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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)

**MAJOR TRANSACTION
CAPITAL CONTRIBUTION AGREEMENT**

A letter from the Board is set out on pages 4 to 17 of this circular.

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DEFINITIONS

In this circular, unless otherwise defined or the context requires, the following terms and expressions shall have the following meanings:

“Agreement”	the agreement dated 30 July 2020 between, the Company, the Subsidiary, the Target Company and the Second Investors;
“associate”	has the meanings ascribed to it under the Listing Rules;
“BENE”	北京北控光伏科技发展有限公司 (Beijing Enterprises New Energy Company Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Board”	the board of the Company;
“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: 1250);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“First Capital Increase”	the subscription of new capital in the Target Company by the First Investors, the particulars of which are disclosed in the announcement of the Company dated 27 December 2019;
“First Investors”	the investors involved in the First Capital Increase, the details of which are disclosed in the announcement of the Company dated 27 December 2019;
“First Option”	the option granted to the First Investors, the particulars of which are disclosed in the announcement of the Company dated 27 December 2019;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

DEFINITIONS

“Latest Practicable Date”	18 December 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules;
“PRC”	the People’s Republic of China;
“Option”	the option granted to the Second Investors, the particulars of which are set out in the paragraph headed “The Option” in this circular;
“Relevant Shareholders”	Fast Top Investment Limited, CTSL Green Power Investment Limited and CTSL New Energy Investment Limited, a closely allied group of Shareholders which control in aggregate 35,443,037,981 Shares, representing approximately 55.79% of the issued share capital of the Company as at the Latest Practicable Date;
“RMB”	Renminbi, the lawful currency of the PRC;
“Second Capital Increase”	the subscription of new capital in the Target Company by the Second Investors, the particulars of which are set out in the paragraph headed “The Second Capital Increase” in this circular;
“Second Investor A”	深圳市海匯全贏投資諮詢合夥企業(有限合夥) (Shenzhen Haihui Quanying Investment Consulting Partnership Enterprise (Limited Partnership)*) which is a limited partnership established in the PRC;
“Second Investor B”	啟鷺(廈門)股權投資合夥企業(有限合夥) (Qilu (Xiamen) Equity Investment Partnership Enterprise (Limited Partnership)*) which is a limited partnership established in the PRC;
“Second Investors”	comprising Second Investor A and Second Investor B;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong);

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Share Option Scheme”	the Company’s share option scheme adopted pursuant to the shareholders’ resolution passed on 11 June 2013, of which there are options relating to 1,030,000,000 shares granted by the Company that remain outstanding, representing approximately 1.62% of the Shares in issue as at the Latest Practicable Date;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary” or “Harvest Sunny”	Harvest Sunny International Limited (富歡國際有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“substantial shareholder”	has the meanings ascribed to it under the Listing Rules;
“Supplemental Agreement”	the agreement dated 30 July 2020 between, the Company, the Subsidiary, the Target Company, BENE and the Second Investors;
“Takeovers Code”	The Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong;
“Target Company” or “Beiqing Smart”	天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Co., Ltd.*), formerly known as 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 an indirect non-wholly owned subsidiary of the Company as at the Latest Practicable Date;
“%”	per cent.

* For identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Hu Xiaoyong

Mr. Shi Xiaobei

Mr. Tan Zaixing

Ms. Huang Danxia

Registered Office:

P.O. Box 1350

Clifton House, 75 Fort Street

Grand Cayman KY1-1108

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Independent non-executive Directors:

Mr. Li Fujun

Mr. Xu Honghua

Mr. Chiu Kung Chik

*Head office and principal place
of business:*

Rooms 6706-07

67th Floor, Central Plaza

18 Harbour Road, Wanchai

Hong Kong

24 December 2020

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION CAPITAL CONTRIBUTION AGREEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated 27 December 2019 in relation to the First Capital Increase and the announcement of the Company dated 30 July 2020 in relation to the Second Capital Increase.

On 30 July 2020, the Company, the Subsidiary and the Target Company, both being subsidiaries of the Company, entered into the Agreement with the Second Investors, pursuant to which the Second Investors agreed to contribute new capital in the aggregate amount of RMB400 million in return for approximately 4.30% of the enlarged capital of the Target Company.

LETTER FROM THE BOARD

The Target Company and its subsidiaries are principally engaged in the investment and development of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC. As at the date of the Agreement and the Supplemental Agreement, the Target Company was held as to approximately 93.26% by the Subsidiary and as to approximately 6.74% by the First Investors. Upon completion of the Second Capital Increase, the Target Company will be held as to approximately 89.25% by the Subsidiary and the Target Company will continue to be accounted as a subsidiary of the Company.

On 30 July 2020, the Company, the Subsidiary, the Target Company and BENE entered into the Supplemental Agreement with the Second Investors, pursuant to which the Option has been granted to the Second Investors under which the Second Investors shall have the right to request BENE or the Target Company to repurchase the equity interests in the Target Company held by the Second Investors at any time after the occurrence of any of the events detailed under the paragraph headed “The Option” in this circular. The repurchase price shall be determined by reference to a fixed formula.

The purpose of this circular is to provide you with, among other things, further details of the Second Capital Increase and the Option and other information required under the Listing Rules.

THE AGREEMENT

On 30 July 2020, the Company, the Subsidiary, the Target Company and the Second Investors entered into the Agreement. The principal terms of the Agreement are summarised below:

The Second Capital Increase

The Second Investors agreed to contribute new capital in the aggregate amount of RMB400 million in return for approximately 4.30% of the enlarged capital of the Target Company. Of which, Second Investor A and Second Investor B will contribute RMB100 million and RMB300 million to the new capital of the Target Company, respectively.

Of the RMB400 million new capital to be contributed by the Second Investors to the Target Company, approximately RMB265.1 million will be accounted by the Target Company as registered capital and approximately RMB134.9 million will be accounted as capital reserve.

Subscription price

The subscription price was determined by the parties after arm’s length negotiations with reference to the existing registered capital of the Target Company, the amount of new capital to be contributed by the Second Investors as a percentage of the net asset value of the Target Company, and the future business potential of the Target Company.

LETTER FROM THE BOARD

Conditions

The Second Capital Increase is conditional upon the satisfaction or waiver of the following conditions:

- (1) the Agreement has been duly executed and became effective;
- (2) the representations, warranties and undertakings of the Target Company, the Company and the Subsidiary remain true, accurate and without material omissions, and are not misleading, and that the Target Company, the Company and the Subsidiary have not been in breach of their obligations under the Agreement on or prior to the date on which the conditions to the Agreement have been satisfied;
- (3) there has not been any material adverse effect on the Target Company or the proposed holding of such equities in the Target Company by the Second Investors prior to and including the date on which the conditions have been satisfied, and there is no evidence that there may be such material adverse effect;
- (4) save as disclosed in the Agreement, there is no encumbrances on the Target Company or its subsidiaries;
- (5) the Target Company has obtained the consents and approvals of, and signed the Agreement and the Supplemental Agreement with, all third parties in respect of the transactions contemplated under the Second Capital Increase;
- (6) the new articles of association of the Target Company have been signed by the Target Company, the Subsidiary and the Second Investors;
- (7) the shareholders' agreement of the Target Company has been duly executed by the First Investors, the Second Investors and the relevant parties and became effective;
- (8) the Target Company has appointed the director nominated by the First Investors and the Second Investors; and
- (9) the Target Company, the Company, the Subsidiary and BENE have provided the written confirmation required under the Agreement to the Second Investors.

The Company, the Subsidiary and the Target Company shall use their best endeavours to satisfy the conditions within 30 business days of the signing of the Agreement. The Second Investors may waive any and all of the conditions to the Agreement. As at the Latest Practicable Date, all the above conditions have been satisfied.

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Completion

Completion of the Second Capital Increase shall take place upon the payment of RMB400 million by the Second Investors to the designated account of the Target Company within 5 business days of the satisfaction or waiver of the conditions to the Agreement.

Completion of the Second Capital Increase took place on 11 September 2020. Upon completion of the Second Capital Increase, the Target Company continued to be accounted as a subsidiary of the Company.

THE SUPPLEMENTAL AGREEMENT

On 30 July 2020, the Company, the Subsidiary, the Target Company, BENE and the Second Investors entered into the Supplemental Agreement in relation to, among others, the Option.

The Option

Under the Supplemental Agreement, the Option has been granted to the Second Investors pursuant to which the Second Investors shall have the right to request BENE or the Target Company to repurchase their equity interests in the Target Company at any time after the occurrence of any of the following events:

- (i) the Target Company is unable to complete a qualified listing of its shares (the “**Qualified Listing**”) on or before 31 December 2022 and the Target Company could not reasonably be expected to complete the Qualified Listing before 31 December 2022;
- (ii) the new accumulative losses of the Target Company have reached 20% of the net asset value of the Target Company as at 31 December 2018;
- (iii) there has been material integrity issues with the Subsidiary or the Company, in particular if there has been any off-book cash sales income of the Target Company without the knowledge of the Second Investors;
- (iv) the actual control of the Target Company (that is, the State-owned Assets Supervision and Administration Commission of the Beijing Municipal People’s Government) has changed, save and except for any transfers due to the needs of the state-owned assets supervision and management agency;
- (v) there have been material changes to the core business of the Target Company, save and except for those changes that have been approved by the designated party of the First Investors in accordance with the company’s normal voting procedures;

LETTER FROM THE BOARD

- (vi) the Target Company has conducted transactions or provided guarantees to related parties that are detrimental to the interests of the Second Investors, save and except for matters that consents have been granted by the Second Investors;
- (vii) the Target Company is unable to distribute dividends in accordance with the resolutions of its shareholders;
- (viii) any statements and guarantees made by the Target Company, the Subsidiary and the Company in the Agreement and the Supplemental Agreement have been found to be untrue, incomplete, inaccurate or misleading, or the Target Company, the Subsidiary and the Company failed to fulfill their obligations in the Agreement and the Supplemental Agreement, causing significant losses to the Second Investors;
- (ix) the Target Company has entered into receivership or bankruptcy proceedings; and
- (x) the Company, the Subsidiary and the Target Company have materially failed to complete the rectification matters set out in the Agreement within the agreed time limit.

