on the electricity bill receivables by Yingshang Juan.

Ownership of the Leased Assets I

The ownership of the Leased Assets I under the Finance Lease Agreement I will be vested in Huaneng Leasing throughout the lease period. At the end of the lease period and subject to payment by Yingshang Juan of (i) all amounts due under the Finance Lease Agreement I; and (ii) a nominal consideration of RMB10,000, the ownership of the Leased Assets I will be vested in Yingshang Juan.

Security deposit

The agreed security deposit payable by Yingshang Juan to Huaneng Leasing is RMB10,325,000 and bears no interest and will be applied to make up part of the lease payments payable by Yingshang Juan to Huaneng Leasing in respect of the last instalments of the Finance Lease Agreement I.

THE YINGSHANG CONSULTANCY AGREEMENT

On 23 December 2016, Yingshang Juan entered into the Yingshang Consultancy Agreement with Huaneng Leasing, pursuant to which Yingshang Juan agreed to engage Huaneng Leasing to provide tax consultation service on the Finance Lease Agreement I, supervision on the operation of, and maintenance of the Leased Assets I, and other related consultancy services, from the signing of the Yingshang Consultancy Agreement to 23 December 2026, at a total consideration of RMB7,345,487.63 payable in twenty (20) instalments.

The estimated aggregate lease payments under the Finance Lease Agreement I and the service fee under the Yingshang Consultancy Agreement were determined after arm's length negotiations between the parties to the Finance Lease Agreement I and the Yingshang Consultancy Agreement by reference to the principal amount of the lease and the prevailing market interest rate for finance leases of comparable machines and equipment.

THE FINANCE LEASE AGREEMENT II

Date

23 December 2016

Parties

Purchaser/Lessor: Huaneng Leasing

Vendor/Lessee: Shandong Lusa

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Huaneng Leasing and its ultimate beneficial owners are independent of the Company and the Connected Persons of the Company.

The Finance Lease Agreement II comprised (i) the sale and purchase of the Leased Assets II; and (ii) the lease back of the Leased Assets II to Shandong Lusa, details of which are discussed below.

Sale and purchase arrangement

Pursuant to the Finance Lease Agreement II, Huaneng Leasing purchased the Leased Assets II from Shandong Lusa as specified in the Finance Lease Agreement II for a total consideration of RMB241,870,000. The consideration in respect of the sale and purchase of the Leased Assets II was determined after arm's length negotiations between the parties to the Finance Lease Agreement II by reference to the prevailing market price of the Leased Assets II. The payment of the consideration is conditional upon the fulfilment of certain conditions, including, among others, the Lessor having received the security deposit from Shandong Lusa; the Lessor having received the relevant documentary proof for confirming the ownership of the Leased Assets II; and the Lessor having received the relevant documentary proof for confirming that the applicable registration procedures in respect of the pledges as mentioned in the second paragraph headed "Lease payments" below have been completed. As at the date of this announcement, the payment of the consideration has not been satisfied by Huaneng Leasing.

Lease back arrangement

Pursuant to the Finance Lease Agreement II, Huaneng Leasing agreed to lease the Leased Assets II back to Shandong Lusa for a term of fifteen (15) years. The commencement date of the finance lease period of the Leased Assets II shall be notified by the Lessor in writing.

Lease payments

Pursuant to the Finance Lease Agreement II, the estimated aggregate lease payments payable by Shandong Lusa to Huaneng Leasing shall be RMB337,297,399.26, being the principal lease cost of RMB241,870,000 plus the estimated aggregate interest of RMB95,427,399.26, which shall be payable in sixty (60) quarterly instalments. The interest is calculated at a floating rate and shall be adjusted with reference to the benchmark interest rate for RMB loans with a maturity of above five (5) years as promulgated by the People's Bank of China from time to time.

The obligations of Shandong Lusa under the Finance Lease Agreement II and the Shandong Consultancy Agreement will be secured by, among others, (a) a pledge of the 100% equity interest in Shandong Lusa; (b) a guarantee from the Company pursuant to the Corporate Guarantee; (c) a pledge on the Leased Assets II; and (d) a pledge on the electricity bill receivables by Shandong Lusa.

Ownership of the Leased Assets II

The ownership of the Leased Assets II under the Finance Lease Agreement II will be vested in Huaneng Leasing throughout the lease period. At the end of the lease period and subject to payment by Shandong Lusa of (i) all amounts due under the Finance Lease Agreement II; and (ii) a nominal consideration of RMB1, the ownership of the Leased Assets II will be vested in Shandong Lusa.

