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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

THE FINANCE LEASE ARRANGEMENTS

On 27 June 2018, XSHN and XSYN, as lessees, entered into the XSHN Finance Lease Agreement and the XSYN Finance Lease Agreement respectively with CITIC Leasing, as lessor, pursuant to which CITIC Leasing shall purchase the XSHN Leased Assets and the XSYN Leased Assets from XSHN and XSYN respectively at a total consideration of RMB750,000,000. The XSHN Leased Assets and the XSYN Leased Assets were then leased to XSHN and XSYN respectively for a term of 8 years. The ownership of the leased assets under each of the Finance Lease Agreements will be vested in CITIC Leasing throughout each of the lease periods. At the end of each of the lease periods and subject to payments by XSHN for the XSHN Finance Lease Agreement and XSYN for the XSYN Finance Lease Agreement of (i) all amounts due under each of the Finance Lease Agreements; and (ii) a nominal consideration of RMB1 for each of the Finance Lease Agreements, the ownership of the XSHN Leased Assets and the XSYN Leased Assets will be vested in XSHN and XSYN respectively.

THE CONSULTANCY AGREEMENTS

On 27 June 2018, XSHN and XSYN entered into the XSHN Consultancy Agreements and the XSYN Consultancy Agreements respectively with CITIC Leasing, pursuant to which XSHN and XSYN agreed to engage CITIC Leasing for providing certain consultancy services relating to each of the Finance Lease Agreements, which include, among others, supervision on the operation of the XSHN Leased Assets and the XSYN Leased Assets respectively, and related financial and tax consultation services for a period of 8 years at a total services fee of RMB18,900,000 (for the XSHN Finance Lease Agreement) and RMB5,520,000 (for the XSYN Finance Lease Agreement) payable to CITIC Leasing by 2 instalments in the first 2 years.

IMPLICATIONS UNDER THE LISTING RULES

As one 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 is 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.

THE FINANCE LEASE AGREEMENTS

On 27 June 2018, XSHN and XSYN, as lessees, entered into the XSHN Finance Lease Agreement and the XSYN Finance Lease Agreement respectively with CITIC Leasing, as lessor, pursuant to which CITIC Leasing shall purchase the XSHN Leased Assets and the XSYN Leased Assets from XSHN and XSYN respectively at a total consideration of RMB750,000,000. The XSHN Leased Assets and the XSYN Leased Assets were then leased to XSHN and XSYN respectively for a term of 8 years. The ownership of the leased assets under each of the Finance Lease Agreements will be vested in CITIC Leasing throughout each of the lease periods. At the end of each of the lease periods and subject to payments by XSHN for the XSHN Finance Lease Agreement and XSYN for the XSYN Finance Lease Agreement of (i) all amounts due under each of the Finance Lease Agreements; and (ii) a nominal consideration of RMB1 for each of the Finance Lease Agreements, the ownership of the XSHN Leased Assets and the XSYN Leased Assets will be vested in XSHN and XSYN respectively.

Date

27 June 2018

Parties

Lessor: CITIC Leasing (for each of the Finance Lease Agreements)

Lessees: XSHN (for the XSHN Finance Lease Agreement); and
XSYN (for the XSYN Finance Lease Agreement).

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

The Finance Lease Agreements comprised (i) the purchase of the XSHN Leased Assets and the XSYN Leased Assets by CITIC Leasing from XSHN and XSYN respectively; and (ii) the lease back arrangements of the XSHN Leased Assets and the XSYN Leased Assets to XSHN and XSYN respectively, details of which are discussed below.

Sale and purchase arrangements

Pursuant to the Finance Lease Agreements, CITIC Leasing shall purchase the XSHN Leased Assets and the XSYN Leased Assets from XSHN and XSYN respectively at a total consideration of RMB750,000,000, as to:

- (i) RMB630,000,000 for the XSHN Leased Assets; and
- (ii) RMB120,000,000 for the XSYN Leased Assets.

The consideration to be paid by CITIC Leasing to XSHN and XSYN pursuant to the terms set out in the XSHN Finance Lease Agreement for the XSHN Leased Assets and the XSYN Finance Lease Agreement for the XSYN Leased Assets respectively was determined after arm's length negotiations between the parties to the Finance Lease Agreements by reference to the prevailing market price of the XSHN Leased Assets and the XSYN Leased Assets respectively. The payment of the consideration is conditional upon the fulfilment of certain conditions under each of the Finance Lease Agreements, including, among others, CITIC Leasing having received the relevant documentary proof for confirming (i) the ownership of the respective leased assets; and (ii) the applicable registration procedures in respect of certain of the pledges as mentioned in the third paragraph headed "Lease payments" below have been completed for each of the Finance Lease Agreements.

Lease back arrangements

Pursuant to the Finance Lease Agreements, CITIC Leasing agreed to lease the XSHN Leased Assets to XSHN and the XSYN Leased Assets to XSYN for a term of 8 years. The commencement date(s) of each of the finance lease periods shall be notified by CITIC Leasing in writing.

Lease payments

Pursuant to the Finance Lease Agreements, the total estimated aggregate lease payments payable by XSHN and XSYN to CITIC Leasing shall be RMB934,653,437, being the total principal lease cost of RMB750,000,000 plus the total estimated aggregate interest of RMB184,653,437, as illustrated below:

- (i) the principal lease cost of RMB630,000,000 and the estimated aggregate interest of RMB155,108,887 for the XSHN Finance Lease Agreement; and
- (ii) the principal lease cost of RMB120,000,000 and the estimated aggregate interest of RMB29,544,550 for the XSYN Finance Lease Agreement.

