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北控清潔能源集團有限公司

BEIJING ENTERPRISES CLEAN ENERGY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)

DISCLOSEABLE TRANSACTION THE PROVISION OF THE GUARANTEE

THE PROVISION OF THE GUARANTEE

On 20 November 2020, the Company, as guarantor, entered into the Letter of Guarantee, pursuant to which the Company agreed to guarantee the due performance of the payment obligations of the Project Company under the Principal Contracts comprising the lease payments (being the total principal lease cost of RMB275,000,000 and the estimated aggregate interest of RMB107,601,254) and the administrative fee (being RMB4,125,000 in total) in an aggregate amount of up to approximately RMB386,726,254 in favour of CNNC Leasing.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the provision of the guarantee under the Letter of Guarantee exceeds 5% but all of them are less than 25%, the entering into of the Letter of Guarantee constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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THE LETTER OF GUARANTEE

The material terms of the Letter of Guarantee are as follows:

- Subject matter : The Company, as guarantor, agreed to provide an irrevocable guarantee for the due performance of the payment obligations of the Project Company under the Principal Contracts in favour of CNNC Leasing. The Letter of Guarantee covers all the obligations of the Project Company under the Principal Contracts including but not limited to the lease payments and administrative fee in an aggregate amount of up to approximately RMB386,726,254.
- Term of the Letter of Guarantee : From the effective date of the Principal Contracts to the date falling two years after the last tranche of the payment obligations of the Project Company under the Principal Contracts is fulfilled.

Security and guarantee under the Principal Contracts

In addition to the provision of guarantee under the Letter of Guarantee by the Company, the payment obligations of the Project Company under the Principal Contracts are also secured by (i) pledge of the entire equity interest in the Project Company; and (ii) pledge on the trade receivables by the Project Company.

The Project Company is principally engaged in the development of the Power Plant. As at the date of the announcement, the Power Plant is under construction and has yet to be grid-connected. Based on the currently construction schedule, it is expected that the Power Plant will be grid-connected by the end of 2020.

Undertaking provided by the Project Company in favour of the Company

On the same date as the date of the Letter of Guarantee, the Project Company executed the Letter of Undertaking in favour of the Company, pursuant to which:–

- (i) the Project Company granted a pre-emptive right in favour of the Company (the “**First Right**”) to acquire all assets being held by the Project Company in the event that the Project Company disposes the Project and any of its assets, unless otherwise agreed in writing by the Company;
- (ii) the Company may dispose of any of the assets under the Project and the Project Company in the event that the Company’s guaranteed obligations under the Letter of Guarantee are triggered or the Project Company has defaulted in paying for the fee payables regarding the contractor services provided by the Group for the Project; and
- (iii) the Project Company shall pay the Company a guarantee fee in an amount of approximately RMB3,094,000 (being 0.8% of the guarantee amount under the Letter of Guarantee) for the provision of guarantee under the Letter of Guarantee. Such guarantee fee was determined after arm’s length negotiations between the Company and the Project Company by reference to the calculated value of the guarantee for the Project Company under the Letter of Guarantee.

After reviewing and discussing with the independent valuer of the appropriateness of the various valuation methods as well as the assumptions adopted, the calculated value of the guarantee for the Project Company under the Letter of Guarantee conducted by the management is expected to be approximately RMB300,000. Such financial effect has not been audited or reviewed by the auditors of the Company, and may be subject to adjustments.

INFORMATION OF 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.

CNNC Leasing

CNNC Leasing is a financial leasing company established in the PRC. As at the date of this announcement, CNNC Leasing is owned as to (i) approximately 67.05% by 中國核工業集團有限公司 (China National Nuclear Corporation*) (“**CNNC**”) indirectly; (ii) approximately 18.45% by 中核國際有限公司 (CNNC International Limited*) (“**CNNC International**”) whose shares are listed on the main board of the Stock Exchange (stock code: 2302); (iii) approximately 10.50% by 中國核能電力股份有限公司 (China National Nuclear Power Co., Ltd.*) (“**CNNC Power**”) whose shares are listed on the Shanghai Stock Exchange (stock code: 601985.SH); and (iv) approximately 4% by 中國同輻股份有限公司 (China Isotope & Radiation Corporation*) whose shares are listed on the main board of the Stock Exchange (stock code: 1763) (“**CIRC**”).

