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**北控清潔能源集團有限公司**

BEIJING ENTERPRISES CLEAN ENERGY GROUP LIMITED

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

**(Stock Code: 01250)**

## **DISCLOSEABLE TRANSACTION FORMATION OF A LIMITED PARTNERSHIP**

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

On 22 January 2020, Partner A, Partner B and BCEI, an indirect non-wholly owned subsidiary of the Company, entered into the Partnership Agreement in respect of the formation of the Limited Partnership in the PRC. The total maximum capital contribution of the Limited Partnership is RMB400,100,000. The maximum capital contribution by Partner A, Partner B and BCEI will be RMB100,000, RMB200,000,000 and RMB200,000,000, respectively. The Limited Partnership will be set up for the investment, development and operation of clean energy projects.

### **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios in respect of the Partnership Agreement and the transactions contemplated thereunder exceeds 5% and all of them are less than 25%, the entering into of the Partnership Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## FORMATION OF THE LIMITED PARTNERSHIP

On 22 January 2020, Partner A, Partner B and BCEI, an indirect non-wholly owned subsidiary of the Company, entered into the Partnership Agreement in respect of the formation of the Limited Partnership. The major terms of the Partnership Agreement are set out as follows:

Date: 22 January 2020

Name of the Limited Partnership: 江陰北控禹澄環境產業投資合夥企業(有限合夥)(Jiangyin Beikong Yucheng Environmental Industry Investment Partnership (Limited Partnership)\*)

Parties: *General partner and executive partner*

Partner A

*Limited partners*

(1) Partner B

(2) BCEI

Maximum capital contribution: The total maximum capital contribution of the Limited Partnership is RMB400,100,000. The maximum capital contribution to be made by each of Partner A, Partner B and BCEI in cash is set out as follows:

<b>Parties</b>	<b>Maximum capital contribution (RMB)</b>	<b>Approximate capital contribution in the Limited Partnership (%)</b>
Partner A	100,000	0.02
Partner B	200,000,000	49.99
BCEI	200,000,000	49.99
Total	<u>400,100,000</u>	<u>100.00</u>

Term of the Limited Partnership:

3 years

Subject to the terms of the Partnership Agreement, the Limited Partnership can be terminated earlier with the unanimous consent of the Partners. The term of the Limited Partnership may also be extended with the unanimous consent of the Partners.

Scope of Business:

The scope of business of the Limited Partnership covers the investment, development and operation of clean energy projects.

Management of the Limited Partnership:

Partner A, as the general partner and executive partner of the Limited Partnership, is responsible for the day-to-day operation and management of the Limited Partnership.

All investment decisions of the Limited Partnership shall be determined by an investment committee comprising five members. Each of the Partners is entitled to nominate a representative to the investment committee and the remaining two representatives in the investment committee are an auditor and a lawyer. Save for an investment decision involving a consideration amount over 10% of the total capital contribution amount of the Limited Partnership which would require unanimous consent from all members of the investment committee, all investment decisions shall be approved by four out of five members of the investment committee.

Matters which shall be determined by the unanimous approval of the Partners include, among others, the change of the general partner and executive partner of the Limited Partnership, the dismissal of the Limited Partnership, the extension of the term of the Limited Partnership, the transfer of limited partnership interest between limited partners and the investment for any potential business opportunity of the Limited Partnership with Partner A and its affiliates.

Management Fees: The Limited Partnership shall pay management fees in the amount equal to 0.8% of the actual capital contribution of the Limited Partnership (the “**Management Fees**”) annually to Partner A for the first and second anniversary of the date of the Partnership Agreement pursuant to the terms of the Partnership Agreement.

