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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 FINANCE LEASE ARRANGEMENT

THE FINANCE LEASE AGREEMENT

On 9 December 2020, BKJC, as lessee, entered into the Finance Lease Agreement with BOB Leasing, as lessor, pursuant to which BOB Leasing shall purchase the Leased Assets from BKJC for a total consideration of RMB200,000,000. The Leased Assets would then be leased to BKJC for a term of 8 years. The ownership of the Leased Assets under the Finance Lease Agreement will be vested in BOB Leasing throughout the lease period. At the end of the lease period and subject to payments by BKJC 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 BKJC.

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 Finance Lease Agreement and the transactions contemplated therein is more than 5% and all of the applicable percentage ratios 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

9 December 2020

Parties

Lessor: BOB Leasing

Lessee: BKJC

The Finance Lease Agreement comprised (i) the purchase of the Leased Assets by BOB Leasing from BKJC; and (ii) the lease arrangements, details of which are set out below.

Sale and purchase arrangements

Pursuant to the Finance Lease Agreement, BOB Leasing shall purchase the Leased Assets from BKJC for a total consideration of RMB200,000,000. The consideration to be paid by BOB Leasing was determined after arm's length negotiations between parties to the Finance Lease Agreement 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, BOB Leasing having received the relevant documentary proof for confirming (i) the ownership of the Leased Assets; and (ii) completion of the applicable registration procedures in respect of certain of the pledges and guarantee as mentioned in the third paragraph under the section headed "Lease payments" below.

Lease back arrangements

Pursuant to the Finance Lease Agreement, BOB Leasing agreed to lease the Leased Assets to BKJC for a term of 8 years. The commencement date(s) of the finance lease period shall be notified by BOB Leasing in writing.

Lease payments

Pursuant to the Finance Lease Agreement, the total estimated aggregate lease payments payable by BKJC to BOB Leasing shall be RMB250,635,191, being the principal lease cost of RMB200,000,000 plus the estimated aggregate interest of RMB50,635,191.

The principal lease cost and the estimated aggregate interest shall be payable in 32 quarterly instalments. The interests are calculated at a floating rate and shall be adjusted with reference to the loan prime rate for loans with a maturity of above 5 years as promulgated by the National Interbank Funding Centre under the authority of the People's Bank of China from time to time plus a premium.

The obligations of BKJC under the Finance Lease Agreement shall be secured by, among others, (a) a pledge of 70% equity interest in BKJC; (b) corporate guarantees from BE Clean Heat and Beijing Smart; (c) pledges on the Leased Assets; and (d) pledges on the trade receivables by BKJC.

Security deposit

The agreed security deposit payable by BKJC for the Finance Lease Agreement to BOB Leasing is RMB4,000,000, which is non-interest bearing. BOB 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 BKJC by BOB Leasing upon the full performance of the obligations under the Finance Lease Agreement by BKJC.

Ownership of the Leased Assets

The ownership of the Leased Assets under the Finance Lease Agreement will be vested in BOB Leasing throughout the lease period. At the end of the lease period and subject to payments by BKJC 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 BKJC.

The estimated aggregate lease payments 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 for finance lease of comparable machines, equipment and ancillary facilities.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The consideration for the Leased Assets which is payable by BOB Leasing under the Finance Lease Agreement will be applied for general working capital of BKJC and/or the Group, which can provide the Group with long-term financial resources for the development and operation of the clean heat supply projects and allow the Group to make a more efficient utilisation of internal financial resources.

Having considered the above, the Directors are of the view that 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 the terms of the Finance Lease Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

It is expected that according to the Hong Kong Financial Reporting Standards, the transactions contemplated under the Finance Lease Agreement shall be accounted for as financing arrangements and therefore would not give rise to any gain or loss.

INFORMATION OF THE COMPANY, THE GROUP, BEIQING SMART AND BE CLEAN HEAT

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.

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

BE Clean Heat is an indirect non-wholly owned subsidiary of the Company and Beiqing Smart. It is principally engaged in the investment, development, operation and management of clean heat supply businesses.

INFORMATION OF THE LESSEE

BKJC is a non-wholly owned subsidiary of the Company, Beiqing Smart and BE Clean Heat. It is principally engaged in the provision of clean heat supply services.

INFORMATION OF THE LESSOR

BOB Leasing is a financial leasing company established in the PRC. As at the date of this announcement, BOB Leasing is owned as to (i) approximately 64.52% interest by 北京銀行股份有限公司 (Bank of Beijing Co., Ltd.*) (“**Bank of Beijing**”); (ii) approximately 17.74% interest by 力勤投資有限公司 (Legions Investment Co., Ltd.*) (“**Legions**”); and (iii) approximately 17.74% interest by 北京新月聯合汽車有限公司 (Beijing Crescent United Automobile Co., Ltd.*) (“**BJ Crescent**”).

Bank of Beijing is a licensed bank established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 601169.SH). Based on publicly available information, the substantial shareholders who hold 5% or more interest in Bank of Beijing are (i) ING Bank N.V. (“**ING Bank**”), which holds approximately 13.03% interest therein; (ii) 北京市國有資產經營有限責任公司 (Beijing State-owned Assets Management Co., Ltd.*) (“**BJ Assets**”), which holds approximately 8.63% interest therein; and (iii) 北京能源集團有限責任公司 (Beijing Energy Group Co., Ltd.*) (“**BJ Energy**”), which holds approximately 8.59% interest therein. ING Bank is owned by ING Group N.V., whose shares are listed on Euronext Amsterdam and Euronext Brussels and American depositary receipts (ADRs) are listed on the New York Stock Exchange. Both of BJ Assets and BJ Energy are indirectly wholly owned by 北京市人民政府國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality*).

The ultimate beneficial owner of Legions is an individual, namely 聞健明 (Wen Jianming*). The ultimate beneficial owner of BJ Crescent is an individual, namely 劉長青 (Liu Changqing*).

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

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 Finance Lease Agreement and the transactions contemplated therein is more than 5% and all of the applicable percentage ratios 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:

“BE Clean Heat”	北控清潔熱力有限公司 (Beijing Enterprises Clean Heat Energy Company Limited*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“Beiqing Smart”	天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Co., Ltd*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“BKJC”	西安北控嘉晟熱力有限責任公司 (Xi’an Beikong Jiacheng Clean Heat Co., Ltd.*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement
“Board”	the board of Directors
“BOB Leasing”	北銀金融租賃有限公司 (Bank of Beijing 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: 01250)
“connected person(s)”	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 9 December 2020 entered into between BKJC, as lessee, and BOB Leasing, as lessor, for the Leased Assets for a total consideration of RMB200,000,000, details of which are set out in the section headed “THE FINANCE LEASE AGREEMENT” in this announcement
“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 which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is independent of the Company and connected persons of the Company
“Leased Assets”	certain clean heat supply facilities located in 西安市 (Xi’an City*), 陕西省 (Shaanxi Province*), the PRC owned by BKJC, being the subject matter of the Finance Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“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.

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

Hong Kong, 9 December 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*