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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 AGREEMENTS

On 27 November 2020, YCCS, as lessee, entered into the Finance Lease Agreements with CIB Leasing, as lessor, pursuant to which CIB Leasing shall purchase the Leased Assets from YCCS for a total consideration of RMB500,000,000 (as to RMB460,000,000 for the Finance Lease Agreement I and as to RMB40,000,000 for the Finance Lease Agreement II). The Leased Assets would then be leased to YCCS for a term of 8 years. The ownership of the Leased Assets under the respective Finance Lease Agreements will be vested in CIB Leasing throughout the respective lease periods. At the end of the respective lease periods and subject to payments by YCCS of (i) all amounts due under the respective Finance Lease Agreements; and (ii) a nominal consideration of RMB10,000 for each of the Finance Lease Agreements, the ownership of the Leased Assets will be vested in YCCS.

IMPLICATIONS UNDER THE LISTING RULES

As the Finance Lease Agreement I and the Finance Lease Agreement II were entered into on the same date and are related to each other, the transactions contemplated under the Finance Lease Agreements shall be aggregated in the calculation of the relevant percentage ratios to determine the classification of notifiable transactions under the Listing Rules.

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Finance Lease Agreements and the transactions contemplated therein is more than 5% and all of the applicable percentage ratios are below 25%, the entering into of the Finance Lease 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

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Date

27 November 2020

Parties

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

Lessee: YCCS (for each of the Finance Lease Agreements)

The Finance Lease Agreements comprised (i) the purchase of the Leased Assets by CIB Leasing from YCCS; and (ii) the lease arrangements, details of which are set out below.

Sale and purchase arrangements

Pursuant to the Finance Lease Agreements, CIB Leasing shall purchase the Leased Assets from YCCS for a total consideration of RMB500,000,000 (as to RMB460,000,000 for the Finance Lease Agreement I and as to RMB40,000,000 for the Finance Lease Agreement II). The consideration to be paid by CIB Leasing was determined after arm's length negotiations between parties to the Finance Lease Agreements by reference to the prevailing market price of the Leased Assets.

The payment of the consideration is conditional upon the fulfilment of certain conditions under the respective Finance Lease Agreements, including, among others, CIB Leasing having received the relevant documentary proof for confirming (i) the ownership of the Leased Assets; and (ii) completion of the applicable registration procedures in respect of certain of the pledges and guarantee as mentioned in the third paragraph under the section headed "Lease payments" below.

Lease back arrangements

Pursuant to the Finance Lease Agreements, CIB Leasing agreed to lease the Leased Assets under the respective Finance Lease Agreements to YCCS for a term of 8 years. The commencement date(s) of the respective finance lease periods shall be notified by CIB Leasing in writing.

Lease payments

Pursuant to the Finance Lease Agreements, the total estimated aggregate lease payments payable by YCCS to CIB Leasing shall be RMB635,814,951, being the total principal lease cost of RMB500,000,000 plus the total estimated aggregate interest of RMB135,814,951, as illustrated as follows:–

- (i) the principal lease cost of RMB460,000,000 and the estimated aggregate interest of RMB124,949,755 for the Finance Lease Agreement I, which shall be payable in 16 instalments semi-annually; and
- (ii) the principal lease cost of RMB40,000,000 and the estimated aggregate interest of RMB10,865,196 for the Finance Lease Agreement II, which shall be payable in 16 instalments semi-annually.

The interests are calculated at a floating rate and shall be adjusted with reference to the loan prime rate for loans with a maturity of above 5 years as promulgated by the National Interbank Funding Centre under the authority of the People's Bank of China from time to time plus a premium.

The obligations of YCCS under the Finance Lease Agreements shall be secured by, among others, (a) a pledge of the entire equity interest in YCCS; (b) a corporate guarantee from Tianjin Beiqing; and (c) a pledge on the electricity bill receivables by YCCS.

Ownership of the Leased Assets

The ownership of the Leased Assets under the respective Finance Lease Agreements will be vested in CIB Leasing throughout the respective lease periods. At the end of the respective lease periods and subject to payments by YCCS of (i) all amounts due under the respective Finance Lease Agreements; and (ii) a nominal consideration of RMB10,000 for each of the Finance Lease Agreements, the ownership of the Leased Assets will be vested in YCCS.

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

Undertaking

Pursuant to the Finance Lease Agreements, among other things, in the event that during the respective lease periods, Beijing Enterprises Water Group Limited, the controlling shareholder of the Company, ceases to be the single largest shareholder of the Company, an event of default will occur under the respective Finance Lease Agreements. CIB Leasing shall be entitled to early termination of the Finance Lease Agreements, and all the amounts outstanding under the Finance Lease Agreements will immediately become due and payable.

As at the date of this announcement, Beijing Enterprises Water Group Limited, the controlling shareholder of the Company, indirectly holds approximately 31.88% of the issued share capital of the Company and is the single largest shareholder of the Company.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENTS

On 11 September 2018 and 26 December 2018, YCCS, as lessee, entered into the Previous Finance Lease Agreement I with CNNC Leasing, as lessor, and the Previous Finance Lease Agreement II with CR Leasing, as lessor, for the financing arrangements in relation to the Leased Assets for a lease term of 5 years.