Security deposit

The agreed security deposit payable by Shandong Lusa to Huaneng Leasing is RMB4,837,400 and bears no interest and will be applied to make up part of the lease payments payable by Shandong Lusa to Huaneng Leasing in respect of the last instalments of the Finance Lease Agreement II.

THE FINANCE LEASE AGREEMENT III

Date

23 December 2016

Parties

Purchaser/Lessor: Huaneng Leasing

Vendor/Lessee: Shandong Lusa

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Huaneng Leasing and its ultimate beneficial owners are independent of the Company and the Connected Persons of the Company.

The Finance Lease Agreement III comprised (i) the sale and purchase of the Leased Assets III; and (ii) the lease back of the Leased Assets III to Shandong Lusa, details of which are discussed below.

Sale and purchase arrangement

Pursuant to the Finance Lease Agreement III, Huaneng Leasing purchased the Leased Assets III from Shandong Lusa as specified in the Finance Lease Agreement III for a total consideration of RMB83,500,000. The consideration in respect of the sale and purchase of the Leased Assets III was determined after arm's length negotiations between the parties to the Finance Lease Agreement III by reference to the prevailing market price of the Leased Assets III. The payment of the consideration is conditional upon the fulfilment of certain conditions, including, among others, the Lessor having received the security deposit from Shandong Lusa; the Lessor having received the relevant documentary proof for confirming the ownership of the Leased Assets III; and the Lessor having received the relevant documentary proof for confirming that the applicable registration procedures in respect of the pledges as mentioned in the second paragraph headed "Lease payments" below have been completed. As at the date of this announcement, the payment of the consideration has not been satisfied by Huaneng Leasing.

Lease back arrangement

Pursuant to the Finance Lease Agreement III, Huaneng Leasing agreed to lease the Leased Assets III back to Shandong Lusa for a term of three (3) years. The commencement date of the finance lease period of the Leased Assets III shall be notified by the Lessor in writing.

Lease payments

Pursuant to the Finance Lease Agreement III, the estimated aggregate lease payments payable by Shandong Lusa to Huaneng Leasing shall be RMB94,557,079.70, being the principal lease cost of RMB83,500,000.00 plus the estimated aggregate interest of RMB11,057,079.70, which shall be payable in twelve (12) quarterly instalments. The interest is calculated at a floating rate and shall be adjusted with reference to the benchmark interest rate for RMB loans with a maturity of one (1) to five (5) year(s) as promulgated by the People's Bank of China from time to time plus a premium.

The obligations of Shandong Lusa under the Finance Lease Agreement III and the Shandong Consultancy Agreement will be secured by, among others, (a) a pledge of the 100% equity interest in Shandong Lusa; (b) a guarantee from the Company pursuant to the Corporate Guarantee; (c) a pledge on the Leased Assets III; and (d) a pledge on the electricity bill receivables by Shandong Lusa.

Ownership of the Leased Assets III

The ownership of the Leased Assets III under the Finance Lease Agreement III will be vested in Huaneng Leasing throughout the lease period. At the end of the lease period and subject to payment by Shandong Lusa of (i) all amounts due under the Finance Lease Agreement III; and (ii) a nominal consideration of RMB1, the ownership of the Leased Assets III will be vested in Shandong Lusa.

Security deposit

The agreed security deposit payable by Shandong Lusa to Huaneng Leasing is RMB2,922,500 and bears no interest and will be applied to make up part of the lease payments payable by Shandong Lusa to Huaneng Leasing in respect of the last instalments of the Finance Lease Agreement III.

THE SHANDONG CONSULTANCY AGREEMENT

On 23 December 2016, Shandong Lusa entered into the Shandong Consultancy Agreement with Huaneng Leasing, pursuant to which Shandong Lusa agreed to engage Huaneng Leasing to provide tax consultation service on the Finance Lease Agreement II and the Finance Lease Agreement III, supervision on the operation of, and maintenance of the Leased Assets II and the Leased Assets III, and other related consultancy services, from the date of signing the Shandong Consultancy Agreement to 25 October 2018, at a total consideration of RMB31,600,000 payable in eight (8) instalments.

