

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

On 12 May 2016, the Subsidiary, the Owners and the Target Company entered into the Cooperation Framework Agreement in relation to (i) the arrangement regarding the transfer of the entire equity interest of the Target Company; (ii) the arrangement regarding the Qixian Project; and (iii) the arrangement regarding the Anyang Project.

On 12 May 2016, the Subsidiary and the Owners entered into the Equity Transfer Agreement pursuant to which the Subsidiary agreed to purchase, and the Owners agreed to sell, the entire equity interest of the Target Company pursuant to the terms thereof.

As at the date of this announcement, the Qixian Project and the Anyang Project are held by the Target Company through two wholly-owned subsidiaries, namely Qixian Subsidiary and Anyang Subsidiary, respectively.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Equity Transfer Agreement and the transactions contemplated thereunder are more than 5% and all of such ratios are below 25%, the Equity Transfer Agreement and the transactions contemplated thereunder 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.

On 12 May 2016, the Subsidiary, the Owners and the Target Company entered into the Cooperation Framework Agreement in relation to (i) the arrangement regarding the transfer of the entire equity interest of the Target Company; (ii) the arrangement regarding the Qixian Project; and (iii) the arrangement regarding the Anyang Project.

On 12 May 2016, the Subsidiary and the Owners entered into the Equity Transfer Agreement pursuant to which the Subsidiary agreed to purchase, and the Owners agreed to sell, the entire equity interest of the Target Company pursuant to the terms thereof.

Details of the Cooperation Framework Agreement and the Equity Transfer Agreement are set out below.

COOPERATION FRAMEWORK AGREEMENT

Date: 12 May 2016

Parties: Subsidiary, a wholly-owned subsidiary of the Company

Owners (Owner A and Owner B)

Target Company

As at the date of this announcement, the Target Company is owned as to 80% by Owner A and as to 20% by Owner B.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for the Qixian Executed Contracts that have been entered into, among others, by the Group and the Target Company, the details of which are set out in the announcements of the Company dated 15 October 2015 and 16 October 2015, the Owners and the Target Company are parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

The Cooperation Framework Agreement set out the arrangement regarding the transfer of the entire equity interest of the Target Company. The Owners agreed to transfer the entire equity interest of the Target Company to the Subsidiary or its designated affiliate. The Owners and the Subsidiary or its designated affiliate will execute the Equity Transfer Agreement in this regard. Further details of the Equity Transfer Agreement are set out below.

The Cooperation Framework Agreement also set out the framework for the cooperation between the Owners and the Subsidiary regarding the Qixian Project and the Anyang Project, both held by the Target Company.

Qixian Project

As at the date of this announcement, the photovoltaic power plant in Qi County, Henan Province, the PRC is under construction and the equity interest of Qixian Subsidiary has been pledged in favour of the EPC contractor that is responsible for the construction. Further details of the Qixian Project are set out in the announcements of the Company dated 15 October 2015 and 16 October 2015.

Pursuant to the terms of the Cooperation Framework Agreement, the Owners shall be responsible for coordinating with the relevant parties in the Qixian Project and following up as appropriate after the Equity Transfer and the Subsidiary shall cooperate in this regard. The rights and obligations of the Target Company under the Qixian Executed Contracts shall not be affected by the Cooperation Framework Agreement save as otherwise set out in the Cooperation Framework Agreement. The Owners shall also guarantee the obligations of the Target Company and Qixian Subsidiary under the Qixian Executed Contracts.

Anyang Project

Prior to the date of this announcement, the Owners have been engaged in the preparatory work for the Anyang Project.

Pursuant to the terms of the Cooperation Framework Agreement, the Owners shall continue to obtain the relevant permits, approvals and filings required for the Anyang Project. When the conditions for construction are met, Anyang Subsidiary shall engage an EPC contractor for the construction of the Anyang Project with the joint participation from the Subsidiary and the Owners and the Anyang EPC Contract shall be signed.

Termination

If the Anyang EPC Contract is not executed within 20 business days after completion of the Equity Transfer, the Cooperation Framework Agreement shall automatically terminate, upon which the Subsidiary shall transfer the entire equity interest of the Target Company back to the Owners and the Owners shall return the funds received from the Subsidiary, if any, to the Subsidiary.

EQUITY TRANSFER AGREEMENT

Date: 12 May 2016

Parties: Subsidiary

Owners (Owner A and Owner B)

The Subsidiary and the Owners entered into the Equity Transfer Agreement pursuant to which the Subsidiary agreed to purchase, and the Owners agreed to sell, the entire equity interest of the Target Company pursuant to the terms thereof.

As at the date of this announcement, the Target Company held the Qixian Project and the Anyang Project through two wholly-owned subsidiaries, namely Qixian Subsidiary and Anyang Subsidiary, respectively.

The consideration for the Equity Transfer shall be nil. The consideration was determined after arm-length's negotiations between the Subsidiary and the Owners on the basis that the Target Company had net liabilities of approximately RMB2,049,000 as at 30 April 2016 according to the unaudited consolidated financial statements of the Target Company as at 30 April 2016.

Pursuant to the terms of the Equity Transfer Agreement, the Owners and the Subsidiary shall within two days of the date of the Equity Transfer Agreement proceed to the registration of the Equity Transfer with the relevant authorities.