YCCS on the one hand and each of CNNC Leasing and CR Leasing on the other hand have agreed that the Previous Finance Lease Agreements will be early terminated upon YCCS repaying RMB246,415,803 (being approximately RMB243,322,034 as the outstanding principal lease cost, approximately RMB3,083,769 as the outstanding interest payable and RMB10,000 as the nominal consideration) and RMB201,196,229 (being approximately RMB199,020,986 as the outstanding principal lease cost, approximately RMB2,175,143 as the outstanding interest payable and RMB100 as the nominal consideration), being the amounts outstanding as at the relevant repayment date, to CNNC Leasing and CR Leasing respectively. No penalty or fee will be required to be paid by YCCS for such early termination.

The consideration for the Leased Assets which is payable by CIB Leasing under the Finance Lease Agreements will be applied for the refinancing of the finance lease arrangements under the Previous Finance Lease Agreements and repayment of inter-company loans. The Finance Lease Agreements can provide the Group with long-term financial resources for the development and operation of the photovoltaic power projects at a lower cost with a longer lease term and allow the Group to make a more efficient utilisation of internal financial resources.

Having considered the above, the Directors are of the view that the Finance Lease Agreements and the transactions contemplated therein have been agreed under normal commercial terms and after arm's length negotiations between the relevant parties, and the terms of the Finance Lease Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

It is expected that according to the Hong Kong Financial Reporting Standards, the transactions contemplated under the Finance Lease Agreements shall be accounted for as financing arrangements and therefore would not give rise to any gain or loss.

INFORMATION OF THE GROUP, THE COMPANY AND TIANJIN BEIQING

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

Tianjin Beiqing is an indirect non-wholly owned subsidiary of the Company which is principally engaged in the investment and development of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC.

INFORMATION OF THE LESSEE

YCCS is an indirect non-wholly owned subsidiary of the Company and an indirect wholly-owned subsidiary of Tianjin Beiqing. It is principally engaged in the investment, development, construction and operation of photovoltaic power plants.

INFORMATION OF THE LESSOR

CIB Leasing is a financial leasing company established in the PRC. As at the date of this announcement, CIB Leasing is wholly owned by 興業銀行股份有限公司 (Industrial Bank Co., Ltd.*) (“**Industrial Bank**”).

Industrial Bank is a licensed bank established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601166.SH). Based on publicly available information, the substantial shareholders who hold 5% or more interest in Industrial Bank are (i) 福建省財政廳 (the Public Finance Department of Fujian Province*), which holds approximately 18.78% interest therein; and (ii) 中國煙草總公司 (China National Tobacco Corporation*), which holds approximately 5.34% interest therein, which in turn is wholly owned by 國務院國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of the State Council*).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, CIB Leasing and its ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

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As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Finance Lease Agreements and the transactions contemplated therein is more than 5% and all of the applicable percentage ratios are below 25%, the entering into of the Finance Lease 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
“CIB Leasing”	興業金融租賃有限責任公司 (Industrial Bank Financial Leasing Co., Ltd.*), a company established in the PRC with limited liability
“CNNC Leasing”	中核融資租賃有限公司 (CNNC Financial Leasing Co., Ltd.*), a company established 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 (stock code: 01250)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CR Leasing”	華潤融資租賃有限公司 (China Resources Financial Leasing Co., Ltd.*) (formerly known as 華潤租賃有限公司 (China Resources Leasing Co., Ltd.*)), a company established in the PRC with limited liability
“Directors”	the director(s) of the Company
“Finance Lease Agreements”	the Finance Lease Agreement I and the Finance Lease Agreement II, details of which are set out in the section headed “THE FINANCE LEASE AGREEMENTS” in this announcement
“Finance Lease Agreement I”	the finance lease agreement dated 27 November 2020 entered into between YCCS, as lessee, and CIB Leasing, as lessor, for certain of the Leased Assets for a total consideration of RMB460,000,000
“Finance Lease Agreement II”	the finance lease agreement dated 27 November 2020 entered into between YCCS, as lessee, and CIB Leasing, as lessor, for certain of the Leased Assets for a total consideration of RMB40,000,000
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is independent of the Company and connected persons of the Company

“Leased Assets”	certain photovoltaic power generating equipment and ancillary facilities regarding a 100MW photovoltaic power plant in 小壕兔鄉 (Xiaohao Tu Xiang*), 榆林市 (Yulin City*), Shaanxi Province, the PRC, being the subject matter of the Finance Lease Agreements
“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
“Previous Finance Lease Agreements”	the Previous Finance Lease Agreement I and the Previous Finance Lease Agreement II
“Previous Finance Lease Agreement I”	the finance lease agreement dated 11 September 2018 entered into between YCCS, as lessee, and CNNC Leasing, as lessor, for certain of the Leased Assets, details of which are set out in the Company’s announcement dated 11 September 2018
“Previous Finance Lease Agreement II”	the finance lease agreement dated 26 December 2018 entered into between YCCS, as lessee, and CR Leasing, as lessor, for certain of the Leased Assets
“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

“Tianjin Beiqing”	天津北清電力智慧能源有限公司 (Tianjin Beiqing Power and Smart Energy Co., Ltd.*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“YCCS”	榆林協合太陽能發電有限公司 (Yulin Century Concord Solar Power Co., Ltd.*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“%”	per cent.

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

Hong Kong, 27 November 2020

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

* *for identification purposes only*