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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 CAPITAL CONTRIBUTION AGREEMENT

THE CAPITAL INCREASE

On 27 December 2019, the Company, the Subsidiary and the Target Company, both being indirect wholly-owned subsidiaries of the Company, entered into the Capital Contribution Agreement with the Ping An Entities, pursuant to which the Ping An Entities agreed to subscribe for new capital in the Target Company in the aggregate amount of RMB600 million.

The Target Company is currently an indirect wholly-owned subsidiary of the Company. The Target Company and its subsidiaries are principally engaged in the investment and development of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC. Upon completion of the Capital Increase, the Target Company will be held as to approximately 93.26% by the Subsidiary, and as to approximately 6.74% by the Ping An Entities. The Target Company will continue to be accounted as a subsidiary of the Company.

THE OPTION

On 27 December 2019, the Company, the Subsidiary, the Target Company and BENE entered into the Supplemental Agreement with the Ping An Entities, pursuant to which the Option has been granted to the Ping An Entities under which the Ping An Entities shall have the right to request BENE or the Target Company to repurchase the equity interests held by the Ping An Entities in the Target Company at any time after the occurrence of any of the events detailed under the paragraph headed “The Option” in this announcement. The repurchase price shall be determined by reference to a fixed formula.

IMPLICATIONS UNDER THE LISTING RULES

The Capital Increase

The Capital Increase constitutes a deemed disposal by the Company of its interests in the Target Company under Chapter 14 of the Listing Rules. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Capital Increase are more than 5% but less than 25%, the Capital Increase constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Option

The exercise right of the Option is vested with the Ping An Entities. The Option will be treated as if exercised at the time of its grant pursuant to Rule 14.74(1) of the Listing Rules. Given that the maximum consideration payable for the equity interest of the Ping An Entities is not expected to exceed RMB840 million in accordance with the formula set out for the Option, the grant of the Option constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE CAPITAL CONTRIBUTION AGREEMENT

On 27 December 2019, the Company, the Subsidiary, the Target Company and the Ping An Entities entered into the Capital Contribution Agreement. The principal terms of the Capital Contribution Agreement are summarised below:

The Capital Increase

The Ping An Entities agreed to subscribe for new capital in the Target Company in the amount of RMB600 million.

Of the RMB600 million new capital to be contributed by the Ping An Entities to the Target Company, approximately RMB397.6 million will be accounted by the Target Company as registered capital and approximately RMB202.4 million will be accounted as capital reserve.

Subscription price

The subscription price was determined by the parties after arm's length negotiations with reference to the existing registered capital of the Target Company, the amount of new capital to be contributed by the Ping An Entities as a percentage of the net asset value of the Target Company, and the future business development potential of the Target Company.

Conditions

The Capital Increase is conditional upon the satisfaction or waiver of the following conditions:

- (1) the Capital Contribution Agreement has been duly executed and became effective;
- (2) the representations, warranties and undertakings of the Target Company, the Company and the Subsidiary remaining true, accurate and without material omissions, and are not misleading, and that the Target Company, the Company and the Subsidiary have not been in breach of their obligations under the Capital Contribution Agreement on or prior to the date on which the conditions to the Capital Contribution Agreement have been satisfied;

- (3) there has not been any material adverse effect on the Target Company or the proposed holding of such equities in the Target Company by the Ping An Entities prior to and including the date on which the conditions to the Capital Contribution Agreement have been satisfied, and there is no evidence that there may be such material adverse effect;
- (4) save as disclosed in the Capital Contribution Agreement, there is no encumbrances on the Target Company or its subsidiaries;
- (5) the Target Company has obtained the consents and approvals of, and signed the Capital Contribution Agreement and the Supplemental Agreement with, all third parties in respect of the transactions contemplated under the Capital Increase;
- (6) the new articles of association of the Target Company have been signed by the Target Company, the Subsidiary and the Ping An Entities;
- (7) the Target Company having appointed the supervisor nominated by the Ping An Entities; and
- (8) the Target Company, the Company, the Subsidiary and BENE having provided the written confirmation required under the Capital Contribution Agreement to the Ping An Entities.