The above principal lease cost and estimated aggregate interest shall be payable in 32 quarterly instalments. The interests are calculated at a floating rate and shall be adjusted with reference to the benchmark interest rate for RMB loans with a maturity of above 5 years as promulgated by the People's Bank of China from time to time plus a premium.

The obligations of XSHN and XSYN under the respective Finance Lease Agreements shall be secured by, among others, (a) pledges of the 100% equity interests in XSHN (for the XSHN Finance Lease Agreement) and XSYN (for the XSYN Finance Lease Agreement); (b) a corporate guarantee from the Company for each of the Finance Lease Agreements; (c) pledges on the XSHN Leased Assets (for the XSHN Finance Lease Agreement) and the XSYN Leased Assets (for the XSYN Finance Lease Agreement); and (d) pledges on the electricity bill receivables by XSHN (for the XSHN Finance Lease Agreement) and XSYN (for the XSYN Finance Lease Agreement).

Handling fee

XSHN shall pay to CITIC Leasing a handling fee in the sum of RMB10,080,000 under the XSHN Finance Lease Agreement in the second year. The handling fee is non-refundable.

Ownership of the leased assets

The ownership of the leased assets under each of the Finance Lease Agreements will be vested in CITIC Leasing throughout each of the lease periods. At the end of each of the lease periods and subject to payments by XSHN for the XSHN Finance Lease Agreement and XSYN for the XSYN Finance Lease Agreement of (i) all amounts due under each of the Finance Lease Agreements; and (ii) a nominal consideration of RMB1 for each of the Finance Lease Agreements, the ownership of the XSHN Leased Assets and the XSYN Leased Assets will be vested in XSHN and XSYN respectively.

THE CONSULTANCY AGREEMENTS

On 27 June 2018, XSHN and XSYN entered into the XSHN Consultancy Agreements and the XSYN Consultancy Agreements respectively with CITIC Leasing, pursuant to which XSHN and XSYN agreed to engage CITIC Leasing for providing certain consultancy services relating to each of the Finance Lease Agreements, which include, among others, supervision on the operation of the XSHN Leased Assets and the XSYN Leased Assets respectively, and related financial and tax consultation services for a period of 8 years at a total services fee of RMB18,900,000 (for the XSHN Finance Lease Agreement) and RMB5,520,000 (for the XSYN Finance Lease Agreement) payable to CITIC Leasing by 2 instalments in the first 2 years.

The estimated aggregate lease payments under the Finance Lease Agreements and the service fees under the Consultancy Agreements were determined after arm's length negotiations between parties to the Finance Lease Agreements and the Consultancy Agreements by reference to the principal amounts of the leases and the prevailing market interest rate for finance lease of comparable machines, equipment and ancillary facilities.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS

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 relevant parties and provide the Group with long-term financial resources and related consultancy services for the development of the photovoltaic power projects. The Directors therefore consider that the terms of the Finance Lease Agreements, 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 GROUP AND THE COMPANY

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

INFORMATION OF THE LESSOR

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

INFORMATION OF THE LESSEES

XSHN and XSYN are indirect wholly-owned subsidiaries of the Company and are principally engaged in the investment, development, construction and operation of photovoltaic power plants.

IMPLICATIONS UNDER THE LISTING RULES

As one 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 is 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 meanings:

“Board”	the board of Directors
“CITIC Leasing”	中信金融租賃有限公司 (CITIC Financial Leasing Co., Ltd.*), a company incorporated in the PRC with limited liability
“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 XSHN Consultancy Agreements and the XSYN Consultancy Agreements
“Directors”	the director(s) of the Company

“Finance Lease Agreements”	the XSHN Finance Lease Agreement and the XSYN Finance Lease Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“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
“XSHN”	響水恆能太陽能發電有限公司(Xiangshui Hengneng Photovoltaic Power Co. Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“XSHN Consultancy Agreements”	the consultancy agreements dated 27 June 2018 entered into between XSHN and CITIC Leasing for providing certain consultancy services relating to the XSHN Finance Lease Agreement
“XSHN Finance Lease Agreement”	the finance lease agreement dated 27 June 2018 entered into between XSHN and CITIC Leasing for the XSHN Leased Assets at a total consideration of RMB630,000,000, details of which are set out in the section headed “THE FINANCE LEASE AGREEMENTS”
“XSHN Leased Assets”	certain photovoltaic power generating equipment and ancillary facilities regarding the project for the construction of a 100MW photovoltaic power plant in 鹽城市 (Yancheng City*), Jiangsu Province, the PRC, being the subject matter of the XSHN Finance Lease Agreement
“XSYN”	響水永能太陽能發電有限公司 (Xiangshui Yongneng Photovoltaic Power Co. Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“XSYN Consultancy Agreements”	the consultancy agreements dated 27 June 2018 entered into between XSYN and CITIC Leasing for providing certain consultancy services relating to the XSYN Finance Lease Agreement
“XSYN Finance Lease Agreement”	the finance lease agreement dated 27 June 2018 entered into between XSYN and CITIC Leasing for the XSYN Leased Assets at a total consideration of RMB120,000,000, details of which are set out in the section headed “THE FINANCE LEASE AGREEMENTS”

“XSYN Leased Assets” certain photovoltaic power generating equipment and ancillary facilities regarding the project for the construction of a 20MW photovoltaic power plant in 鹽城市 (Yancheng City*), Jiangsu Province, the PRC, being the subject matter of the XSYN Finance Lease Agreement

“%” per cent

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

Hong Kong, 27 June 2018

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

* *For identification purposes only*