In the occurrence of the event set out in paragraph (i) above, the Second Investors may waive the immediate performance of the repurchase obligation by BENE or the Target Company and extend the performance period of the Qualified Listing by a further twelve months.

Premium for the Option

No premium is payable by the Second Investors for the Option.

Repurchase price

The repurchase price of the equities under the Option shall be determined by the parties in accordance with the formula:

Repurchase price = the aggregate investment amount x (1+10% x investment period[#]/365 days)

[#] Investment period refers to the number of days from the date of completion of Second Capital Increase to the date when BENE or the Target Company paid the repurchase price to the Second Investors in full.

Based on the above formula and on the basis of the capital contributed by the Second Investors to the Target Company of RMB400 million, the repurchase price that may be payable if the Option is exercised on 31 December 2022 would be approximately RMB500 million. If the Qualified Listing does not occur on or before 31 December 2022 and the Second Investors elect to extend the performance period of the Qualified Listing by a further twelve months, the repurchase price that may be payable under such circumstances would be approximately RMB540 million.

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Payment of the repurchase price

BENE or the Target Company shall pay the repurchase price within 30 business days after the receipt of the notice for the exercise of the Option.

Guarantee

The Company shall guarantee the obligations of the Subsidiary, the Target Company and BENE under the Agreement and the Supplemental Agreement.

INFORMATION ON THE TARGET COMPANY

The Target Company was established on 12 November 2015 in the PRC with limited liability. The Target Company and its subsidiaries are principally engaged in the investment and development of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC.

Changes to the shareholding of the Target Company before and after the Second Capital Increase are as follow:

Shareholders	Approximate percentage of the shareholding immediately preceding the completion of the Second Capital Increase %	Approximate percentage of the shareholding immediately upon completion of the Second Capital Increase %
the Subsidiary	93.26	89.25
the First Investors (<i>Note 1</i>) – 天津市平安消費科技投資合夥企業(有限合夥) (Tianjin Ping An Consumption Technology Investment Partnership Enterprise (Limited Partnership)*)	5.90	5.64

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Shareholders	Approximate percentage of the shareholding immediately preceding the completion of the Second Capital Increase %	Approximate percentage of the shareholding immediately upon completion of the Second Capital Increase %
– 嘉興智精投資合夥企業(有限合夥) (Jiaxing Zhijing Investment Partnership Enterprise (Limited Partnership)*)	0.40	0.38
– 嘉興智精恒錦投資合夥企業(有限合夥) (Jiaxing Zhijing Hengjin Investment Partnership Enterprise (Limited Partnership)*)	0.33	0.32
– 嘉興智精恒睿投資合夥企業(有限合夥) (Jiaxing Zhijing Hengrui Investment Partnership Enterprise (Limited Partnership)*)	0.11	0.11
Second Investor A (<i>Note 1</i>)	–	1.07
Second Investor B	–	3.23
Total	<u>100.00</u>	<u>100.00</u>

Note:

- Each of the First Investors and Second Investor A is controlled by Ping An.

LETTER FROM THE BOARD

The financial results of the Target Company for each of the two years ended 31 December 2018 and 2019 are as follows:

	For the year ended 31 December	
	2018	2019
	(audited)	(unaudited)
	<i>RMB' million</i>	<i>RMB' million</i>
Profit before tax	1,453.5	1,133.6
Profit after tax	1,322.6	1,025.6

The unaudited net asset value of the Target Company as at 31 March 2020 was RMB9,215.0 million.

Upon completion of the Second Capital Increase, the equity interest of the Company (through the Subsidiary) in the Target Company will decrease from approximately 93.26% to approximately 89.25%. As such, the Target Company will remain as a subsidiary of the Company and its financial results, assets, liabilities and cash flows will continue to be consolidated in the Company's consolidated financial statements. As the Second Capital Increase will not result in the Company's loss of control over the Target Company, the Second Capital Increase will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in the Company's consolidated statement of profit or loss and other comprehensive income.

The proceeds from the Second Capital Increase will be applied for the development of the Target Company's businesses, as general working capital of the Group, and/or other purposes as agreed by the Second Investors.

INFORMATION ON 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.

The Subsidiary

The Subsidiary is an indirect wholly-owned subsidiary of the Company and is principally engaged in the business of investment holding.

LETTER FROM THE BOARD

The Target Company

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

BENE

BENE is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding, trading of equipment and provision of consultancy services.

The First Investors

The First Investors comprise four entities, namely (i) 天津市平安消費科技投資合夥企業(有限合夥)(Tianjin Ping An Consumption Technology Investment Partnership Enterprise (Limited Partnership)*) (“**Tianjin Ping An**”), which is a limited partnership established in the PRC and is principally engaged in investment in the consumption technology; (ii) 嘉興智精投資合夥企業(有限合夥)(Jiaxing Zhijing Investment Partnership Enterprise (Limited Partnership)*), which is a limited partnership established in the PRC and is principally engaged in investment holding and provision of consultancy services; (iii) 嘉興智精恒錦投資合夥企業(有限合夥)(Jiaxing Zhijing Hengjin Investment Partnership Enterprise (Limited Partnership)*), which is a limited partnership established in the PRC and is principally engaged in investment holding and provision of consultancy services; and (iv) 嘉興智精恒睿投資合夥企業(有限合夥)(Jiaxing Zhijing Hengrui Investment Partnership Enterprise (Limited Partnership)*), which is a limited partnership established in the PRC and is principally engaged in investment holding and provision of consultancy services.

Each of the First Investors is controlled by Ping An Insurance (Group) Company of China, Ltd. (“**Ping An**”). Ping An is a company whose H shares are listed on the Stock Exchange (Stock Code: 2318). Ping An is engaged in the provision of insurance, banking, investment and internet finance products and services.

Tianjin Ping An is held as to 50% interest by two companies that are indirectly wholly owned by Ping An, and the remaining 50% interest is held by 新余高新區永旭昌悅投資合夥企業(有限合夥)(Xinyu Gaoxin District Yongxu Changyue Investment Partnership Enterprise (Limited Partnership)*) (“**Yongxu Changyue**”). Yongxu Changyue is held as to (i) 36% interest by 郭劍 (Guo Jian*); (ii) 35% interest by 紹興恒辰投資合夥企業(有限合夥)(Shaoxing Hengchen Investment Partnership Enterprise (Limited Partnership)*) (“**Shaoxing Hengchen**”), which is in turn held by four individuals with no controlling interest holder; and (iii) 29% interest by four individuals and each of whom is holding not more than 10% interest. The general partner of Tianjin Ping An is 深圳市平安德成投資有限公司 (Shenzhen Ping An Decheng Investment Co., Ltd.*) (“**Ping An Decheng**”), which is indirectly wholly owned by Ping An. The general partner of Yongxu Changyue is 張雲帆 (Zhang Yunfan*). The general partner of Shaoxing Hengchen is 沈振國 (Shen Zhenguo*).

LETTER FROM THE BOARD

嘉興智精投資合夥企業(有限合夥)(Jiaxing Zhijing Investment Partnership Enterprise (Limited Partnership*)) (“**Jiaxing Zhijing Investment**”) is held by 45 individuals and one company (to which Ping An has majority interest therein) with no controlling interest holder. The individuals with largest interest are 陳火罐 (Chen Huoguan*) (approximately 3.97% interest) and 鄭林祥 (Zheng Linxiang*) (approximately 3.97% interest).

嘉興智精恒錦投資合夥企業(有限合夥)(Jiaxing Zhijing Hengjin Investment Partnership Enterprise (Limited Partnership*)) (“**Jiaxing Zhijing Hengjin**”) is held by 21 individuals and one company (to which Ping An has majority interest therein) with no controlling interest holder. The individual with largest interest is 李鐵 (Li Tie*) (approximately 16.26% interest).

嘉興智精恒睿投資合夥企業(有限合夥)(Jiaxing Zhijing Hengrui Investment Partnership Enterprise (Limited Partnership*)) (“**Jiaxing Zhijing Hengrui**”) is held by 19 individuals and one company (to which Ping An has majority interest therein) with no controlling interest holder. The individual with largest interest is 李道林 (Li Daolin*) (approximately 23.81% interest).

The general partner of each of Jiaxing Zhijing Investment, Jiaxing Zhijing Hengjin and Jiaxing Zhijing Hengrui is 平安財智投資管理有限公司 (Ping An Caizhi Investment Management Co., Ltd*) (“**Ping An Caizhi**”), which is wholly-owned by 平安證券股份有限公司 (Ping An Securities Co., Ltd.*) (“**Ping An Securities**”). Ping An Securities is owned as to approximately 96.62% interest (including direct and indirect interest) by Ping An.

The Second Investors

The Second Investors comprise two entities, namely (i) 深圳市海匯全贏投資諮詢合夥企業(有限合夥) (Shenzhen Haihui Quanying Investment Consulting Partnership Enterprise (Limited Partnership*)) (i.e. Second Investor A) and (ii) 啟鷺(廈門)股權投資合夥企業(有限合夥)(Qilu (Xiamen) Equity Investment Partnership Enterprise (Limited Partnership*)) (i.e. Second Investor B), which are limited partnerships established in the PRC and are principally engaged in investment holding and provision of consultancy services.