The estimated aggregate lease payments under the Finance Lease Agreement II and the Finance Lease Agreement III, and the service fee under the Shandong Consultancy Agreement were determined after arm's length negotiations between the parties to the Finance Lease Agreement II, the Finance Lease Agreement III and the Shandong Consultancy Agreement by reference to the principal amounts of the leases and the prevailing market interest rate for finance leases of comparable property, plants, machines and equipment.

THE FINANCE LEASE AGREEMENT IV

Date

23 December 2016

Parties

Lessor: Huaneng Leasing

Lessee: Tianhong Honghui

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Huaneng Leasing and its ultimate beneficial owners are independent of the Company and the Connected Persons of the Company.

The Finance Lease Agreement IV comprised (i) the purchase of the Leased Assets IV from the Contractors by the Lessor; and (ii) the direct lease arrangement of the Leased Assets IV from Huaneng Leasing by Tianhong Honghui, details of which are discussed below.

Sale and purchase arrangement

Pursuant to the Finance Lease Agreement IV, the Lessor shall purchase the Leased Assets IV from the Contractors as per the instructions given by Tianhong Honghui at a total consideration of RMB103,800,000. The consideration to be paid from the Lessor to Tianhong Honghui (who shall receive the consideration on behalf of the Contractors pursuant to the terms set out in the quartet agreement entered into between the Lessor, Tianhong Honghui and the Contractors dated 23 December 2016) in respect of the sale and purchase of the Leased Assets IV was determined after arm's length negotiations between the parties to the Finance Lease Agreement IV by reference to the prevailing market price of the Leased Assets IV. The payment of the consideration is conditional upon the fulfilment of certain conditions, including, among others, the Lessor having received the relevant documentary proof for confirming the ownership of the Leased Assets IV; and the Lessor having received the relevant documentary proof for confirming that the applicable registration procedures in respect of the pledges as mentioned in the second paragraph headed "Lease payments" below have been completed. As at the date of this announcement, the payment of the consideration has not been satisfied by Huaneng Leasing.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Contractors and their respective ultimate beneficial owners are independent of the Company and the Connected Persons of the Company.

Direct lease arrangement

Pursuant to the Finance Lease Agreement IV, Huaneng Leasing agreed to lease the Leased Assets IV to Tianhong Honghui for a term of ten (10) years. The commencement date of the finance lease period of the Leased Assets IV shall be notified by the Lessor in writing.

Lease payments

Pursuant to the Finance Lease Agreement IV, the estimated aggregate lease payments payable by Tianhong Honghui to Huaneng Leasing shall be RMB135,592,149.49, being the principal lease cost of RMB103,800,000 plus the estimated aggregate interest of RMB31,792,149.49, which shall be payable in forty (40) quarterly instalments. The interest is calculated at a floating rate and shall be adjusted with reference to the benchmark interest rate for RMB loans with a maturity of above five (5) years as promulgated by the People's Bank of China from time to time.

The obligations of Tianhong Honghui under the Finance Lease Agreement IV and the Tianhong Consultancy Agreement will be secured by, among others, (a) a pledge of the 100% equity interest in Tianhong Honghui; (b) a guarantee from the Company pursuant to the Corporate Guarantee; (c) a pledge on the Leased Assets IV; and (d) a pledge on the electricity bill receivables by Tianhong Honghui.

Ownership of the Leased Assets IV

The ownership of the Leased Assets IV under the Finance Lease Agreement IV will be vested in Huaneng Leasing throughout the lease period. At the end of the lease period and subject to payment by Tianhong Honghui of (i) all amounts due under the Finance Lease Agreement IV; and (ii) a nominal consideration of RMB10,000, the ownership of the Leased Assets IV will be vested in Tianhong Honghui.

Security deposit

The agreed security deposit payable by Tianhong Honghui to Huaneng Leasing is RMB3,633,000 and bears no interest and will be applied to make up part of the lease payments payable by Tianhong Honghui to Huaneng Leasing in respect of the last instalments of the Finance Lease Agreement IV.

THE TIANHONG CONSULTANCY AGREEMENT

On 23 December 2016, Tianhong Honghui entered into the Tianhong Consultancy Agreement with Huaneng Leasing, pursuant to which Tianhong Honghui agreed to engage Huaneng Leasing to provide tax consultation service on the Finance Lease Agreement IV, supervision on the operation of, and maintenance of the Leased Assets IV, and other related consultancy services, from the date of signing of the Tianhong Consultancy Agreement to 23 December 2026, at a total consideration of RMB6,455,888.99 payable in twenty (20) instalments.

