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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

(1) THE SUPPLEMENTAL AGREEMENT AND THE DEBT SETTLEMENT AGREEMENT (2) ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE PROJECT COMPANY

THE SUPPLEMENTAL AGREEMENT AND THE DEBT SETTLEMENT AGREEMENT

Reference is made to the Company's prior announcement dated 16 February 2016 in relation to the Cooperation Framework Agreement.

On 23 June 2016, the Subsidiary, the Owner, the Project Company and the EPC Contractor entered into the Supplemental Agreement pursuant to which the parties agreed to amend and supplement certain terms of the Cooperation Framework Agreement.

On 23 June 2016, the Subsidiary, the Project Company and the EPC Contractor further entered into the Debt Settlement Agreement pursuant to which the parties further agreed to certain terms relating to the settlement of their respective obligations under the Cooperation Framework Agreement.

THE EQUITY TRANSFER AGREEMENT

On 23 June 2016, the Owner and the Subsidiary Nominee entered into the Equity Transfer Agreement pursuant to which the Owner agreed to dispose of, and the Subsidiary Nominee agreed to acquire, the entire equity interest in the Project Company.

Upon completion of the Equity Transfer, the Project Company will become a subsidiary of the Company and its financial results will be consolidated into the financial results of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Equity Transfer Agreement and the transactions contemplated therein, when aggregated with that of the Cooperation Framework Agreement, the Supplemental Agreement, the Debt Settlement Agreement, and the transactions contemplated therein pursuant to Rule 14.22 of the Listing Rules, are more than 5% but below 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated therein constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE SUPPLEMENTAL AGREEMENT AND THE DEBT SETTLEMENT AGREEMENT

Reference is made to the Company's prior announcement dated 16 February 2016 in relation to the Cooperation Framework Agreement.

The Supplemental Agreement

On 23 June 2016, the Subsidiary, the Owner, the Project Company and the EPC Contractor entered into the Supplemental Agreement pursuant to which the parties agreed to amend and supplement certain terms of the Cooperation Framework Agreement.

Pursuant to the terms of the Supplemental Agreement, the parties agreed that:

1. Instead of the Escrow Payment to be made by the Subsidiary pursuant to the terms of the original Cooperation Framework Agreement, the Subsidiary shall pay or procure to be paid the Third Prepayment of the Project Price in the amount of RMB112,944,000 to the EPC Contractor. The making of the Third Prepayment shall be subject to the satisfaction of the following conditions:
 - (a) the total debt of the Project Company having not exceeded the total unpaid Project Price payable;
 - (b) the Power Plant having begun its operation in grid-connected power generation; and
 - (c) the receipt by the Subsidiary of the First Letter of Guarantee and the Second Letter of Guarantee, the amount of which are guaranteed thereunder shall be an amount equal of 90% and 10% of the Third Prepayment, respectively.

2. The Third Prepayment is calculated as an amount equal to 90% of the Project Price minus the Prepayment already made under the Cooperation Framework Agreement. Pursuant to the Cooperation Framework Agreement, it was agreed that, subject to the construction of the Power Plant being completed in accordance with the Cooperation Framework Agreement, the Subsidiary shall pay to the EPC Contractor the Project Price in the amount of RMB291,410,000. As at the date of this announcement, Prepayment in the aggregate amount of RMB149,325,000 has been paid by the Subsidiary to the EPC Contractor pursuant to the terms of the Cooperation Framework Agreement.
3. Subject to the satisfaction of the conditions set out in paragraph 1 above and the verification by the Subsidiary of the validity of the First Letter of Guarantee and the Second Letter of Guarantee, the Subsidiary shall pay the Third Prepayment to the EPC Contractor within 5 business days of receipt of the First Letter of Guarantee and the Second Letter of Guarantee.
4. Pursuant to the terms of the Supplemental Agreement, the EPC Contractor shall be responsible for the procuring of the First Letter of Guarantee and the Second Letter of Guarantee. The First Letter of Guarantee shall be returned and released by the Subsidiary upon, among others, the completion of the Equity Transfer and the delivery of the relevant completion deliverables in accordance with the terms of the Cooperation Framework Agreement (as amended and supplemented by the Supplemental Agreement). The Second Letter of Guarantee shall be returned and released by the Subsidiary upon (i) the execution of certain procedural documents, grant of certain approvals and delivery of relevant deliverables relating to the Project in accordance with the terms of the Cooperation Framework Agreement (as amended and supplemented by the Supplemental Agreement), (ii) the steady operation of the Power Plant for 240 consecutive hours, and (iii) the completion checks for the Project having been conducted to the satisfaction of the Subsidiary.
5. The parties to the Supplemental Agreement further agreed for the Subsidiary to designate the Subsidiary Nominee, an indirect wholly-owned subsidiary of the Company, to enter into the relevant equity transfer agreement in relation to the Equity Transfer.