CNNC is the controlling shareholder of each of CNNC International, CNNC Power and CIRC.

CNNC is a state-owned company established in the PRC and is wholly-owned by 國務院國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of the State Council*).

The Project Company

The Project Company is a company established in the PRC and is principally engaged in the development of the Power Plant. As at the date of this announcement, the Project Company is indirectly owned by two PRC individuals as to 99% interest by 曲燁 (Qu Ye*) and 1% interest by 程月琴 (Cheng Yueqin*).

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of CNNC Leasing, the Project Company and their respective ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE GUARANTEE

The Project Company entered into the Principal Contracts with CNNC Leasing for the purposes of financing the development and construction of the Power Plant. The provision of the guarantee by the Company under the Letter of Guarantee is a prerequisite credit enhancement measure under the Principal Contracts, and is key for the Project Company to obtain additional funds from CNNC Leasing.

The Group plays a part in the Project as the engineering, procurement and construction (“EPC”) contractor of the Project. The guarantee under the Letter of Guarantee was provided by the Company so as to enable the Project Company to obtain additional financing (i.e. the total principal lease cost of RMB275,000,000), which in turn assists the Project Company to settle to the Group the EPC fee for the Project and facilitates the completion of the Project.

In addition, the Company has (i) the First Right to acquire all assets being held by the Project Company if the Project Company disposes the Project and any of its assets, which in turn would provide the Group a potential opportunity to invest in the Project to expand its portfolio of wind power plants in the PRC; and/or (ii) the Company may dispose of any of the assets under the Project and the Project Company in the event that the Company’s guaranteed obligations under the Letter of Guarantee are triggered or the Project Company has defaulted in paying for the EPC fee to the Group.

Accordingly and taking into consideration of the First Right, safeguards and guarantee fee provided under the Letter of Undertaking, the Directors are of the view that the terms of the Letter of Guarantee are under normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the provision of the guarantee under the Letter of Guarantee exceeds 5% but all of them are less than 25%, the entering into of the Letter of Guarantee constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“CNNC Leasing”	中核融資租賃有限公司 (CNNC Financial Leasing Company Limited*), a company established in the PRC with limited liability
“Company”	Beijing Enterprises Clean Energy Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 1250)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company

“Letter of Guarantee”	the irrevocable letter of guarantee dated 20 November 2020 entered into by the Company, pursuant to which the Company agreed to guarantee the due performance of the payment obligations of the Project Company under the Principal Contracts in favour of CNNC Leasing
“Letter of Undertaking”	the irrevocable letter of undertaking dated 20 November 2020 entered into by the Project Company, pursuant to which the Project Company agreed to provide an unconditional and irrevocable undertaking in favour of the Company in relation to the due performance of the guaranteed obligations of the Company under the Letter of Guarantee
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatts, which is equal to 1,000,000 watts
“Power Plant”	a 50MW wind power plant in Shanxi Province, the PRC
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Principal Contracts”	the Principal Contract I and the Principal Contract II
“Principal Contract I”	the finance lease agreement dated 20 November 2020 entered into between the Project Company, as lessee, and CNNC Leasing, as lessor, under which the Project Company has payment obligations towards CNNC Leasing comprising the lease payments and administrative fee up to approximately RMB347,816,643, for a lease term of 10 years

“Principal Contract II”	the finance lease agreement dated 20 November 2020 entered into between the Project Company, as lessee, and CNNC Leasing, as lessor, under which the Project Company has payment obligations towards CNNC Leasing comprising the lease payments and administrative fee up to approximately RMB38,909,611, for a lease term of 10 years
“Project”	the project involving the construction of the Power Plant
“Project Company”	武鄉縣盛武風力發電有限公司 (Wuxiang County Shengwu Wind Power Generation Company Limited*), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 20 November 2020

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

* *For identification purposes only*