The Company, the Subsidiary and the Target Company shall use their best endeavours to satisfy the conditions within 5 business days of the signing of the Capital Contribution Agreement. The Ping An Entities may waive any and all of the conditions to the Capital Contribution Agreement.

Completion

Completion of the Capital Increase shall take place upon the payment of RMB600 million by the Ping An Entities to the designated account of the Target Company within 5 business days of the satisfaction or waiver of the conditions to the Capital Contribution Agreement.

Upon completion of the Capital Increase, the Target Company will continue to be accounted as a subsidiary of the Company.

THE SUPPLEMENTAL AGREEMENT

On 27 December 2019, the Company, the Subsidiary, the Target Company, BENE and the Ping An Entities entered into the Supplemental Agreement in relation to, among others, the Option.

The Option

Under the Supplemental Agreement, the Option has been granted to the Ping An Entities under which the Ping An Entities shall have the right to request BENE or the Target Company to repurchase the equity interests in the Target Company held by the Ping An Entities at any time after the occurrence of any of the following events:

- (i) the Target Company is unable to complete a qualified listing of its shares (the “**Qualified Listing**”) and it is not expected that the Target Company could complete the Qualified Listing within 36 months of completion of the Capital Increase;
- (ii) the new accumulative losses of the Target Company have reached 20% of the net asset value of the Target Company when the Capital Increase was made by the Ping An Entities;
- (iii) there has been material integrity issues with the Subsidiary or the Company, in particular if there has been any off-book cash sales income of the Target Company without the knowledge of the Ping An Entities;
- (iv) the actual control of the Target Company (that is, the State-owned Assets Supervision and Administration Commission of the Beijing Municipal People’s Government) has changed, save and except for any transfers due to the needs of the state-owned assets supervision and management agency;
- (v) there has been material changes to the core business of the Target Company, save and except for those changes that have been approved by the Ping An Entities in accordance with the company’s normal voting procedures;
- (vi) the Target Company has conducted transactions or provided guarantees to related parties that are detrimental to the interests of the Ping An Entities, save and except for matters that consents have been granted by the Ping An Entities;

- (vii) the Target Company is unable to distribute dividends in accordance with the resolutions of its shareholders;
- (viii) any statements and guarantees made by the Target Company, the Subsidiary and the Company in the Capital Contribution Agreement and the Supplemental Agreement have been found to be untrue, incomplete, inaccurate or misleading, or the Target Company, the Subsidiary and the Company failed to fulfill their obligations in the Capital Contribution Agreement and the Supplemental Agreement, causing significant losses to the Ping An Entities;
- (ix) the Target Company has entered into receivership or bankruptcy proceedings; and
- (x) the Company, the Subsidiary and the Target Company have materially failed to complete the rectification matters set out in the Capital Contribution Agreement within the agreed time limit.

In the occurrence of the event set out in paragraph (i) above, the Ping An Entities may waive the immediate performance of the repurchase obligation by BENE or the Target Company and extend the performance period of the Qualified Listing by a further twelve months.

Premium for the Option

No premium is payable by the Ping An Entities for the Option.

Repurchase price

The repurchase price of the equities under the Option shall be determined by the parties in accordance with the formula:

$$\text{Repurchase price} = \frac{\text{the aggregate investment amount} \times (1 + 10\% \times \text{investment period} / 365 \text{ days})}{}$$

* *Investment period refers to the number of days from the date of completion of Capital Increase to the date when BENE or the Target Company paid the repurchase price to the Ping An Entities in full.*

Based on the above formula and on the basis of the capital contributed by the Ping An Entities to the Target Company of RMB600 million, the repurchase price that may be payable if the Option is exercised at the end of the 36 months' period would be approximately RMB780 million. If the Qualified Listing does not occur within 36 months and the Ping An Entities elect to extend the performance period of the Qualified Listing by a further twelve months, the repurchase price that may be payable under such circumstances would be approximately RMB840 million.