The estimated aggregate lease payments under the Finance Lease Agreement IV and the service fee under the Tianhong Consultancy Agreement were determined after arm's length negotiations between the parties to the Finance Lease Agreement IV and the Tianhong Consultancy Agreement by reference to the principal amount of the lease and the prevailing market interest rate for finance leases of comparable machines and equipment.

THE FINANCE LEASE AGREEMENT V

Date

23 December 2016

Parties

Purchaser/Lessor: Huaneng Leasing

Vendor/Lessee: Lujiang Dongsheng

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Huaneng Leasing and its ultimate beneficial owners are independent of the Company and the Connected Persons of the Company.

The Finance Lease Agreement V comprised (i) the sale and purchase of the Leased Assets V; and (ii) the lease back of the Leased Assets V to Lujiang Dongsheng, details of which are discussed below.

Sale and purchase arrangement

Pursuant to the Finance Lease Agreement V, Huaneng Leasing purchased the Leased Assets V from Lujiang Dongsheng as specified in the Finance Lease Agreement V for a total consideration of RMB220,000,000. The consideration in respect of the sale and purchase of the Leased Assets V was determined after arm's length negotiations between the parties to the Finance Lease Agreement V by reference to the prevailing market price of the Leased Assets V. The payment of the consideration is conditional upon the fulfilment of certain conditions, including, among others, the Lessor having received the security deposit from Lujiang Dongsheng; the Lessor having received the relevant documentary proof for confirming the ownership of the Leased Assets V; and the Lessor having received the relevant documentary proof for confirming that the applicable registration procedures in respect of the pledges as mentioned in the second paragraph headed "Lease payments" below have been completed. As at the date of this announcement, the payment of the consideration has not been satisfied by Huaneng Leasing.

Lease back arrangement

Pursuant to the Finance Lease Agreement V, Huaneng Leasing agreed to lease the Leased Assets V back to Lujiang Dongsheng for a term of ten (10) years. The commencement date of the finance lease period of the Leased Assets V shall be notified by the Lessor in writing.

Lease payments

Pursuant to the Finance Lease Agreement V, the estimated aggregate lease payments payable by Lujiang Dongsheng to Huaneng Leasing shall be RMB281,688,516.74, being the principal lease cost of RMB220,000,000 plus the estimated aggregate interest of RMB61,688,516.74, which shall be payable in forty (40) quarterly instalments. The interest is calculated at a floating rate and shall be adjusted with reference to the benchmark interest rate for RMB loans with a maturity of above five (5) years as promulgated by the People's Bank of China from time to time.

The obligations of Lujiang Dongsheng under the Finance Lease Agreement V and the Lujiang Consultancy Agreement will be secured by, among others, (a) a pledge of the 100% equity interest in Lujiang Dongsheng; (b) a guarantee from the Company pursuant to the Corporate Guarantee; (c) a pledge on the Leased Asset V; and (d) a pledge on the electricity bill receivables by Lujiang Dongsheng.

Ownership of the Leased Assets V

The ownership of the Leased Assets V under the Finance Lease Agreement V will be vested in Huaneng Leasing throughout the lease period. At the end of the lease period and subject to payment by Lujiang Dongsheng of (i) all amounts due under the Finance Lease Agreement V; and (ii) a nominal consideration of RMB10,000, the ownership of the Leased Assets V will be vested in Lujiang Dongsheng.

Security deposit

The agreed security deposit payable by Lujiang Dongsheng to Huaneng Leasing is RMB7,700,000 and bears no interest and will be applied to make up part of the lease payments payable by Lujiang Dongsheng to Huaneng Leasing in respect of the last instalments of the Finance Lease Agreement V.

THE LUJIANG CONSULTANCY AGREEMENT

On 23 December 2016, Lujiang Dongsheng entered into the Lujiang Consultancy Agreement with Huaneng Leasing, pursuant to which Lujiang Dongsheng agreed to engage Huaneng Leasing to provide tax consultation service on the Finance Lease Agreement V, supervision on the operation of, and maintenance of the Leased Assets V, and other related consultancy services, from the date of signing the Lujiang Consultancy Agreement to 23 December 2026, at a total consideration of RMB5,098,691.74 payable in twenty (20) instalments.

