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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)

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

THE LEASE

On 1 March 2017 (after trading hours), BEWCI, as lessor, and, BENE, as lessee, entered into the Lease.

THE LICENCE

On 1 March 2017 (after trading hours), the Company, as licensee, and BEWG, as Licensor, entered into the Licence.

IMPLICATIONS UNDER THE LISTING RULES

BEWCI is a wholly-owned subsidiary of BEWG. As at the date of this announcement, BEWG, through its wholly-owned subsidiary, is interested in 13,204,757,103 Shares, representing approximately 31.06% of the voting rights in the Company. BEWG is a substantial shareholder of the Company and hence BEWG and BEWCI are connected persons of the Company. The transactions under each of the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the annual caps for each of the three years ended 31 December 2019 under the Agreements in aggregate are more than 0.1% but less than 5%, the transactions contemplated under the Lease and the Licence are subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE LEASE

On 1 March 2017 (after trading hours), BEWCI, as lessor, and, BENE, as lessee, entered into the Lease. The key terms of the Lease are set out below.

Subject matter

BENE will lease from BEWCI the Beijing Property with gross floor area of 3,499.90 m² for use as office premises and four car parking spaces in the BEWG Building from 1 January 2017 to 31 December 2019.

Rent

The monthly rent (inclusive of the management fees and other service charges) for the Beijing Property is RMB794,792.29 (equivalent to approximately HK\$896,763.24) and RMB2,000 (equivalent to approximately HK\$2,256.60) for the four car parking spaces in the BEWG Building.

The rent was determined after arm's length negotiations between the parties with reference to the prevailing market rent of comparable properties in Beijing and the prevailing market rent of the BEWG Building offered by BEWCI to other lessees.

The Group will use its internal resources to fund the above payments.

THE LICENCE

On 1 March 2017 (after trading hours), the Company, as licensee, and BEWG, as Licensor, entered into the Licence. The principle terms of the Licence are set out below.

Subject matter

The Company, as licensee, will occupy and use a portion of the Hong Kong Property with floor area of approximately 1,608.6 square feet, representing 30% of the total floor area of the Hong Kong Property from 1 January 2017 to 1 July 2017 or the date on which BEWG ceases to be a tenant of the Hong Kong Property under the terms of the Hong Kong Lease, whichever is earlier.

Licence fee

The Company will pay BEWG a monthly fee, being the sum of:

- (1) HK\$96,516, representing 30% of the rent payable by BEWG under the Hong Kong Lease; and
- (2) 30% of the service charges (inclusive of the management fees and air-conditioning charges) and government rates of the Hong Kong Property payable by BEWG.

The licence fee was determined after arm's length negotiations between the parties with reference to the actual amount payable by BEWG apportioned on a pro-rata basis with reference to the total floor area occupied by the Company and the total floor area of the Hong Kong Property.

The Group will use its internal resources to fund the above payments.

INFORMATION OF THE PARTIES TO THE AGREEMENTS AND THE GROUP

BENE is an indirect wholly-owned subsidiary of the Company and is principally engaged in the trade of equipment and provision of consultancy services in relation to photovoltaic power business.

The principal business activity of the Company is investment holding. The Group is principally engaged in the investment, development, construction, operation and management of photovoltaic power plants, photovoltaic power-related businesses and wind power-related businesses and the design, printing and sale of cigarette packages in the PRC.

BEWCI is a wholly-owned subsidiary of BEWG. The principal business activity of BEWCI is investment holding.

BEWG is an investment holding company and its subsidiaries are principally engaged in the construction of sewage and reclaimed water treatment and seawater desalination plants, and provision of construction services for comprehensive renovation projects in the PRC, Malaysia and Republic of Singapore; provision of sewage and reclaimed water treatment services in the PRC and Portuguese Republic; distribution and sale of piped water in the PRC and Portuguese Republic; provision of technical and consultancy services and sale of machineries related to sewage treatment and construction services for comprehensive renovation projects in the PRC; and the licensing of technical know-how related to sewage treatment in the PRC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENTS

(1) The Lease

The headquarters of BEWG is located at the BEWG Building, which is owned by BEWCI and part of the BEWG Building is held for investment purposes.

The principal business activities of the Group are in the PRC and it is essential for the Group to set up its headquarters in the PRC. The Company considered that to have the Group's PRC headquarters at the Beijing Property will enhance its corporate image and branding under the "Beijing Enterprises" group. Since May 2015, the Group has leased certain units in the BEWG Building from BEWG for use as its headquarters in the PRC. Owing to the continuous development of the Company, additional office space is required to meet the Company's operational needs. It would be more efficient to have the additional space within the same building than to house the expansion at a different location in Beijing.