Second Investor A is held as to approximately 99.01% interest by companies that are ultimately owned by the government of the PRC, and as to approximately 0.99% interest by a company that is wholly owned by Ping An. The general partner of Second Investor A is Ping An Decheng.

Ping An controls the First Investors and Second Investor A.

Second Investor B is referred by Ping An for the Second Capital Increase.

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Second Investor B is controlled by China International Capital Corporation Limited (“CICC”). CICC is a company whose H shares are listed on the Stock Exchange (Stock Code: 3908). CICC is engaged in investment banking business, equities business, fixed-income, currency and commodity business, investment management business, wealth management business and other business activities.

Second Investor B is held as to approximately 99.34% interest by 中金啟融(廈門)股權投資基金合夥企業(有限合夥)(CICC Qirong (Xiamen) Equity Investment Fund Partnership Enterprise (Limited Partnership*)) (“CICC Qirong”) and as to approximately 0.66% interest by two other entities. CICC Qirong is held by three entities, among which, 99.96% interest is held by 亞投銀欣(廈門)投資管理有限公司 (Yatou Yinxin (Xiamen) Investment Management Company Limited*), which is in turn held as to 50% interest by 仲貞 (Zhong Zhen*) and as to 50% interest by 黃江圳 (Huang Jiangzhen*). The general partner of Second Investor B is 中金資本運營有限公司 (CICC Capital Operations Co., Ltd.*), which is in turn wholly owned by CICC.

Save for Ping An’s indirect non-controlling interests in the Target Company, to the best knowledge of the Directors, having made reasonable enquiry, each of Ping An, the First Investors, the Second Investors and their ultimate owners are independent of and not connected with the Company and its connected persons as at the date of the Agreement and the Supplemental Agreement.

REASONS FOR AND BENEFIT OF THE AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

The Company introduced the First Investors as strategic shareholders in the Target Company in December 2019. The Second Capital Increase will serve to further enhance the capital structure of the Target Company for its future business development, further improve the asset liability structure of the Target Company, increase debt capacity for future new projects and further decrease the Group’s financial risks.

Given that the Second Capital Increase was being made after arm’s length negotiations, the Directors (including the independent non-executive Directors) consider that the Agreement and the Supplemental Agreement were entered into under normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

On 27 December 2019, the Company, the Subsidiary and the Target Company, entered into an agreement and a supplemental agreement with the First Investors in relation to the First Capital Increase and the First Option. The entering into of the First Capital Increase and the First Option were approved by the Board. The First Capital Increase and the First Option constituted discloseable transactions for the Company and were subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As Second Investor A is associated with the First Investors and that the First Capital Increase and the First Option were completed within 12 months of the Agreement and the Supplemental Agreement, the Second Capital Increase and the Option would need to be aggregated with the First Capital Increase and the First Option, respectively, pursuant to Rule 14.22 of the Listing Rules.

The Second Capital Increase

The Second Capital Increase constitutes a deemed disposal by the Company of its interests in the Target Company under Chapter 14 of the Listing Rules. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Second Capital Increase, when aggregated with the First Capital Increase, are more than 25% but less than 75%, the Second Capital Increase constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Option

The exercise right of the Option is vested with the Second Investors. The Option will be treated as if exercised at the time of its grant pursuant to Rule 14.74(1) of the Listing Rules. Given that one of the applicable percentage ratios in respect of the maximum consideration payable under the Option for the equity interest of the Second Investors under the formula set out in the Supplemental Agreement, when aggregated with the First Option, is more than 25% but less than 100%, the grant of the Option constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Written approval pursuant to Rule 14.44 of the Listing Rules

No Shareholders or any of their respective associates are interested in the Second Capital Increase or the Option and no Shareholders would be required to abstain from voting at the general meeting convened for the approval of the Second Capital Increase or the Option. As at the date of the Agreement and the Supplemental Agreement, the Relevant Shareholders, being a closely allied group of Shareholders, control in aggregate 35,443,037,981 Shares, representing approximately 55.79% of the Company's issued share capital, have approved the Second Capital Increase and the Option by way of a written approval pursuant to Rule 14.44 of the Listing Rules. Accordingly, no general meeting of the Company would need to be convened to approve the Second Capital Increase and the Option.

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The respective interests of the Relevant Shareholders in the Shares and relationship among the Relevant Shareholders are summarised in the table below:

Name of the Relevant Shareholders (place of incorporation)	Number of Shares held (approximate percentage shareholding (%) (Note 1)	The beneficial owner(s) of the Relevant Shareholders
Fast Top Investment Limited ("Fast Top") (Incorporated in the British Virgin Islands)	20,253,164,571 (31.88%)	Wholly-owned subsidiary of Beijing Enterprises Water Group Limited ("BEWG"), a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
CTSL Green Power Investment Limited ("CTSL Green Power") (Incorporated in the British Virgin Islands)	7,594,936,710 (11.96%)	Jointly-controlled by CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P.. The general partner of CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P. is CITIC PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands
CTSL New Energy Investment Limited ("CTSL New Energy") (Incorporated in the British Virgin Islands)	7,594,936,700 (11.95%)	Wholly-owned subsidiary of 北京中信投資中心(有限合伙)(CITIC Private Equity Fund III (RMB)*) ("CITIC PEF III"), which is a limited partnership registered under the laws of the PRC

Note:

- The percentage was calculated based on 63,525,397,057 issued Shares as at the Latest Practicable Date.

The Relevant Shareholders are a closely allied group of Shareholders which control an aggregate of 35,443,037,981 Shares, representing approximately 55.79% of the Company's issued share capital and voting rights in the Company's general meeting. The Relevant Shareholders have been shareholders of the Company since 6 May 2015. The Relevant Shareholders are regarded as "acting in concert" for the purposes of the Takeovers Code given Fast Top, the ultimate controllers of CTSL Green Power (i.e. CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P.) and the beneficial owner of CTSL New Energy (i.e. CITIC PEF III) are regarded as parties "acting in concert" for the purposes of the Takeovers Code, details of which are set out in the circular of the Company dated 10 April 2015 in relation to, among other things, the subscription agreement dated 9 December 2014 (as supplemented by the first supplemental agreement dated 29 December 2014, the second supplemental agreement dated 31 January 2015 and the third supplemental agreement dated 30 April 2015) entered into between, among others, the Company, Fast Top, CPEChina Fund II, L.P., CPEChina Fund IIA, L.P. and CITIC PEF III in respect of the subscription of certain new ordinary shares and convertible preference shares of the Company.

LETTER FROM THE BOARD

The Relevant Shareholders have together voted for past Shareholders' resolutions other than the routine resolutions presented at each annual general meeting of the Company. The Company had obtained written approvals in lieu of holding a general meeting of the Company from the Relevant Shareholders in June 2016 (details of which can be found in the announcements of the Company dated 21 June 2016 and 27 June 2016 and the circular of the Company dated 15 August 2016) and in May 2020 (details of which can be found in the announcement of the Company dated 8 May 2020 and the circular of the Company dated 24 July 2020).

PROPOSED A-SHARE LISTING OF THE TARGET COMPANY

It is the plan of the Company to seek a separate listing of the shares of the Target Company in a qualified securities exchange in the PRC in the future. The Directors believe that the proposed A-Share listing of the Target Company will enable the market to assess the intrinsic value of the Company positively, reflect the true value of the Company as well as providing an additional fund-raising platform. As at the Latest Practicable Date, no formal application has been made by the Company to any securities exchange and no concrete timetable has been set. The proposed A-Share listing of the Target Company would need to be consulted and approved by BEWG, the single largest shareholder of the Company, and the Board of the Company. Should the Company proceed with such plan, the Company will make the necessary disclosure and comply with the requirements for spin-off under the Listing Rules.

OTHERS

The Board is of the view that the Agreement, the Supplemental Agreement, and the transactions contemplated thereunder were entered into on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

Financial information of the Group for each of the three years ended 31 December 2017, 31 December 2018 and 31 December 2019 is disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bece.com.hk) and can be accessed at the website addresses below:

For the annual report of the Company for the year ended 31 December 2017, please see: https://doc.irasia.com/listco/hk/bece/annual/ar193209-ew_01250ar_24042018.pdf

For the annual report of the Company for the year ended 31 December 2018, please see: https://doc.irasia.com/listco/hk/bece/annual/ar210632-ew_01250ar_26032019.pdf

For the annual report of the Company for the year ended 31 December 2019, please see: https://doc.irasia.com/listco/hk/bece/annual/ar228997-ew_01250_27032020.pdf

2. INDEBTEDNESS STATEMENT**Debts and borrowings**

As at 31 October 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding (i) secured bank loans of approximately HK\$3,090 million, (ii) unsecured bank loans of approximately HK\$10,064 million, (iii) unsecured corporate bonds with an aggregate principal amount of RMB1,400 million (equivalent to approximately HK\$1,614 million), which are guaranteed by the Company, (iv) secured lease liabilities of approximately HK\$14,031 million, and (v) unsecured lease liabilities of approximately HK\$854 million.

The secured bank and other borrowings, lease liabilities under finance lease arrangements and bill payables of the Group as at 31 October 2020 are secured by:-

- (i) pledges over certain of the Group's property, plant and equipment and operating concessions;
- (ii) pledges over certain of the Group's trade receivables;
- (iii) pledges over the Group's equity interests in certain subsidiaries;
- (iv) guarantees given by the Company and/or its subsidiaries; and/or
- (v) pledges over certain of the Group's bank balances.