The estimated aggregate lease payments under the Finance Lease Agreement V and the service fee under the Lujiang Consultancy Agreement were determined after arm's length negotiations between the parties to the Finance Lease Agreement V and the Lujiang Consultancy Agreement by reference to the principal amount of the lease and the prevailing market interest rate for finance leases of comparable machines and equipment.

SPECIFIC PERFORMANCE OBLIGATION UNDER THE CORPORATE GUARANTEE

Pursuant to the Corporate Guarantee dated 23 December 2016 entered into between the Company and Huaneng Leasing, in the event that during the lease period, Beijing Enterprises Water Group Limited, the controlling shareholder (as defined in the Listing Rules) of the Company, holds less than 27% of the Shares directly or indirectly, or if it ceases to become the largest Shareholder, Huaneng Leasing will be entitled to early termination of any of the Finance Lease Agreements and the Consultancy Agreements, and hold the Company liable for all the amounts payable under the aforesaid agreements.

As at the date of this announcement, Beijing Enterprises Water Group Limited, the controlling shareholder (as defined in the Listing Rules) of the Company, indirectly holds approximately 31.06% of the issued share capital of the Company and approximately 31.90% of the issued share capital of the Company on an as-converted basis (assuming conversion in full of all preference shares of the Company in issue) and is the single largest shareholder of the Company.

The Company will continue to comply with the disclosure requirements under Rule 13.21 of the Listing Rules for so long as circumstances giving rise to the obligation continue to exist.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS AND THE CONSULTANCY AGREEMENTS

The Finance Lease Agreements, the Consultancy Agreements and the transactions contemplated therein have been agreed under normal commercial terms and after arm's length negotiations between the parties and provide the Group with long-term financial resources and related consultancy services for the development of the photovoltaic and wind power plants projects. The Directors therefore consider that the terms of each of the Finance Lease Agreements and the Consultancy Agreements and the transactions contemplated therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE LESSOR

Huaneng Leasing is a financial leasing company established in the PRC.

INFORMATION OF THE LESSEES

Yingshang Juan, Shandong Lusa, Tianhong Honghui and Lujiang Dongsheng are indirect wholly-owned subsidiaries of the Company. Apart from Shandong Lusa which is principally engaged in investment, development and operation of a wind power generation project, they are principally engaged in investment, development and operation of photovoltaic power generation projects.

INFORMATION OF THE GROUP AND THE COMPANY

The principal business activity of the Company is investment holding. The Group is principally engaged in the investment, development, construction, operation and management of photovoltaic power plants, photovoltaic power-related businesses and wind power-related businesses and the design, printing and sale of cigarette packages in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

As the transactions contemplated under the Finance Lease Agreements and the Consultancy Agreements were entered into with the same party and within a twelve (12) month period, the Finance Lease Agreements and the Consultancy Agreements shall be aggregated in the calculation of the relevant percentage ratios to determine the classification of notifiable transactions for the purpose of the Listing Rules.

As one or more of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Finance Lease Agreements, the Consultancy Agreements and the transactions contemplated therein are more than 5% and all of which are below 25%, the entering into of the Finance Lease Agreements, the Consultancy Agreements and the transactions contemplated therein constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are 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 expressions shall have the following meaning:

“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
“Connected Persons”	has the meaning ascribed to it under the Listing Rules
“Consultancy Agreements”	the Yingshang Consultancy Agreement, the Shandong Consultancy Agreement, the Tianhong Consultancy Agreement and the Lujiang Consultancy Agreement
“Corporate Guarantee”	the corporate guarantee dated 23 December 2016 entered into between the Company and Huaneng Leasing, details of which are set out in the section headed “Specific performance obligation under the Corporate Guarantee”
“Director(s)”	the director(s) of the Company

