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## **EXEMPTED CONTINUING CONNECTED TRANSACTION**

### **THE BEIJING LEASE**

On 2 January 2020 (after trading hours), BENE, as lessee, and BEWCI, as lessor, entered into the Beijing Lease.

### **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 20,253,164,571 Shares, representing approximately 31.88% of the total issued share capital of the Company. BEWG is a controlling shareholder of the Company and hence BEWG and BEWCI are connected persons of the Company. As such, the transactions contemplated under the Beijing Lease constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Beijing Lease and the Existing Leases were entered into by the Group with BEWG and its subsidiaries, the transactions contemplated under the Beijing Lease and the Existing Leases are required to be aggregated in the calculation of the relevant percentage ratios to determine the classification of the connected transactions under Rule 14A.81 of the Listing Rules.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the annual cap under the Beijing Lease, when aggregated with the Existing Leases, exceed 0.1% but all of them are less than 5%, the transactions contemplated under the Beijing Lease are subject to the reporting, announcement and annual review requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **THE BEIJING LEASE**

Reference is made to the announcement of the Company dated 1 March 2017 in relation to, among others, the Existing Beijing Lease. The Existing Beijing Lease expired on 31 December 2019. On 2 January 2020 (after trading hours), the Company, as lessee, and BEWCI, as lessor, entered into the Beijing Lease in respect of the leasing of the Premise. The principal terms of the Beijing Lease are set out below:

- Premise: Units 201 and 302 of the Property with gross floor area of 3,499.90 square metres and four car parking spaces in the Property
- Term: One year commencing from 1 January 2020 and expiring on 31 December 2020 (both days inclusive)
- Use: Office premises
- Rent: The monthly rent (inclusive of management fee and other service charges) is RMB747,228.65 and RMB2,000 for the four car parking spaces in the Property.

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

## **ANNUAL CAP**

Based on the monthly rent payable under the Beijing Lease, the Directors propose that the annual cap amount for the transactions contemplated under the Beijing Lease for the year ending 31 December 2020 is RMB8,990,743.80.

Under the Existing Beijing Lease, the annual cap amount for each of the three years ended 31 December 2019 is RMB9,561,507.48 and the actual amounts incurred were RMB6,829,648, RMB9,106,197 and RMB9,333,852, respectively.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE BEIJING LEASE**

The headquarters of BEWG is located at the Property, which is owned by BEWCI and part of the Property is held for investment purposes. As the principal business activities of the Group are in the PRC, it is essential for the Group to set up its headquarters in the PRC. Since January 2017, the Premise has been used as the Group's headquarters in the PRC to house the Group's PRC operations. The Company considered that to have the Group's PRC headquarters at the Premise will enhance its corporate image and branding under the "Beijing Enterprises" group.

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, the PRC and the prevailing market rent of the Property 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 Beijing Lease was entered into after arm's length negotiations and on normal commercial terms, and the terms of the Beijing Lease and the annual cap as set out above are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

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 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.

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

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

## **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 20,253,164,571 Shares, representing approximately 31.88% of the total issued share capital of the Company. BEWG is a controlling shareholder of the Company and hence BEWG and BEWCI are connected persons of the Company. As such, the transactions contemplated under the Beijing Lease constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Beijing Lease and the Existing Leases were entered into by the Group with BEWG and its subsidiaries, the transactions contemplated under the Beijing Lease and the Existing Leases are required to be aggregated in the calculation of the relevant percentage ratios to determine the classification of the connected transactions under Rule 14A.81 of the Listing Rules.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) for the annual cap under the Beijing Lease, when aggregated with the Existing Leases, exceed 0.1% but all of them are less than 5%, the transactions contemplated under the Beijing Lease are subject to the reporting, announcement and annual review 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:

“Beijing Lease”	the agreement dated 2 January 2020 entered into between BENE and BEWCI in relation to the leasing of the Premise
“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 Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“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 person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Existing Baiziwan Lease”	the agreement dated 29 March 2018 entered into between BE Clean Heat Energy Company Limited* (北控清潔熱力有限公司) (formerly known as Tibet BE Clean Heat Energy Company Limited* (西藏北控清潔熱力有限公司)), an indirect non wholly-owned subsidiary of the Company, and BEWCI in relation to the lease of certain office premises in Beijing, the PRC from BEWCI, details of which are disclosed in the Company’s announcement dated 29 March 2018
“Existing Beijing Lease”	the agreement dated 1 March 2017 entered into between BENE and BEWCI in relation to the lease of the Premise from BEWCI, details of which are disclosed in the Company’s announcement dated 1 March 2017
“Existing Leases”	the Existing Baiziwan Lease, the Existing New Beijing Lease and the Existing Licence
“Existing Licence”	the agreement dated 26 June 2019 entered into between the Company and BEWG in relation to the licence of a portion of certain office premises in Hong Kong, details of which are disclosed in the Company’s announcement dated 26 June 2019
“Existing New Beijing Lease”	the agreement dated 19 January 2019 entered into between BENE and BEWCI in relation to the lease of Unit 301 of the Property from BEWCI, details of which are disclosed in the Company’s announcement dated 19 January 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 PRC
“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 PRC and Taiwan
“Premise”	Units 201 and 302 of the Property
“Property”	BEWG Building, an office building located at Poly International Plaza T3, Zone 7, Wangjingdongyuan, Chaoyang District, Beijing, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“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, 2 January 2020

*As at the date of this announcement, the Board comprises eight Directors, namely Mr. Hu Xiaoyong, Mr. Shi Xiaobei, Mr. Huang Weihua, 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*