Guarantees issued

As at 31 October 2020, the Group provided the total maximum guarantees in relation to the investment in joint ventures and an unlisted equity investment of approximately HK\$1,518 million.

The Group provided a guarantee in respect of the due performance of the payment obligations under a finance lease agreement comprising the lease payments and administrative fee amounted to approximately HK\$549 million of a joint venture of the Group as at 31 October 2020.

Contingent liabilities

As at 31 October 2020, the Group had no material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities, the Group did not, as at 31 October 2020, have any outstanding debt securities, whether issued and outstanding, authorised or otherwise created but unissued, term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Company or by third parties) or unsecured, other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured borrowings or debt, mortgages, charges, guarantees or other material contingent liabilities.

The Directors confirm that, save as disclosed above, there are no material changes in the indebtedness and contingent liabilities of the Group since 31 October 2020.

3. WORKING CAPITAL

Taking into account the financial resources available to the Group, including internally generated funds, available facilities from banks and the net proceeds from the Second Capital Increase, the Directors are of the opinion that the Group has sufficient working capital for its requirements for at least 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS

Despite the difficulties and uncertainties ahead, the Group is determined to overcome this headwind and keep moving forward. Faced with the new normal and new challenges, the Group remains committed to its mission of “promoting the revolution in energy production and consumption, building a clean, low-carbon, safe and efficient energy system”, and will make great efforts to overcome the difficulties, foster new opportunities amid challenges and make new advances amid changes. In 2020, the COVID-19 outbreak led to much more volatility in the global economy. Amidst the outbreak of the epidemic, all of the Group’s business partners are determined to overcome the challenges, and will stick to focus on epidemic containment and production operation, so as to ensure safe and orderly resumption of work and production. On this basis, the Group will continue to strengthen corporate culture building, promote organizational reform, deepen risk control management and solidify the safety foundation, and exert great efforts in revenue increase, expenditure cutting, cost reduction and efficiency enhancement. The Group is dedicated to facilitating high-quality development of clean energy business in the new era with firm beliefs and solid actions, in the hope of contributing to the construction of a community of shared future for mankind in the global village for the benefit of all humankind and future generations.

The Group remains cautious about the business development of the Group in the future, with plans to make appropriate adjustment to its development plans and business goals when necessary. The Group considers that the Second Capital Increase would have positive impact on and be beneficial to the future developments of the Group. The Group is still optimistic about the prospects in the clean energy industry in the PRC with a view to delivering sustainable shareholder return going forward.

5. NO MATERIAL ADVERSE CHANGES

Save as disclosed herein and save as disclosed in the announcement of the Company dated 30 July 2020 in relation to profit warning, the Directors confirm that there are no material adverse changes in the financial or trading position of the Group since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Company were made up).

An application for waiver from strict compliance with the disclosure requirements under Rules 14.67(6)(a)(i) and (ii) of the Listing Rules was made to the Stock Exchange. If the requirements of Rules 14.67(6)(a)(i) and (ii) of the Listing Rules were to be complied with in respect of the Option, the Company would have to include in this circular an accountants' report of the Target Company and the "enlarged Group" (the "**Accounts**").

The application for waiver is on the basis that the disclosure would not provide meaningful information to the Shareholders and the public for the following reasons:

- (a) The Option may or may not be exercised. If it is exercised at all, it would be a future event, and the Accounts which will contain historical information of Target Company would not assist the Shareholders or the public to assess the status of the Target Company at the time the Option is exercised.
- (b) The Target Company, because of its involvement in the clean energy business, may acquire projects from time to time. The assets of the Target Company may change at the time when the Option is exercised.
- (c) The Target Company, being a limited company established in the PRC, has its financial results prepared in accordance with PRC GAAP. The preparation of the Accounts for inclusion in this circular would require to convert its existing accounts into HKFRS.
- (d) The auditors of the Company would have to carry out audit procedures on the Target Company.
- (e) The Target Company has been a subsidiary of the Company since its establishment and it will continue to be consolidated as a subsidiary of the Company upon closing of the Second Capital Increase and the exercise of the Option. The inclusion of the Accounts in this circular would add little value in providing the Shareholders or investors with additional information, as the Option will not affect the Target Company being accounted as a subsidiary of the Group before and after the exercise of the Option.
- (f) The Target Company is and will continue to be consolidated as a subsidiary of the Company, the inclusion of a pro-forma statement of assets and liabilities of the "enlarged Group" would not be meaningful or provide any additional information to the Shareholders or investors.

APPENDIX II**FINANCIAL INFORMATION OF THE TARGET COMPANY**

A related waiver from the strict compliance with the disclosure requirements under Rules 14.67(6)(a)(i) and (ii) of the Listing Rules has been granted by the Stock Exchange. Set out below are tables illustrating the summarised consolidated financial information of the Target Company and its subsidiaries (the “**Target Group**”) for the years ended 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020 (the “**Reporting Periods**”):

Items	For the year ended 31 December 2018 RMB'000 (unaudited)	For the year ended 31 December 2019 RMB'000 (unaudited)	For the six months ended 30 June 2020 RMB'000 (unaudited)
Revenue and other income	5,849,558	5,220,734	1,953,201
Total expenses	(4,374,346)	(3,944,071)	(985,949)
Profit for the year/period	1,322,609	1,112,371	526,762
Total comprehensive income for the year/period	1,322,609	1,112,371	526,762
Net cash flows from operating activities	614,725	729,222	459,326
Net cash flows used in investing activities	(2,732,810)	(4,761,342)	(1,356,792)
Net cash flows from financing activities	778,973	4,907,637	635,206
Net increase/(decrease) in cash and cash equivalents	(1,339,112)	875,517	(262,260)

The summarised consolidated financial information of the Target Group as at 31 December 2018, 31 December 2019 and 30 June 2020 is as follows:

Items	31 December 2018 RMB'000 (unaudited)	31 December 2019 RMB'000 (unaudited)	30 June 2020 RMB'000 (unaudited)
Current assets	17,113,626	26,417,222	28,707,698
Non-current assets	21,971,061	24,768,155	24,330,531
Current liabilities	(15,769,376)	(24,582,260)	(26,283,465)
Non-current liabilities	(16,359,922)	(18,004,678)	(17,865,291)

Set out below is the management discussion and analysis of the performance of the Target Group for the years ended 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020.

BUSINESS REVIEW

Since 2018, the Target Group has been focusing on the development of businesses with higher gross profit ratio and stronger sustainability, improving the quality of existing projects, implementing cost reduction and efficiency enhancement by streamlining the business segment which has a relatively lower gross profit ratio with an objective to improve the Target Group's overall performance (the “**Change in Business Structure**”).

FINANCIAL REVIEW

Revenue and other income

The Target Group is principally engaged in the investment and development of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC, which is considered to be a single operating segment. Accordingly, no segment information is reported.

Revenue and other income of the Target Group for the years ended 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020 were approximately RMB5,849.6 million, RMB5,220.7 million and RMB1,953.2 million, respectively. The decrease in revenue and other income for the year ended 31 December 2019 compared to the corresponding period of 2018 was mainly attributable to the decrease in the revenue arising from the construction services business due to the Change in Business Structure since 2018.

Total expenses

Total expenses of the Target Group for the years ended 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020 were approximately RMB4,374.3 million, RMB3,944.1 million and RMB985.9 million, respectively. The decrease in total expenses for the year ended 31 December 2019 compared to the corresponding period of 2018 was mainly due to the Change in Business Structure.

Profit for the year/period and total comprehensive income for the year/period

Profit for the year/period of the Target Group for the years ended 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020 were approximately RMB1,322.6 million, RMB1,112.4 million and RMB526.8 million, respectively. The total comprehensive income for the year/period of the Target Group for the years ended 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020 were approximately RMB1,322.6 million, RMB1,112.4 million and RMB526.8 million, respectively.

The decreases in the profit and the total comprehensive income for the year ended 31 December 2019 compared to the corresponding period of 2018 were mainly due to (i) the decrease in the revenue generated from the construction services business of the Target Group; and (ii) the increase in the finance costs attributable to the increases in average total balances of bank and other borrowings and lease liabilities under finance lease arrangements of the Target Group as compared to the corresponding period of 2018.

Current assets

Current assets of the Target Group as at 31 December 2018, 31 December 2019 and 30 June 2020 were approximately RMB17,113.6 million, RMB26,417.2 million and RMB28,707.7 million, respectively. The increase in current assets by approximately RMB9,303.6 million from approximately RMB17,113.6 million as at 31 December 2018 to approximately RMB26,417.2 million as at 31 December 2019 whereas the increase in current assets by approximately RMB2,290.5 million from approximately RMB26,417.2 million as at 31 December 2019 to approximately RMB28,707.7 million as at 30 June 2020, were mainly attributable to the increases in trade and bills receivables for the sale of electricity of the clean energy businesses.

Non-current assets

Non-current assets of the Target Group as at 31 December 2018, 31 December 2019 and 30 June 2020 were approximately RMB21,971.1 million, RMB24,768.2 million and RMB24,330.5 million, respectively. The increase in non-current assets by approximately RMB2,797.1 million from approximately RMB21,971.1 million as at 31 December 2018 to approximately RMB24,768.2 million as at 31 December 2019 was mainly attributable to the increase in the property, plant and equipment due to the acquisition and development of clean energy projects. The decrease in non-current assets by approximately RMB437.7 million from approximately RMB24,768.2 million as at 31 December 2019 to approximately RMB24,330.5 million as at 30 June 2020 was mainly attributable to the decrease in the property, plant and equipment due to the disposals of clean energy projects during the six months ended 30 June 2020.