6. Pursuant to the terms of the Supplemental Agreement, the Equity Transfer and the release of the share pledge in favour of the EPC Contractor over the entire equity interest in the Project Company shall be completed within 5 business days of the payment of the Third Prepayment by the Subsidiary, failing which the Owner and the EPC Contractor shall return the Project Price payment already made in full within 2 business days therefrom.

The Debt Settlement Agreement

On 23 June 2016, the Subsidiary, the Project Company and the EPC Contractor further entered into the Debt Settlement Agreement pursuant to which the parties further agreed to certain terms relating to the settlement of their respective obligations under the Cooperation Framework Agreement.

The material terms of the Debt Settlement Agreement are as follows:

- (a) the EPC Contractor confirms that, upon the receipt by EPC Contractor of the first prepayment and second prepayment under the Cooperation Framework Agreement, an equivalent amount of the Project Price payable by the Project Company is deemed to have been paid by the Subsidiary on behalf of the Project Company;
- (b) the EPC Contractor and the Project Company further undertake to, upon the receipt of the Third Prepayment, an equivalent amount of the Project Price payable by the Project Company shall be deemed to be paid by the Subsidiary on behalf of the Project Company;
- (c) subject to the satisfaction of the relevant conditions under the Cooperation Framework Agreement, the fourth payment to be made by the Subsidiary under the Cooperation Framework Agreement shall (subject to deduction for any taxes payable) be used entirely to pay the outstanding payments owed by the Project Company to the EPC Contractor; and
- (d) the EPC Contractor and the Project Company undertake to the Subsidiary that the EPC Contractor and the various sub-contractors and suppliers of the Project to which payments are deemed to have been made in accordance with paragraph (a), (b) and (c) above shall not make any further claim against the Project Company, and the EPC Contractor shall indemnify the Subsidiary of any claim against the Subsidiary or the Project Company with respect to the aforesaid.

Save as specifically amended and supplemented by the Supplemental Agreement and the Debt Settlement Agreement, all other terms and conditions of the Cooperation Framework Agreement remain in full force and effect.

THE EQUITY TRANSFER AGREEMENT

On 23 June 2016, the Owner and the Subsidiary Nominee entered into the Equity Transfer Agreement pursuant to which the Owner agreed to dispose of, and the Subsidiary Nominee agreed to acquire, the entire equity interest in the Project Company. The material terms of the Equity Transfer Agreement are as follows.

Date

23 June 2016

Parties

- (1) The Subsidiary Nominee (as the purchaser)
- (2) The Owner (as the seller)

Save as disclosed in this announcement and to be best of the Directors' knowledge and belief, having made all reasonable enquires, the Owner and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject matter

Pursuant to the terms of the Equity Transfer Agreement, the Owner agreed to dispose of, and the Subsidiary Nominee agreed to acquire, the entire equity interest in the Project Company.

Consideration

The consideration payable for the Equity Transfer is RMB3 million, which shall be deemed to be satisfied by the payment of an equivalent amount of the Project Price in accordance with the terms of the Cooperation Framework Agreement.

