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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)

DISCLOSEABLE TRANSACTION FINANCE LEASE ARRANGEMENT

THE FINANCE LEASE AGREEMENT

On 19 September 2019, YXBK, as lessee, entered into the Finance Lease Agreement with Three Gorges Leasing, as lessor, pursuant to which Three Gorges Leasing shall purchase the Leased Assets from the Group for a total consideration of RMB680,000,000, which shall then be leased to YXBK for a term of 12 years. The ownership of the Leased Assets under the Finance Lease Agreement will be vested in Three Gorges Leasing throughout the lease period. At the end of the lease period and subject to payments by YXBK of (i) all amounts due under the Finance Lease Agreement; and (ii) a nominal consideration of RMB100 for the Leased Assets, the ownership of the Leased Assets will be vested in YXBK.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Finance Lease Agreement and the transactions contemplated therein is more than 5% and all of which are below 25%, the entering into of the Finance Lease Agreement and the transactions contemplated therein constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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Date

19 September 2019

Parties

Lessor: Three Gorges Leasing

Lessee: YXBK

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

The Finance Lease Agreement comprised (i) the purchase of the Leased Assets by Three Gorges Leasing from the Group; and (ii) the lease arrangements, details of which are discussed below.

Sale and purchase arrangements

Pursuant to the Finance Lease Agreement, Three Gorges Leasing shall purchase the Leased Assets from the Group for a total consideration of RMB680,000,000, which was determined after arm's length negotiations between the Group and Three Gorges Leasing by reference to the prevailing market price of the Leased Assets. The payment of the consideration is conditional upon the fulfilment of certain conditions under the Finance Lease Agreement, including, among others, Three Gorges Leasing having received the relevant documentary proof for confirming (i) the ownership of the Leased Assets; and (ii) the applicable registration procedures in respect of certain of the pledges as mentioned in the second paragraph headed "Lease payments" below have been completed for the Finance Lease Agreement.

Lease arrangements

Pursuant to the Finance Lease Agreement, Three Gorges Leasing agreed to lease the Leased Assets to YXBK for a term of 12 years. The commencement date of the finance lease period shall be notified by Three Gorges Leasing in writing.

Lease payments

Pursuant to the Finance Lease Agreement, the total estimated aggregate lease payments payable by YXBK to Three Gorges Leasing shall be RMB968,033,943, being the principal lease cost of RMB680,000,000 plus the estimated aggregate interest of RMB288,033,943. The principal lease cost and the estimated aggregate interest shall be payable in 48 quarterly instalments. The interests are calculated at a floating rate and shall be adjusted with reference to the benchmark interest rate for RMB loans with a maturity of above 5 years as promulgated by the People's Bank of China from time to time plus a premium.

The obligations of YXBK under the Finance Lease Agreement shall be secured by, among others, (a) pledges of the 100% equity interest in YXBK; (b) a corporate guarantee from each of the Company and BEWP; (c) a pledge on the Leased Assets; and (d) pledges on the electricity bill receivables by YXBK.

Handling fee

YXBK shall pay to Three Gorges Leasing a handling fee in the sum of RMB48,586,700 by twelve annual instalments during the lease period. The handling fee is non-refundable.

Security deposit

The agreed security deposit payable by YXBK for the Finance Lease Agreement to Three Gorges Leasing is RMB13,600,000, which is non-interest bearing. Three Gorges Leasing is entitled to apply the security deposit to settle part of or all the last instalment of the lease payments and other payments under the Finance Lease Agreement. Remaining security deposit thereafter shall be refunded to YXBK by Three Gorges Leasing upon the full performance of the obligations under the Finance Lease Agreement by YXBK.

Ownership of the Leased Assets

The ownership of the Leased Assets under the Finance Lease Agreement will be vested in Three Gorges Leasing throughout the lease period. At the end of the lease period and subject to payments by YXBK of (i) all amounts due under the Finance Lease Agreement; and (ii) a nominal consideration of RMB100 for the Leased Assets, the ownership of the Leased Assets will be vested in YXBK.

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

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The Finance Lease Agreement and the transactions contemplated therein have been agreed under normal commercial terms and after arm's length negotiations between the relevant parties and provide the Group with long-term financial resources for the development of the wind power project. The Directors therefore consider that the terms of the Finance Lease Agreement and the transactions contemplated therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP, THE COMPANY AND BEWP

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.

BEWP is an indirect 70%-owned subsidiary of the Company which is principally engaged in the investment, development, construction, operation and management of wind power businesses.

INFORMATION OF THE LESSOR

Three Gorges Leasing is a financial leasing company established in the PRC.

INFORMATION OF THE LESSEE

XYBK is an indirect non wholly-owned subsidiary of the Company which is principally engaged in the investment, development, construction, operation and management of a wind power plant.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Finance Lease Agreement and the transactions contemplated therein is more than 5% and all of which are below 25%, the entering into of the Finance Lease Agreement and the transactions contemplated therein constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“BEWP”	北控風力發電有限公司 (Beijing Enterprises Wind Power Generation Company Limited*), a company established in the PRC with limited liability and an indirect 70%-owned subsidiary of the Company as at the date of this announcement
“Board”	the board of Directors
“Company”	Beijing Enterprises Clean Energy Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Connected Persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Finance Lease Agreement”	the finance lease agreement dated 19 September 2019 entered into between YXBK, as lessee, and Three Gorges Leasing, as lessor, for the Leased Assets for a total consideration of RMB680,000,000, details of which are set out in the section headed “THE FINANCE LEASE AGREEMENT”

“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
“Leased Assets”	certain wind power generating equipment and ancillary facilities regarding the project for the construction of a 100MW wind power plant in 陽信縣 (Yangxin County*), Shandong Province, the PRC, being the subject matter of the Finance Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatts, which is equal to 1,000,000 watts
“PRC”	the People’s Republic of China which, 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
“Three Gorges Leasing”	三峽融資租賃有限公司 (Three Gorges Financial Leasing Co., Ltd.*), a company established in the PRC with limited liability

“YXBK”

陽信北控萬融新能源有限公司 (Yangxin Beikong Wanrong New Energy Company Limited*), a company established in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company

“0%”

per cent

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

Hong Kong, 19 September 2019

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 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*