Current liabilities

Current liabilities of the Target Group as at 31 December 2018, 31 December 2019 and 30 June 2020 were approximately RMB15,769.4 million, RMB24,582.3 million and RMB26,283.5 million, respectively. The increase in current liabilities by approximately RMB8,812.9 million from approximately RMB15,769.4 million as at 31 December 2018 to approximately RMB24,582.3 million as at 31 December 2019 whereas the increase in current liabilities by approximately RMB1,701.2 million from approximately RMB24,582.3 million as at 31 December 2019 to approximately RMB26,283.5 million as at 30 June 2020, were mainly due to the increase in bank and other borrowings and lease liabilities under finance lease arrangements.

Non-current liabilities

Non-current liabilities of the Target Group as at 31 December 2018, 31 December 2019 and 30 June 2020 were approximately RMB16,359.9 million, RMB18,004.7 million and RMB17,865.3 million, respectively. The increase in non-current liabilities by approximately RMB1,644.8 million from approximately RMB16,359.9 million as at 31 December 2018 to approximately RMB18,004.7 million as at 31 December 2019 was mainly due to the increase in bank and other borrowings and lease liabilities under finance lease arrangements. The non-current liabilities as at 30 June 2020 was comparable to the non-current liabilities as at 31 December 2019.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**Capital structure**

The primary objectives of the Target Group's capital management are to safeguard the Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Target Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Group may adjust the dividend payment to owners, return capital to owners or request additional capital from owners. No changes were made in the objectives, policies or processes for managing capital during the Reporting Periods.

Funding and treasury policy

The Target Group has adopted conservative treasury policies and control tightly over its cash and risk management during the Reporting Periods.

Cash resources

The Target Group financed working capital and capital expenditures principally through the capital injection, the utilisation of interest-bearing bank and other borrowings and lease liabilities under finance lease arrangements and loans from shareholders.

Bank borrowings and facilities

The Target Group has obtained interest-bearing bank and other borrowings as at the end of each Reporting Periods for its operation. The Target Group's interest-bearing bank borrowings bear interest at floating rates with effective interest rates ranging from 2.90% to 5.96% per annum, 2.90% to 5.96% per annum and 2.90% to 5.96% per annum as at 31 December 2018, 31 December 2019 and 30 June 2020 respectively and carried at amortised cost.

During the Report Periods, there have been no financial instruments for hedging purposes entered into by the Target Group.

Gearing ratio

As at 31 December 2018, 31 December 2019 and 30 June 2020, the net gearing ratio of the Target Group (calculated as a percentage of net debts (being the sum of total interest-bearing bank and other borrowings and lease liabilities under finance lease arrangements, less cash and cash equivalents) to total equity of the Target Group) was approximately 66.2%, 62.9% and 60.7%, respectively. The decreases in gearing ratios were primarily attributable to the increase in total equity of the Target Group as at the end of each Reporting Periods.

EMPLOYEES AND REMUNERATION POLICIES

The Target Group employed a total of 1,801, 1,704, and 1,671 employees as at 31 December 2018, 31 December 2019 and 30 June 2020, respectively. Staff costs for the years ended 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020 were approximately RMB218.3 million, RMB221.3 million and RMB76.5 million, respectively. The Target Group's remuneration packages are generally structured with reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors.

FOREIGN EXCHANGE EXPOSURE

As at the end of the Reporting Periods, majority of the subsidiaries of the Target Group operate in the PRC with most of the transactions denominated and settled in Renminbi. Therefore, the Target Group had no material foreign exchange exposure. During the Reporting Periods, the Target Group has not used derivative financial instruments to hedge against its foreign currency risk.

PLEDGE OF ASSETS

As at 31 December 2018, 31 December 2019 and 30 June 2020, the Target Group had pledged (i) certain of the Target Group's property, plant and equipment and operating concessions with net carrying amounts of approximately RMB8,780.5 million, RMB13,804.7 million and RMB13,274.5 million respectively; (ii) certain of the Target Group's trade receivables with amounts of approximately RMB166.4 million, RMB269.3 million and RMB267.7 million, respectively; (iii) the Target Group's bank deposits with amounts of approximately RMB36.9 million, RMB2.4 million and nil, respectively; and (iv) the Target Group's equity interests in certain subsidiaries to secure the secured bank and other borrowings, lease liabilities under finance lease arrangements and bills payables of the Target Group.

CAPITAL COMMITMENTS

As at 31 December 2018, 31 December 2019 and 30 June 2020, the capital commitments of the Target Group had contracted, but not provided for (i) construction, material and equipment costs for development of clean energy projects with amounts of approximately RMB1,618.5 million, RMB766.6 million and RMB695.2 million, respectively and (ii) capital contributions to joint ventures with amounts of approximately RMB533.6 million, RMB533.6 million and RMB533.6 million, respectively.

CONTINGENT LIABILITIES

The Target Group did not have any material contingent liabilities as at the end of each Reporting Periods.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Target Group has made the following significant investments, material acquisitions and disposals during each of the years ended 31 December 2018 and 31 December 2019 and the six months ended 30 June 2020:-

- (a) on 18 April 2018, 天津富歡企業管理諮詢有限公司 (Tianjin Clean Energy Investment Company Limited*, "**Tianjin Clean Energy**") (as the purchaser) and an independent third party (as the vendor) (the "**XS Target Companies' Vendor**") entered into two equity transfer agreements, pursuant to which Tianjin Clean Energy agreed to acquire the entire equity interests in 響水恆能太陽能發電有限公司 (Xiangshui Hengneng Photovoltaic Power Co. Ltd.*, "**XSHN**") and 響水永能太陽能發電有限公司 (Xiangshui Yongneng Photovoltaic Power Co. Ltd.*, "**XSYN**") from the XS Target Companies' Vendor for an aggregate consideration of RMB457,679,000. In addition, pursuant to two debt settlement agreements entered into between Tianjin Clean Energy, the XS Target Companies' Vendor and XSHN and XSYN (as appropriate) dated 18 April 2018, Tianjin Clean Energy shall repay the liabilities for and on behalf of XSHN

and XSYN in an aggregate amount of RMB893,056,000. XSHN and XSYN hold a 100MW photovoltaic power plant and a 20MW photovoltaic power plant in 鹽城市 (Yancheng City*), Jiangsu Province, the PRC, respectively. The equity transfers were completed in May 2018 and XSHN and XSYN became indirect wholly-owned subsidiaries of the Company. Further details are set out in the Company's announcement dated 18 April 2018;

- (b) on 12 July 2018, Tianjin Clean Energy (as the purchaser), an independent third party (as the vendor) (the “**NJJH Vendor**”) and 南京競弘新能源有限公司 (Nanjing Jinghong New Energy Co. Ltd.*, “**NJJH**”) entered into an equity transfer agreement, pursuant to which Tianjin Clean Energy agreed to acquire the entire equity interests in NJJH and 普安縣中弘新能源有限公司 (Puan County Zhonghong New Energy Co. Ltd.*, “**PAZH**”) from the NJJH Vendor for a consideration of RMB192,897,000. In addition, pursuant to a debt settlement agreement entered into between Tianjin Clean Energy, the NJJH Vendor, NJJH and PAZH dated 12 July 2018, Tianjin Clean Energy shall repay the liabilities for and on behalf of NJJH and PAZH in an aggregate amount of RMB174,063,000. PAZH is wholly-owned by NJJH and holds a 50MW photovoltaic power plant in 普安縣 (Puan County*), Guizhou Province, the PRC. The equity transfers were completed in August 2018 and NJJH and PAZH became indirect wholly-owned subsidiaries of the Company. Further details are set out in the Company's announcement dated 12 July 2018;
- (c) on 5 December 2018, the Company, BENE, Tianjin Clean Energy (as the vendor), 華潤北控(汕頭)新能源產業基金合夥企業(有限合夥)(CR BE (Shantou) New Energy Industrial Fund Partnership Enterprise (Limited Partnership)*), a joint venture of the Group, and 漢威潤能股權投資(汕頭)有限公司 (Hanwei Runneng Equity Investment (Shantou) Company Limited*) (collectively, the “**YSJA Purchasers**”) and 穎上聚安光伏發電有限公司 (Yingshang Juan PV Power Generation Co., Ltd.*) (“**YSJA**”) entered into an agreement, pursuant to which Tianjin Clean Energy agreed to dispose of the entire equity interest in YSJA to the YSJA Purchasers for a consideration of RMB609,148,000. YSJA holds a 60MW photovoltaic power plant in Fuyang City (阜陽市), Anhui Province, the PRC. The equity transfer was completed in December 2018 and YSJA became a joint venture of the Group. Further details of the disposal are set out in the Company's announcement dated 5 December 2018;
- (d) on 9 October 2019, 中融國際信託有限公司 (Zhongrong International Trust Co., Ltd*) (as the vendor), 青海黃河水電再生鋁業有限公司 (Qinghai Huanghe Hydropower Renewable Aluminium Industry Co., Ltd.*), Mr. Yang Yi and the Target Company (as the purchaser) entered into (i) an equity transfer agreement in relation to the acquisition of 49.09% equity interest in 青海華鑫水電開發有限公司 (Qinghai Huaxin Hydropower Development Co., Ltd.*) at a consideration of RMB1,270,586,100 (the “**First Acquisition**”) and (ii) an equity transfer agreement in relation to the

acquisition of 5% equity interest in the Project Company at a consideration of RMB129,413,900 (the “**Second Acquisition**”) (collectively referred to as the “**Acquisitions**”). As certain conditions precedent to the completion of Acquisitions have not been fulfilled on or before the long stop date (i.e. 9 December 2019), the completion of Acquisitions have therefore not been taken place. Accordingly, such equity transfer agreements have been automatically lapsed;