Upon completion of the Equity Transfer, each of the Target Company, Qixian Subsidiary and Anyang Subsidiary will become wholly-owned subsidiaries of the Company and their financial results will be consolidated in the accounts of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC on 29 May 2015 with a registered capital of RMB10,000,000. As at the date of this announcement, the Target Company held the Qixian Project and the Anyang Project through two wholly-owned subsidiaries, namely Qixian Subsidiary and Anyang Subsidiary, respectively.

Based solely on the financial information provided by the Target Company, set out below is a summary of certain unaudited consolidated financial information of the Target Company for the two years ended 31 December 2015:

	For the year ended	
	31 December 2015	31 December 2014
Consolidated net loss (before taxation)	approximately RMB655,000	–
Consolidated net loss (after taxation)	approximately RMB655,000	–

The Target Company had no consolidated net profit before tax and no consolidated net profit after tax for the financial year ended 31 December 2014 as it had not been established then.

Pursuant to the unaudited consolidated financial statements of the Target Company as at 30 April 2016, the total assets and the net liabilities of the Target Company as at 30 April 2016 were approximately RMB202,226,000 and approximately RMB2,049,000 respectively.

INFORMATION ON THE GROUP

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 and photovoltaic power-related businesses and the design, printing and sale of cigarette packages in the PRC.

REASONS FOR AND BENEFITS OF THE COOPERATION FRAMEWORK AGREEMENT AND THE EQUITY TRANSFER AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

As set out in the announcements of the Company dated 15 October 2015 and 16 October 2015, on 15 October 2015, another subsidiary of the Company entered into a cooperation agreement with the Target Company and certain other parties pursuant to which, among other things, that subsidiary had conditionally agreed to: (1) make certain pre-payment and (2) subject to completion of the Qixian Project to the satisfaction of that subsidiary and satisfaction of certain conditions set out in that cooperation agreement, enter into a sale and purchase agreement to acquire from the Target Company the entire equity interest of Qixian Subsidiary.

The transactions contemplated under the Cooperation Framework Agreement and the Equity Transfer Agreement provide the Company with an opportunity to acquire two photovoltaic power plant projects, namely the Qixian Project and the Anyang Project, which are both held by the Target Company, at one time. Both the Qixian Project and the Anyang Project are located in the Henan Province, the PRC, a location considered by the Company to be favourable for development of photovoltaic business. The Company also believes that the entering into of the Cooperation Framework Agreement, which set out the framework and foundation for the cooperation between the Owners and the Subsidiary in the Qixian Project and the Anyang Project, will promote the success of the two projects.

The Board considers that the terms of the Cooperation Framework Agreement and the Equity Transfer Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Equity Transfer Agreement and the transactions contemplated thereunder are more than 5% and all of such ratios are below 25%, the Equity Transfer Agreement and the transactions contemplated thereunder 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.

GENERAL

In the event that any further definitive agreement in connection with the Qixian Project and the Anyang Project is entered into by the Group, the Company will comply with the requirements of the Listing Rules in respect thereof and make further announcement(s) as and when appropriate.

DEFINITIONS

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

“Anyang EPC Contract”	the EPC contract to be executed in relation to the construction of the 100MW photovoltaic power plant for the Anyang Project
“Anyang Project”	the project on the proposed construction of a 100MW photovoltaic power plant in Anyang County* (安陽縣), Henan Province, the PRC
“Anyang Subsidiary”	the wholly-owned subsidiary of the Target Company holding the Anyang Project
“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
“Cooperation Framework Agreement”	the cooperation framework agreement entered into among the Subsidiary, the Owners and the Target Company dated 12 May 2016 in relation to (i) the arrangement regarding the transfer of the entire equity interest of the Target Company; (ii) the arrangement regarding the Qixian Project; and (iii) the arrangement regarding the Anyang Project
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“Equity Transfer”	the transfer of the entire equity interest in the Target Company from the Owners to the Subsidiary pursuant to the Equity Transfer Agreement

“Equity Transfer Agreement”	the equity transfer agreement dated 12 May 2016 in relation to the transfer of the entire equity interest of the Target Company from the Owners to the Subsidiary
“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 People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatts, which is equal to 1,000,000 watts
“Owner A”	趙紅英 (Zhao Hongying*), the owner of 80% equity interest in the Target Company as at the date of this announcement
“Owner B”	杜愛麗 (Du Aili*), the owner of 20% equity interest in the Target Company as at the date of this announcement
“Owners”	Owner A and Owner B
“PRC”	The People’s Republic of China, which, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Qixian Executed Contracts”	the contracts executed in October 2015 in relation to the Qixian Project, the details of which are set out in the announcements of the Company dated 15 October 2015 and 16 October 2015
“Qixian Project”	the project on the construction of the photovoltaic power plant in Qi County* (淇縣), Henan Province, the PRC, the details of which are set out in the announcements of the Company dated 15 October 2015 and 16 October 2015

“Qixian Subsidiary”	the wholly-owned subsidiary of the Target Company holding the Qixian Project
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders 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
“Subsidiary”	天津富歡企業管理諮詢有限公司(Tianjin Clean Energy Investment Company Limited*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Target Company”	河南旭光商貿有限公司(Henan Xuguang Commerce Co., Ltd.*), a company incorporated in the PRC
“%”	per cent.

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

Hong Kong, 12 May 2016

As at the date of this announcement, the Board comprises seven Directors, namely Mr. Hu Xiaoyong, Mr. Shi Xiaobei, Mr. Liang Yongfeng and Mr. Wang Ye as executive Directors; and Mr. Tam Tak Kei Raymond, Professor Lam Sing Kwong Simon and Mr. Xu Honghua as independent non-executive Directors.

* *for identification purposes only*