Payment of the repurchase price

BENE or the Target Company shall pay the repurchase price within 30 business days after the receipt of the notice for the exercise of the Option.

Guarantee

The Company shall guarantee the obligations of the Subsidiary, the Target Company and BENE under the Capital Contribution Agreement and the Supplemental Agreement.

INFORMATION ON THE TARGET COMPANY

The Target Company was established on 12 November 2015 with a registered capital of RMB5,500 million. As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company. The Target Company and its subsidiaries are principally engaged in the investment and development of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC.

The financial results of the Target Company for each of the two years ended 31 December 2017 and 2018 are as follows:

	For the year ended	
	31 December	
	2017	2018
	(audited)	(audited)
	<i>RMB'million</i>	<i>RMB'million</i>
Profit before tax	1,633.0	1,453.5
Profit after tax	1,442.2	1,322.6

The unaudited net asset value of the Target Company as at 30 September 2019 was RMB8,093.7 million.

Upon completion of the Capital Increase, the equity interest of the Company (through the Subsidiary) in the Target Company will decrease from 100% to approximately 93.26%. Nonetheless, the Target Company will remain as a subsidiary of the Company and its financial results, assets, liabilities and cash flows will continue to be consolidated in the Company's consolidated financial statements. As the Capital Increase will not result in the Company's loss of control over the Target Company, the Capital Increase will be accounted for as an equity transaction and will not result in the recognition of any gain or loss in the Company's consolidated statement of profit or loss and other comprehensive income.

The proceeds from the Capital Increase will be applied for the development of photovoltaic power businesses, wind power businesses and clean heat supply businesses of the Target Company, as general working capital of the Group, and/or other purposes as agreed by the Ping An Entities.

PROPOSED A-SHARE LISTING OF THE TARGET COMPANY

It is the plan of the Company to seek a separate listing of the shares of the Target Company in a qualified securities exchange in the PRC in the future. The Directors believe that the proposed A-Share listing of the Target Company will enable the market to assess the intrinsic value of the Company positively, reflect the true value of the Company as well as providing an additional fund-raising platform. As of the date of this announcement, no formal application has been made by the Company to any securities exchange and no concrete timetable has been set. Should the Company proceed with such plan, the Company will make the necessary disclosure and comply with the requirements for spin-off under the Listing Rules.

INFORMATION ON 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.

The Subsidiary

The Subsidiary is an indirect wholly-owned subsidiary of the Company and is principally engaged in the business of investment holding.

The Target Company

The Target Company is an indirect wholly-owned subsidiary of the Company and is principally engaged in the business of investment holding.

BENE

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 Ping An Entities

The Ping An Entities comprise four entities, namely (i) 天津市平安消費科技投資合夥企業(有限合夥)(Tianjin Ping An Consumption Technology Investment Partnership (Limited Partnership)*), which is a limited partnership established in the PRC and is principally engaged in investment in the consumption technology, (ii) 嘉興智精投資合夥企業(有限合夥)(Jiaxing Zhijing Investment Partnership (Limited Partnership)*), which is a limited partnership established in the PRC and is principally engaged in investment holding and provision of consultancy services, (iii) 嘉興智精恒錦投資合夥企業(有限合夥)(Jiaxing Zhijing Hengjin Investment Partnership (Limited Partnership)*), which is a limited partnership established in the PRC and is principally engaged in investment holding and provision of consultancy services, and (iv) 嘉興智精恒睿投資合夥企業(有限合夥)(Jiaxing Zhijing Hengrui Investment Partnership (Limited Partnership)*), which is a limited partnership established in the PRC and is principally engaged in investment holding and provision of consultancy services.

Each of the Ping An Entities is controlled by Ping An Insurance. Ping An Insurance is engaged in the provision of insurance, banking, investment and internet finance products and services.