- (e) on 22 January 2020, the Target Company, and 江蘇江南水務股份有限公司 (Jiangsu Jiangnan Water Co., Ltd.*) (as limited partners) and 西藏禹澤投資管理有限公司 (Tibet Yuze Investment Management Co., Limited*), a joint venture of the Company (as general partner and executive partner) entered into a partnership agreement in respect of the formation of a limited partnership, namely 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 Enterprise (Limited Partnership*)) at the total maximum capital contribution of RMB400,100,000. Among which, the maximum capital contribution of the Target Company in this limited partnership is RMB200,000,000 (representing approximately 49.99% interest in the limited partnership). Further details of the formation of the limited partnership are set out in the Company’s announcement dated 22 January 2020; and
- (f) on 8 May 2020, Tianjin Clean Energy (as vendor) and 國投電力控股股份有限公司 (SDIC Power Holdings Co., Ltd.*) (“**SDIC Power**”) (as purchaser) entered into two equity transfer agreements with XSHN and XSYN, respectively, pursuant to which Tianjin Clean Energy agreed to sell, and SDIC Power agreed to acquire, the entire equity interest of XSHN and XSYN at a total consideration of RMB438,000,000 and RMB100,000,000, respectively. The completion took place on 28 May 2020. Upon completion of the disposals, XSHN and XSYN ceased to be non-wholly owned subsidiaries of the Company and their financial results are no longer consolidated in the Group’s financial statements. Further details of the disposal are set out in the Company’s announcement dated 8 May 2020 and the circular dated 24 July 2020.

Save as disclosed above, the Target Group did not have any significant investments, material acquisitions and disposals.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at the Latest Practicable Date, the Target Company had no plans for material investments or capital assets.

PROSPECTS AND OUTLOOK

Despite the difficulties and uncertainties ahead, the Target Group is determined to overcome this headwind and keep moving forward. Faced with the new normal and new challenges, the Target Group remains committed to its mission of “promoting the revolution in energy production and consumption, building a clean, low-carbon, safe and efficient energy system”, and will make great efforts to overcome the difficulties, foster new opportunities amid challenges and make new advances amid changes. In 2020, the COVID-19 outbreak led to much more volatility in the global economy. Amidst the outbreak of the epidemic, all of the Target Group’s business partners are determined to overcome the challenges, and will stick to focus on epidemic containment and production operation, so as to ensure safe and orderly resumption of work and production. On this basis, the Target Group will continue to strengthen corporate culture building, promote organizational reform, deepen risk control management and solidify the safety foundation, and exert great efforts in revenue increase, expenditure cutting, cost reduction and efficiency enhancement. The Target Group is dedicated to facilitating high-quality development of clean energy businesses in the new era with firm beliefs and solid actions, in the hope of contributing to the construction of a community of shared future for mankind in the global village for the benefit of all humankind and future generations.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Directors' and chief executive's interests and short positions in Shares and underlying Shares of the Company and associated corporations

(a) Long positions in the Shares and/or underlying Shares of the Company

Name of Director	Capacity and number of Shares/underlying Shares held					Approximate percentage of the Company's issued share capital (Note 1)
	Personal interests	Family interests	Corporate interests	Other interests	Total	
Hu Xiaoyong	132,780,000	–	2,291,454,285 (Note 2)	–	2,424,234,285	3.82%
Tan Zaixing	50,000,000	–	–	–	50,000,000	0.08%

Notes:

- The approximate percentage was calculated on the basis of 63,525,397,057 Shares in issue as at the Latest Practicable Date.
- Out of 2,291,454,285 Shares, 2,285,714,285 Shares and 5,740,000 Shares were held by Zhihua Investments Limited and Starry Chance Investments Limited, respectively, both companies are wholly and beneficially owned by Mr. Hu Xiaoyong. Accordingly, Mr. Hu Xiaoyong is deemed to have interests in those Shares under the SFO.

(b) Long positions in the shares and/or underlying shares of the Company's associated corporation

Name of associated corporation	Name of Director	Capacity in which interests are held	Registered capital held	Approximate percentage of interests (Note 1)
北控風力發電有限公司 (Beijing Enterprises Wind Power Generation Company Limited*) ("BEWP")	Hu Xiaoyong	Interest of controlled corporation (Note 2)	RMB60,000,000	8.33%

Notes:

- The approximate percentage was calculated on the basis of the registered capital of RMB720,000,000 of BEWP as at the Latest Practicable Date.
- Such interest was held by Great First (Hong Kong) Limited, which in turn is wholly-owned by Mr. Hu Xiaoyong.

(c) Long positions in the share options of the Company

Name of Directors	Number of underlying Shares in respect of share options as at the Latest Practicable Date	Grant date (DD/MM/YY)	Exercisable period (DD/MM/YY)	Exercise price HK\$	Approximate percentage of the Company's issued share capital (Note 1)
Executive Director					
Hu Xiaoyong	80,000,000	15/09/2020	15/09/2023-14/09/2030	0.08	0.126%
	80,000,000	15/09/2020	15/09/2024-14/09/2030	0.08	0.126%
	80,000,000	15/09/2020	15/09/2025-14/09/2030	0.08	0.126%
	80,000,000	15/09/2020	15/09/2026-14/09/2030	0.08	0.126%
	80,000,000	15/09/2020	15/09/2027-14/09/2030	0.08	0.126%
	400,000,000				0.630%

APPENDIX IV

GENERAL INFORMATION

Name of Directors	Number of underlying Shares in respect of share options as at the Latest Practicable Date	Grant date (DD/MM/YY)	Exercisable period (DD/MM/YY)	Exercise price HK\$	Approximate percentage of the Company's issued share capital (Note 1)
Tan Zaixing	68,000,000	15/09/2020	15/09/2023-14/09/2030	0.08	0.107%
	68,000,000	15/09/2020	15/09/2024-14/09/2030	0.08	0.107%
	68,000,000	15/09/2020	15/09/2025-14/09/2030	0.08	0.107%
	68,000,000	15/09/2020	15/09/2026-14/09/2030	0.08	0.107%
	68,000,000	15/09/2020	15/09/2027-14/09/2030	0.08	0.107%
	340,000,000				0.535%
Independent non-executive Directors					
Li Fujun	2,000,000	15/09/2020	15/09/2023-14/09/2030	0.08	0.003%
	2,000,000	15/09/2020	15/09/2024-14/09/2030	0.08	0.003%
	2,000,000	15/09/2020	15/09/2025-14/09/2030	0.08	0.003%
	2,000,000	15/09/2020	15/09/2026-14/09/2030	0.08	0.003%
	2,000,000	15/09/2020	15/09/2027-14/09/2030	0.08	0.003%
	10,000,000				0.016%
Xu Honghua	2,000,000	15/09/2020	15/09/2023-14/09/2030	0.08	0.003%
	2,000,000	15/09/2020	15/09/2024-14/09/2030	0.08	0.003%
	2,000,000	15/09/2020	15/09/2025-14/09/2030	0.08	0.003%
	2,000,000	15/09/2020	15/09/2026-14/09/2030	0.08	0.003%
	2,000,000	15/09/2020	15/09/2027-14/09/2030	0.08	0.003%
	10,000,000				0.016%

Name of Directors	Number of underlying Shares in respect of share options as at the Latest Practicable Date	Grant date (DD/MM/YY)	Exercisable period (DD/MM/YY)	Exercise price HK\$	Approximate percentage of the Company's issued share capital (Note 1)
Chiu Kung Chik	2,000,000	15/09/2020	15/09/2023- 14/09/2030	0.08	0.003%
	2,000,000	15/09/2020	15/09/2024- 14/09/2030	0.08	0.003%
	2,000,000	15/09/2020	15/09/2025- 14/09/2030	0.08	0.003%
	2,000,000	15/09/2020	15/09/2026- 14/09/2030	0.08	0.003%
	2,000,000	15/09/2020	15/09/2027- 14/09/2030	0.08	0.003%
	10,000,000				0.016%

Note:

1. The approximate percentage was calculated on the basis of 63,525,397,057 Shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, save as disclosed herein, none of the Directors or chief executive of the Company had any interests in the underlying Shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its associated corporations. Save as disclosed herein, no share option was granted, exercised, lapsed, cancelled or forfeited under the Share Option Scheme as at the Latest Practicable Date.