Profit and Asset Distribution: Pursuant to the terms of the Partnership Agreement, when assets are available for distribution after deducting the Management Fees and other operating expenses incurred during the term of the Limited Partnership (the “**Distributable Assets**”), the Limited Partnership shall first distribute to Partner B an amount equal to an annualised rate of return of 6.5% (the “**Basic Return**”) on the actual capital contribution of Partner B (calculated from the point in time when such capital contribution is actually made) and the actual capital contribution of Partner B. Subsequent to the distribution of the Basic Return and the payment of the actual capital contribution to Partner B, the Limited Partnership shall distribute to BCEI an amount equal to an annualised rate of return of 8% (the “**Beiqing Return**”) on the actual capital contribution of BCEI (calculated from the point in time when such capital contribution is actually made) and the actual capital contribution of BCEI. After the above distributions, the Limited Partnership will pay for the actual capital contribution amount of Partner A. If there is still any further remaining surplus in the Distributable Assets, the Limited Partnership will distribute the remaining surplus as to 20% to Partner A, 20% to Partner B and 60% to BCEI.

Loss Sharing: Loss incurred by the Limited Partnership shall be borne by the assets of the Limited Partnership. If the assets of the Limited Partnership are insufficient to cover such loss, Partner B and BCEI, as limited partners, shall assume liability which shall be limited to their respective capital contribution while the liability of Partner A, as general partner, towards the debts of the Limited Partnership shall be unlimited.

Pursuant to the terms of the Partnership Agreement, the capital contribution of the Partners shall be made based on the actual investment needs of the Limited Partnership in accordance with the capital contribution ratio above and at such times and in such amounts as Partner A may specify in a notice to the Partners.

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

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

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

Clean energy businesses are the core development focus of the Group. The establishment of the Limited Partnership will bring in strategic partners to enable the Group to strengthen its business development in the clean energy businesses. In addition, the Group will obtain the Beijing Return from its investment in the Limited Partnership. In view of the above, the Board considers that the terms of the Partnership Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole. None of the Directors has any material interest in the Partnership Agreement and the transactions contemplated thereunder or is required to abstain from voting on the relevant resolutions of the Board.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios in respect of the Partnership Agreement and the transactions contemplated thereunder exceeds 5% and all of them are less than 25%, the entering into of the Partnership Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## **INFORMATION OF THE GROUP, THE COMPANY AND THE PARTIES**

### **The Company and the Group**

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.

### **BCEI**

BCEI is an indirect non-wholly owned subsidiary of the Company and is principally engaged in investment holding.

### **Partner A**

Partner A is principally engaged in investment management and consultation business. Partner A is a joint venture company owned as to 40% by the Company, 30% by Partner B and 30% by PNC Process Systems.

### **Partner B**

Partner B is principally engaged in water supply service and sewage treatment business. As disclosed above, Partner B is a joint venture partner of the Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save as disclosed above, each of Partner A and Partner B and their respective ultimate beneficial owners are Independent Third Parties.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“BCEI”	北清清潔能源投資有限公司 (Beiqing Clean Energy Investment Co., Ltd.*), a company established in the PRC with limited liability and is an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“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 person(s)”	has the meaning ascribed to such term in the Listing Rules
“Directors(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Partnership Agreement under the name of 江陰北控禹澄環境產業投資合夥企業(有限合夥) (Jiangyin Beikong Yucheng Environmental Industry Investment Partnership (Limited Partnership)*)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Partners”	comprising Partner A, Partner B and BCEI
“Partnership Agreement”	the agreement dated 22 January 2020 entered into by and among the Partners in respect of the formation of the Limited Partnership
“Partner A”	西藏禹澤投資管理有限公司(Tibet Yuze Investment Management Co., Limited*), a company established in the PRC with limited liability
“Partner B”	江蘇江南水務股份有限公司 (Jiangsu Jiangnan Water Co., Ltd.*), a company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601199)
“PNC Process Systems”	上海至純潔淨系統科技股份有限公司(PNC Process Systems Co., Ltd*), a company established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 603690)
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)



“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

By Order of the Board

**Beijing Enterprises Clean Energy Group Limited**

**Hu Xiaoyong**

*Chairman*

Hong Kong, 22 January 2020

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

\* *for identification purposes only*