Having taken into account that the rent was determined after arm's length negotiations between the parties with reference to the prevailing market rent of comparable properties in Beijing and the prevailing market rent of the BEWG Building offered by BEWCI to other lessees, the Directors (including the independent non-executive Directors but excluding Mr. Hu Xiaoyong who is the honorary chairman of BEWG) consider that the Lease was entered into after arm's length negotiations and on normal commercial terms, and the terms of the Lease and the proposed annual cap (as set out below) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

(2) The Licence

The Hong Kong Property is the principal place of business of BEWG and the Company in Hong Kong. Since August 2015, it has been used as the Group's headquarters in Hong Kong to house the Group's Hong Kong operations. The Company considered that locating the Group's Hong Kong headquarters in the Hong Kong Property will enhance the corporate image and branding under the "Beijing Enterprises" group.

Having taken into account that the amount payable under the Licence was determined on the basis of the total floor area occupied by the Company over the total floor area of the Hong Kong Property, the Directors (including the independent non-executive Directors but excluding Mr. Hu Xiaoyong who is the honorary chairman of BEWG) consider that the Licence was entered into after arm's length negotiations and on normal commercial terms, and the terms of the Licence and the proposed annual cap (as set out below) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

ANNUAL CAPS

(1) The Lease

The annual cap for the Lease for each of the three years ended 31 December 2019 is RMB9,561,507.48 (equivalent to approximately HK\$10,788,238.03), which was determined with reference to the monthly rent (inclusive of the management fees and other service charges) for (i) the Beijing Property at RMB227.09 (equivalent to approximately HK\$256.23) per m²; and (ii) the four car parking spaces in the BEWG Building at a sum of RMB2,000 (equivalent to approximately HK\$2,256.60).

(2) The Licence

The annual cap for the term of the Licence is HK\$745,522.57, which was determined with reference to (i) 30% of the rent payable by BEWG for the period from 1 January 2017 to 1 July 2017 of HK\$96,516 per month; (ii) 30% of the current service charges payable by BEWG for the period from 1 January 2017 to 1 July 2017, being management fees and air-conditioning charges of approximately HK\$15,442.56 per month and HK\$6,262.20 per month, respectively; (iii) 30% of the current government rates payable by BEWG, being approximately HK\$4,580 per month; and (iv) a buffer of 3% of the aforesaid items (ii) and (iii) after taking into account the historical increment in such fees.

IMPLICATIONS UNDER THE LISTING RULES

BEWCI is a wholly-owned subsidiary of BEWG. As at the date of this announcement, BEWG, through its wholly-owned subsidiary, is interested in 13,204,757,103 Shares, representing approximately 31.06% of the voting rights in the Company. BEWG is a substantial shareholder of the Company and hence BEWG and BEWCI are connected persons of the Company. The transactions under each of the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the annual caps for each of the three years ended 31 December 2019 under the Agreements in aggregate are more than 0.1% but less than 5%, the transactions contemplated under the Lease and the Licence are subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Agreements”	the Lease and the Licence
“Beijing Property”	Units 201 and 302 of BEWG Building, an office building located at Poly International Plaza T3, Zone 7, Wangjingdongyuan, Chaoyang District, Beijing, the PRC
“BENE”	Beijing Enterprises New Energy Company Limited* (北京北控光伏科技發展有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“BEWCI”	Beijing Enterprises Water (China) Investment Co., Ltd* (北控水務(中國)投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of BEWG
“BEWG”	Beijing Enterprises Water Group Limited, a company incorporated in the Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“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
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong Lease”	the tenancy agreement of the Hong Kong Property entered into between the landlord of the Hong Kong Property and BEWG
“Hong Kong Property”	Rooms 6706-07, 67th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong leased by BEWG from independent third parties
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Lease”	the agreement dated 1 March 2017 entered into between BENE and BEWCI in relation to the Beijing Property
“Licence”	the agreement dated 1 March 2017 entered into between BEWG and the Company in relation to a portion of the Hong Kong Property
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this announcement, the exchange rate of HK\$1.00 = RMB0.88629 has been used for currency translation. Such exchange rate is for illustration purposes and does not constitute a representation that any amount in RMB or HK\$ have been, could have been or may be converted at such rate.

* *for identification purposes only*

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

Hong Kong, 1 March 2017

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