All the interests stated above represent long positions. Save as disclosed herein, as at the Latest Practicable Date, to the knowledge of the Company:

- (1) none of the Directors and chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (b) which were required to be entered in the register kept by the Company under Section 352 of the SFO; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code; and
- (2) none of the Directors and chief executive of the Company nor their spouses or minor children (natural or adopted) were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its associated corporations.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

So far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, the persons (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or who were, directly or indirectly, interested in 10% or more of the issued voting shares of any other members of the Group were as follows:

Name of Shareholders	Capacity in which Shares are held	Number of Shares held	Approximate percentage of the Company's issued share capital (Note 1)
Beijing Enterprises Group Company Limited ("BE Group") (Note 2)	Interest of controlled corporation	20,253,164,571	31.88%
Beijing Enterprises Holdings Limited ("BEHL") (Note 2)	Interest of controlled corporation	20,253,164,571	31.88%
Beijing Enterprises Water Group Limited ("BEWG") (Note 2)	Interest of controlled corporation	20,253,164,571	31.88%
CITIC Securities Company Limited (Notes 3(i) and (ii))	Interest of controlled corporation	15,189,873,410	23.91%
CITICPE Holdings Limited (Note 3(i))	Interest of controlled corporation	7,594,936,710	11.96%
CITIC PE Associates II, L.P. (Note 3(i))	Interest of controlled corporation	7,594,936,710	11.96%

Name of Shareholders	Capacity in which Shares are held	Number of Shares held	Approximate percentage of the Company's issued share capital (Note 1)
CPEChina Fund II, L.P. (Note 3(i))	Interest held jointly with another person	7,594,936,710	11.96%
CPEChina Fund IIA, L.P. (Note 3(i))	Interest held jointly with another person	7,594,936,710	11.96%
中信產業投資基金管理有限公司 (CITIC Private Equity Funds Management Co., Ltd.*) (“ CITIC Private Equity Funds ”) (Note 3(ii))	Interest of controlled corporation	7,594,936,700	11.96%
北京宥德投資管理中心(有限合伙)(Beijing Youde Investment Management Centre (Limited Partnership)*) (“ Beijing Youde Investment ”) (Note 3(ii))	Interest of controlled corporation	7,594,936,700	11.96%
CITIC PEF III (Note 3(ii))	Interest of controlled corporation	7,594,936,700	11.96%
啟迪控股股份有限公司 (Tus-Holdings Co., Ltd.*) (Note 4)	Interest of controlled corporation	4,045,000,000	6.37%
Tuspark Technology Innovation Ltd. (啟迪科創有限公司) (Note 4)	Beneficial interest	4,045,000,000	6.37%

Notes:

1. The approximate percentage was calculated on the basis of 63,525,397,057 Shares in issue as at the Latest Practicable Date.

2. BE Group is deemed to be interested in an aggregate of 20,253,164,571 Shares as a result of its indirect holding of such Shares through the following entities:

Name	Long position in the Shares
Fast Top	20,253,164,571
BEWG	20,253,164,571
Beijing Enterprises Environmental Construction Limited (“ BE Environmental ”)	20,253,164,571
BEHL	20,253,164,571
Beijing Enterprises Group (BVI) Company Limited (“ BE BVI ”)	20,253,164,571

Fast Top, a wholly-owned subsidiary of BEWG, beneficially holds 20,253,164,571 Shares. BEWG was directly held as to approximately 41.13% by BE Environmental and approximately 0.20% by Beijing Holdings Limited (“**BHL**”) as at the Latest Practicable Date. BE Environmental is a wholly-owned subsidiary of BEHL, which is in turn held as to approximately 61.96% by BE BVI (by itself and through its subsidiaries) and approximately 0.32% by BHL. Both BE BVI and BHL are wholly-owned by BE Group.

3. CITIC Securities Company Limited (a company listed on the Stock Exchange and the Shanghai Stock Exchange) is deemed to be interested in an aggregate of 15,189,873,410 Shares as a result of its indirect holding of such Shares through the following entities:

(i) Name	Long position in the Shares
CTSL Green Power	7,594,936,710
CPEChina Fund II, L.P.	7,594,936,710
CPEChina Fund IIA, L.P.	7,594,936,710
CITIC PE Associates II, L.P.	7,594,936,710
CITIC PE Funds II Limited	7,594,936,710
CITICPE Holdings Limited	7,594,936,710
CLSA Global Investments Management Limited (“ CLSA Global ”)	7,594,936,710
CLSA B.V.	7,594,936,710
CITIC Securities International Company Limited (“ CITIC Securities International ”)	7,594,936,710

CTSL Green Power, a company jointly-controlled by CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P., beneficially holds 7,594,936,710 Shares. CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P. are two exempted limited partnerships registered under the laws of the Cayman Islands. The general partner of CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P. is CITIC PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of CITIC PE Associates II, L.P. is CITIC PE Funds II Limited. CITIC PE Funds II Limited is wholly-owned by CITICPE Holdings Limited, which is owned as to 35% by CLSA Global. CLSA Global is wholly-owned by CLSA B.V., which is wholly-owned by CITIC Securities International, which is in turn wholly-owned by CITIC Securities Company Limited.

(ii)	Name	Long position in the Shares
	CTSL New Energy	7,594,936,700
	CITIC PEF III	7,594,936,700
	Beijing Youde Investment	7,594,936,700
	上海磐諾企業管理有限公司 (Shanghai Pannuo Enterprise Management Service Company Limited*) (“ Shanghai Pannuo ”)	7,594,936,700
	CITIC Private Equity Funds	7,594,936,700

CTSL New Energy, a wholly-owned subsidiary of CITIC PEF III, beneficially holds 7,594,936,700 Shares. CITIC PEF III is a limited partnership registered under the laws of the PRC. The general partner of CITIC PEF III is Beijing Youde Investment, a limited partnership registered under the laws of the PRC whose general partner is Shanghai Pannuo, a limited liability company incorporated in the PRC. Shanghai Pannuo is wholly-owned by CITIC Private Equity Funds, which is in turn owned as to 35% by CITIC Securities Company Limited.

4. Tuspark Technology Innovation Ltd (啟迪科創有限公司), a wholly-owned subsidiary of 啟迪控股股份有限公司 (Tus-Holdings Co., Ltd.*), beneficially holds 4,045,000,000 Shares.

All the interests stated above represent long positions. Save as disclosed herein, as at the Latest Practicable Date, none of the substantial shareholders (as defined under the Listing Rules) or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Save as disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no person, other than a Director or chief executive of the Company, who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contract with any members of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS OF DIRECTORS AND CLOSE ASSOCIATES

As at the Latest Practicable Date, the following Directors were considered to have interests in the following businesses which competed or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules:

Name of Directors	Name of companies	Nature of businesses	Nature of interests
Huang Danxia	北京啟迪清風科技有限公司 (Beijing Tus-Wind Technology Company Limited*)	Development, construction and operation of wind power	Director
	啟迪思安清潔能源技術有限公司 (TusiAct Clean Energy Technology Company Limited*)	Development of clean energy technologies, provision of consultancy services and sales of electricity	Director
	湖南啟迪旺能新能源科技有限公司 (Hunan Tus-Wangneng New Energy Technology Company Limited*)	Production and supply of clean heat energy and development of geothermal energy	Director
	西安瑞行城市熱力發展集團有限公司 (Xian Raising Urban Heating Development Group Company Limited*)	Design, construction and operation of clean heat supply projects and provision of consultancy services	Director
Tan Zaixing	西藏多能共拓創業投資合夥企業(普通合夥)(Tibet Duo Neng Gong Tuo Chuang Ye Investment Partnership Corporation (General Partnership)*) (“Tibet Duo Neng”)	Investment, development and operation of clean energy power-related businesses	General partner and executive partner (Note 1)

Note:

1. Mr. Tan Zaixing was the executive partner and one of the general partners who held 19% interest in Tibet Duo Neng as at the Latest Practicable Date.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors and their respective close associates were considered to have interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group or have or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

6. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS OF THE GROUP AND OTHER INTERESTS

None of the Directors was materially interested in any contract or arrangement which was entered into by any member of the Group and subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, to the best of the knowledge of the Directors, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular and which are, or may be, material to the Group:

- (a) finance lease agreements dated 30 November 2018, 28 December 2018 and 13 June 2019 entered into, among others, 北控清潔能源電力有限公司 (Beijing Enterprises Clean Energy Electricity Company Limited*) (“**BECEE**”) (being an indirect non wholly-owned subsidiary of the Company), 河南平煤北控清潔能源有限公司 (Henan Pingmei Beikong Clean Energy Company Limited*) (a direct non wholly-owned subsidiary of the Company), various indirect subsidiaries of the Company and 中鐵建金融租賃有限公司 (CRCC Financial Leasing Co., Ltd.*) (“**CRCC Leasing**”), in relation to the acquisition of certain leased assets from the Group for the total consideration of RMB322,712,953 and RMB70,538,798, and the subsequent lease-back arrangement of such leased assets for the estimated aggregate lease payments of RMB418,919,203 and RMB85,361,842 respectively;
- (b) a guarantee dated 29 January 2019 entered into between the Company and 華夏金融租賃有限公司 (Huaxia Financial Leasing Co., Ltd.*) (“**HXFL**”) in favour of HXFL, in relation to the guarantee of due performance of the payment obligations of 南宮市航科新能源開發有限公司 (Nangong City Hangke New Energy Development Company Limited*) under a finance lease agreement comprising lease payments and administrative fees in an amount of up to RMB945,233,886;