To the best knowledge of the Directors, having made reasonable enquiry, each of Ping An Insurance, the Ping An Entities and their ultimate owners are independent of and not connected with the Company and its connected persons.

REASONS FOR AND BENEFIT OF THE CAPITAL CONTRIBUTION AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

The Company believes that the introduction of the Ping An Entities as strategic shareholders in the Target Company will enhance the capital structure of the Target Company for its future business development, provide improved asset liability structure, increase debt capacity for future new projects and subsequently decrease the Group's financial risks. The Directors believe the Capital Increase will have positive impact on and will be beneficial to the future development of the Group.

Given that the Capital Increase was being made after arm's length negotiations, the Directors (including the independent non-executive Directors) consider that the Capital Contribution Agreement was entered into under normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company does not rule out the introduction of further strategic shareholders to the Target Company in the near future. The Company will disclose any such further investments in compliance with the Listing Rules when binding capital contribution agreements have been entered into.

IMPLICATIONS UNDER THE LISTING RULES

The Capital Increase

The Capital Increase constitutes a deemed disposal by the Company of its interests in the Target Company under Chapter 14 of the Listing Rules. As the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Capital Increase are more than 5% but less than 25%, the Capital Increase constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Option

The exercise right of the Option is vested with the Ping An Entities. The Option will be treated as if exercised at the time of its grant pursuant to Rule 14.74(1) of the Listing Rules. Given that the maximum consideration payable for the equity interest of the Ping An Entities is not expected to exceed RMB840 million in accordance with the formula set out for the Option, the grant of the Option constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

Completion of the Capital Contribution Agreement is subject to fulfillment of conditions as set out in the paragraph headed “Conditions” in this announcement. Shareholders and potential investors should be aware that the Company does not guarantee that the proposed A-Share listing of the Target Company will materialise, nor the timing thereof. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“BENE”	北京北控光伏科技發展有限公司 (Beijing Enterprises New Energy Company Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Board”	the board of the Company;
“Capital Contribution Agreement”	the agreement dated 27 December 2019 between, the Company, the Subsidiary, the Target Company and the Ping An Entities;
“Capital Increase”	the subscription of new capital in the Target Company by the Ping An Entities, the particulars of which are set out in the paragraph headed “The Capital Increase” in this announcement;
“Company”	Beijing Enterprises Clean Energy Group Limited (北控清潔能源集團有限公司), 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;
“Director(s)”	the director(s) of the Company;

“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Ping An Entities”	天津市平安消費科技投資合夥企業（有限合夥）(Tianjin Ping An Consumption Technology Investment Partnership (Limited Partnership)*), 嘉興智精投資合夥企業（有限合夥）(Jiaxing Zhijing Investment Partnership (Limited Partnership)*), 嘉興智精恒錦投資合夥企業（有限合夥）(Jiaxing Zhijing Hengjin Investment Partnership (Limited Partnership)*) and 嘉興智精恒睿投資合夥企業（有限合夥）(Jiaxing Zhijing Hengrui Investment Partnership (Limited Partnership)*);
“Ping An Insurance”	Ping An Insurance (Group) Company of China, Ltd., a company incorporated in the PRC with limited liability, the H shares of which are listed on the main board of the Stock Exchange (Stock Code: 2318);
“PRC”	the People’s Republic of China;
“Option”	the option that has been granted to the Ping An Entities, the particulars of which are set out in the paragraph headed “The Option” in this announcement;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subsidiary”	Harvest Sunny International Limited (富歡國際有限公司), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company;
“Supplemental Agreement”	the agreement dated 27 December 2019 between, the Company, the Subsidiary, the Target Company, BENE and the Ping An Entities;
“Target Company”	北清清潔能源投資有限公司 (Beiqing Clean Energy Investment Co., Ltd.), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement;
“%”	per cent.

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

Hong Kong, 27 December 2019

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.*