“Finance Lease Agreements”	the Finance Lease Agreement I, the Finance Lease Agreement II, the Finance Lease Agreement III, the Finance Lease Agreement IV and the Finance Lease Agreement V
“Finance Lease Agreement I”	the finance lease agreement entered into between Huaneng Leasing and Yingshang Juan dated 23 December 2016, for further details of such agreement please refer to the section headed “The Finance Lease Agreement I”
“Finance Lease Agreement II”	the finance lease agreement entered into between Huaneng Leasing and Shandong Lusa dated 23 December 2016, for further details of such agreement please refer to the section headed “The Finance Lease Agreement II”
“Finance Lease Agreement III”	the finance lease agreement entered into between Huaneng Leasing and Shandong Lusa dated 23 December 2016, for further details of such agreement please refer to the section headed “The Finance Lease Agreement III”
“Finance Lease Agreement IV”	the finance lease agreement entered into between Huaneng Leasing and Tianhong Honghui dated 23 December 2016, for further details of such agreement please refer to the section headed “The Finance Lease Agreement IV”
“Finance Lease Agreement V”	the finance lease agreement entered into between Huaneng Leasing and Lujiang Dongsheng dated 23 December 2016, for further details of such agreement please refer to the section headed “The Finance Lease Agreement V”
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Huaneng Leasing”	華能天成融資租賃有限公司 (Huaneng Tiancheng Financial Leasing Co., Ltd.*), a company incorporated in the PRC with limited liability
“Leased Assets I”	certain photovoltaic power generating equipment at an aggregate carrying amount of approximately RMB295,000,000 (unaudited) as at the date of this announcement, regarding the project for the construction of a 60MW photovoltaic power plant in Fuyang City (阜陽市), Anhui Province, the PRC, being the subject matter of the Finance Lease Agreement I
“Leased Assets II”	certain wind power generating equipment at an aggregate carrying amount of approximately RMB241,870,000 (unaudited) as at the date of this announcement, regarding the project for the construction of a 48MW wind power plant in Shandong Province, the PRC, being the subject matter of the Finance Lease Agreement II
“Leased Assets III”	certain wind power generating-related property and plants at an aggregate carrying amount of approximately RMB83,500,000 (unaudited) as at the date of this announcement, regarding the project for the construction of a 48MW wind power plant in Shandong Province, the PRC, being the subject matter of the Finance Lease Agreement III
“Leased Assets IV”	certain photovoltaic power generating equipment at an aggregate carrying amount of approximately RMB103,800,000 (unaudited) as at the date of this announcement, regarding the project for the construction of a 20MW photovoltaic power plant in Yanshan County* (鉛山縣), Jiangxi Province, the PRC, being the subject matter of the Finance Lease Agreement IV

“Leased Assets V”	certain photovoltaic power generating equipment at an aggregate carrying amount of approximately RMB220,000,000 (unaudited) as at the date of this announcement, regarding the project for the construction of two 20MW photovoltaic power plants in Lujiang County* (廬江縣), Anhui Province, the PRC, being the subject matter of the Finance Lease Agreement V
“Lessor”	Huaneng Leasing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lujiang Consultancy Agreement”	the consultancy agreement entered into between Huaneng Leasing and Lujiang Dongsheng dated 23 December 2016, for further details of such agreement please refer to the section headed “The Lujiang Consultancy Agreement”
“Lujiang Dongsheng”	廬江東升太陽能開發有限公司 (Lujiang Dongsheng Solar Energy Development Co. Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“MW”	Megawatts, which is equal to 1,000,000 watts
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shandong Consultancy Agreement”	the consultancy agreement entered into between Huaneng Leasing and Shandong Lusa dated 23 December 2016, for further details of such agreement please refer to the section headed “The Shandong Consultancy Agreement”
“Shandong Lusa”	山東魯薩風電有限公司 (Shandong Lusa Wind Power Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianhong Consultancy Agreement”	the consultancy agreement entered into between Huaneng Leasing and Tianhong Honghui dated 23 December 2016, for further details of such agreement please refer to the section headed “The Tianhong Consultancy Agreement”
“Tianhong Honghui”	鉛山縣天宏虹輝太陽能科技有限公司(Yanshan Tianhong Honghui Solar Power Technology Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Yingshang Consultancy Agreement”	the consultancy agreement entered into between Huaneng Leasing and Yingshang Juan dated 23 December 2016, for further details of such agreement please refer to the section headed “The Yingshang Consultancy Agreement”

“Yingshang Juan” 穎上聚安光伏發電有限公司 (Yingshang Ju An PV Power Generation Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“%” per cent

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

Hong Kong, 23 December 2016

As at the date of this announcement, the Board comprises seven Directors, namely Mr. Hu Xiaoyong, Mr. Shi Xiaobei, Mr. Liang Yongfeng and Mr. Wang Ye as executive Directors; and Mr. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik as independent non-executive Directors.

* for identification purposes only.