- (c) an agreement dated 19 March 2019 entered into, among others, BEWP (being an indirect non wholly-owned subsidiary of the Company), 建信信託有限責任公司 (CCB Trust Co., Ltd.*) (“**CCB Trust**”), 河北炳傑新能源開發有限公司 (Hebei Bingjie New Energy Development Company Limited*) (“**HBBJ**”) and 臨西縣潤廣新能源科技有限公司 (Linxi County Runguang New Energy Technology Company Limited*) (“**LXRG**”), in relation to (i) the undertaking to acquire the entire economic interest derived from the entire equity interest in LXRG from CCB Trust upon occurrence of certain events for the maximum consideration of RMB469,575,000 and (ii) the granting of call option from CCB Trust to BEWP for a premium in the maximum amount of RMB58,725,000;
- (d) a finance lease agreement dated 18 September 2019 entered into between 淇縣爭峰新能源有限公司 (Qixian Zhengfeng New Energy Company Limited*), BEWP (being two indirect non wholly-owned subsidiaries of the Company) and 工銀金融租賃有限公司 (ICBC Financial Leasing Co., Ltd.*), in relation to the acquisition of certain leased assets from the Group for the total consideration of RMB650,000,000, and the subsequent lease-back arrangement of such leased assets for the estimated aggregate lease payment of RMB888,200,985;
- (e) a finance lease agreement dated 19 September 2019 entered into between 陽信北控萬融新能源有限公司 (Yangxin Beikong Wanrong New Energy Company Limited*) (being an indirect non wholly-owned subsidiary of the Company) and 三峽融資租賃有限公司 (Three Gorges Financial Leasing Co., Ltd.*), in relation to the acquisition of certain leased assets from the Group for the total consideration of RMB680,000,000, and the subsequent lease-back arrangement of such leased assets for the estimated aggregate lease payment of RMB968,033,943;
- (f) two equity transfer agreements dated 9 October 2019 entered into between, among others, Beiqing Smart (formerly known as 北清清潔能源投資有限公司 (Beiqing Clean Energy Investment Company Limited*)) (being an indirect wholly-owned subsidiary of the Company), 中融國際信託有限公司 (Zhongrong International Trust Co., Ltd.*), 青海黃河水電再生鋁業有限公司 (Qinghai Huanghe Hydropower Renewable Aluminium Industry Co., Ltd.*) and Mr. Yang Yi, in relation to the acquisition of 54.09% equity interest in 青海華鑫水電開發有限公司 (Qinghai Huaxin Hydropower Development Co., Ltd.*) in the aggregate consideration of RMB1,400,000,000;
- (g) two guarantees dated 1 November 2019 entered into between the Company, BEWP (being an indirect non wholly-owned subsidiary of the Company) and 國銀金融租賃股份有限公司 (China Development Bank Financial Leasing Co., Ltd.*) (“**CDB Leasing**”) in favour of CDB Leasing, in relation to the guarantee of due performance of the payment obligations of 商丘寧電新能源有限公司 (Shangqiu Ningdian New Energy Company Limited*) under a finance lease agreement comprising lease payments and administrative fees in an amount of up to RMB885,331,575;

- (h) (i) a capital contribution agreement dated 27 December 2019 entered into between, among others, the Company, the Subsidiary, the Target Company (being two indirect wholly-owned subsidiaries of the Company) and the First Investors, in relation to the First Capital Increase; and (ii) the supplemental agreement entered into by and among the same parties and BENE (being an indirect wholly-owned subsidiary of the Company) at the same date in relation to the First Option to the First Investors to request BENE or the Target Company to repurchase the equity interests in the Target Company held by the First Investors upon occurrence of certain events for a maximum repurchase price of approximately RMB840,000,000;
- (i) a joint partnership agreement dated 22 January 2020 entered into between Beijing Smart (being an indirect non wholly-owned subsidiary of the Company), 西藏禹澤投資管理有限公司 (Tibet Yuze Investment Management Co., Limited*) (being a joint venture of the Company) and 江蘇江南水務股份有限公司 (Jiangsu Jiangnan Water Co., Ltd.*), in relation to the formation of a limited partnership at the total maximum capital contribution of RMB400,100,000;
- (j) finance lease agreements dated 16 March 2020 entered into between various indirect non wholly-owned subsidiaries of the Company and 北銀金融租賃有限公司 (Bank of Beijing Financial Leasing Company Limited*) (“**BOB Leasing**”), in relation to the acquisition of certain leased assets from those subsidiaries at the total consideration of RMB731,580,000, and the subsequent lease-back arrangement of such leased assets for the estimated aggregate lease payment of RMB887,546,405;
- (k) two equity transfer agreements dated 8 May 2020 entered into by and among Tianjin Clean Energy and SDIC Power with XSHN and XSYN, respectively, in relation to the disposal of the entire equity interest of XSHN and XSYN at a total consideration of RMB438,000,000 and RMB100,000,000, respectively;
- (l) (i) a partnership agreement dated 16 July 2020 entered into between 信達資本管理有限公司 (Cinda Capital Management Co., Ltd.*), 延安振興發展產業投資基金管理有限公司 (Yanan Zhenxing Development Industry Investment Fund Management Co., Ltd.*), 中國信達資產管理股份有限公司 (China Cinda Asset Management Co., Ltd.*) and Beijing Smart (being an indirect non wholly-owned subsidiary of the Company), in relation to the formation of a fund, namely 延發北控信能(天津)股權投資合夥企業(有限合夥)(Yanfa Beikong Xinneng (Tianjin) Equity Investment Partnership Enterprise (Limited Partnership)*), at the total capital commitment of RMB650,000,000; and (ii) a supplemental agreement entered into by and among the same parties at the same date in relation to the proposed investment of the fund;
- (m) the Agreement and the Supplemental Agreement;

- (n) the irrevocable letter of guarantee dated 17 August 2020 entered into by Beijing Smart, pursuant to which Beijing Smart agreed to guarantee the due performance of the payment obligations of YSJA under its finance lease agreement comprising the lease payments and administrative fee in an amount of up to approximately RMB483,360,614 in favour of 信達金融租賃有限公司 (Cinda Financial Leasing Co., Ltd.*);
- (o) a finance lease agreement dated 20 August 2020 entered into between 靈璧晨陽新能源發電有限公司 (Lingbi Chenyang New Energy Power Generation Co., Ltd.*) (being an indirect non wholly-owned subsidiary of the Company) and 浦銀金融租賃股份有限公司 (SPDB Financial Leasing Co., Ltd.*), in relation to the acquisition of certain leased assets from the Group for the total consideration of RMB190,000,000, and the subsequent lease-back arrangement of such leased assets for the estimated aggregate lease payment of RMB236,138,081;
- (p) finance lease agreements dated 18 September 2019 and 26 August 2020 entered into between 北控智慧能源(凌源)有限責任公司 (Beijing Enterprises Smart Energy (Lingyuan) Company Limited*) (being an indirect non wholly-owned subsidiary of the Company) and CRCC Leasing, in relation to the acquisition of certain leased assets from the Group for the total consideration of RMB220,000,000 and RMB90,000,000, and the subsequent lease-back arrangement of such leased assets for the estimated aggregate lease payment of RMB287,862,931 and RMB114,833,932, respectively;
- (q) a finance lease agreement dated 29 September 2020 entered into between BECEE (on behalf of twenty four wholly-owned subsidiaries of BECEE (the “**BECEE Group**”)) and CRCC Leasing, in relation to the acquisition of certain leased assets from the BECEE Group for the total consideration of RMB450,000,000, and the subsequent lease-back arrangement of such leased assets for the estimated leased payment of RMB571,109,043;
- (r) two shortfall makeup agreements dated 2 November 2020 entered into between Beijing Smart and 華夏金融租賃有限公司 (Huaxia Financial Leasing Co., Ltd.*) (“**Huaxia Leasing**”), pursuant to which Beijing Smart agreed to provide an undertaking in favour of Huaxia Leasing, that in the event if 濟南十方固廢處理有限公司 (Jinan Shifang Solid Waste Treatment Co., Ltd.*) and 煙台十方環保能源有限公司 (Yantai Shifang Environmental Protection & Bio-Energy Co., Ltd.*) (collectively, the “**Project Companies**”) and 北控十方(山東)環保能源集團有限公司 (Beikong Shifang (Shandong) Environmental Protection & Bio-Energy Group Ltd.*) (“**Beikong Shifang**”) fail in their payment obligations under their respective finance lease agreements, Beijing Smart shall make up the shortfall for repayment to Huaxia Leasing in an aggregate amount of up to approximately RMB214,796,132, representing the lease payments and administrative fee payable by the Project Companies and Beikong Shifang and payable to Huaxia Leasing;

- (s) a finance lease agreement dated 27 November 2020 entered into between 榆林協合太陽能發電有限公司 (Yulin Century Concord Solar Power Co., Ltd.*) (being an indirect non-wholly owned subsidiary of the Company) and 興業金融租賃有限責任公司 (Industrial Bank Financial Leasing Co., Ltd.*), in relation to the acquisition of certain leased assets from the Group for the total consideration of RMB500,000,000, and the subsequent lease-back arrangement of such leased assets for the estimated aggregate lease payment of RMB635,814,951; and
- (t) a finance lease agreement dated 9 December 2020 entered into between 西安北控嘉晟熱力有限責任公司 (Xi'an Beikong Jiacheng Clean Heat Co., Ltd.*) (being an indirect non-wholly owned subsidiary of the Company) and BOB Leasing, in relation to the acquisition of certain leased assets from the Group for the total consideration of RMB200,000,000, and the subsequent lease-back arrangement of such leased assets for the estimated aggregate lease payment of RMB250,635,191.

8. LITIGATION

So far as the Directors are aware, the Group was not engaged in any material litigation or arbitration proceedings nor was any material litigation or claim pending or threatened against it as at the Latest Practicable Date.

9. MISCELLANEOUS

- (a) The secretary of the Company is Ms. So Hiu Wa, an associate member of each of the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators) and the Hong Kong Institute of Chartered Secretaries.
- (b) The head office and principal place of business of the Company is situated at Rooms 6706-07, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (c) The transfer office of the Company is situated at the office of its registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturday, Sunday and public holiday excluded) at the head office and principal place of business of the Company at Rooms 6706-07, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong for a period of 14 days from the date of this circular:

- (a) the articles of association of the Company;

- (b) the annual reports of the Company for the three financial years ended 31 December 2017, 2018 and 2019;
- (c) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix; and
- (d) the circular of the Company dated 24 July 2020 and this circular.

11. LANGUAGE

In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.