The consideration for the Equity Transfer was determined after arm's length negotiations between the parties and was based on the paid-up capital of the Project Company in the amount of RMB3 million.

The consideration for the Equity Transfer will be financed by the Group's internal resources and/or bank borrowings.

Completion

Pursuant to the terms of the Cooperation Framework Agreement (as amended and supplemented by the Supplemental Agreement), the Equity Transfer shall be completed within 5 business days of the payment of the Third Prepayment by the Subsidiary, failing which the Owner and the EPC Contractor shall return the Project Price payment already made in full within 2 business days therefrom.

Upon completion of the Equity Transfer, the Project Company will become a subsidiary of the Company and its financial results will be consolidated into the financial results of the Group.

INFORMATION OF THE OWNER AND THE PROJECT COMPANY

The Owner is a company established in the PRC with limited liability and is the sole shareholder of the Project Company. The Owner is engaged in the businesses of advisory on the use of photovoltaic power and solar thermal energy and the research and development and sales of photovoltaic and solar thermal equipment.

The Project Company is a company established in the PRC with limited liability and is wholly-owned by the Owner. It is involved in the businesses of technical development, advisory and services of new energy, energy performance contracting, research and development, sales and installation of photovoltaic equipment and solar power generation.

Based solely on the unaudited financial information provided by the Project Company, as at 31 May 2016, the net and total assets of the Project Company are approximately RMB3.1 million and approximately RMB300.6 million, respectively. Based solely on the unaudited financial information provided by the Project Company, the net loss before and after tax of the Project Company for the two years ended 31 December 2014 and 2015, respectively, are summarised as follows:

	UNAUDITED	
	For the year ended 31 December 2015	For the year ended 31 December 2014
Loss before taxation	approximately RMB16,000	approximately RMB738,000
Loss after taxation	approximately RMB16,000	approximately RMB738,000

INFORMATION ON THE COMPANY AND REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT, THE DEBT SETTLEMENT AGREEMENT AND THE EQUITY TRANSFER

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.

The terms of the Supplemental Agreement, the Equity Transfer Agreement and the Debt Settlement Agreement were determined after arm's length negotiations between the parties thereto. The proposed terms of the Supplemental Agreement enables the Company to obtain third-party guarantee for the performance of the Owner and EPC Contractor's relevant obligations under the Cooperation Framework Agreement in the form of the First Letter of Guarantee and the Second Letter of Guarantee. The Directors consider that the aforesaid

“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 Owner, the Project Company and the EPC Contractor dated 16 February 2016 in relation to the collaboration on the Project, details of which are set out in the Company’s announcement dated 16 February 2016
“Debt Settlement Agreement”	the debt settlement agreement entered into among the Subsidiary, the Project Company and the EPC Contractor on 23 June 2016 relating to the settlement of certain obligations of the relevant parties under the Cooperation Framework Agreement
“Director(s)”	the director(s) of the Company
“EPC Contractor”	重慶四聯新能源有限公司(Chongqing Silian New Energy Company Limited*), a company established in the PRC with limited liability
“Equity Transfer”	the acquisition of the entire equity interest in the Project Company by the Subsidiary Nominee in accordance with the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 23 June 2016 entered into between the Owner and the Subsidiary Nominee in respect of the Equity Transfer

“Escrow Payment”	the payment by the Subsidiary (or the procurement by the Subsidiary thereof) of an amount equal to 90% of the Project Price minus the Prepayment to an escrow account jointly controlled by the Subsidiary and the EPC Contractor, as contemplated under the original Cooperation Framework Agreement
“First Letter of Guarantee”	the letter of guarantee to issued by a bank in favour of the Subsidiary pursuant to the terms of the Cooperation Framework Agreement (as amended and supplemented by the Supplemental Agreement), the amount of which are guaranteed thereunder shall be an amount equal of 90% of the Third Prepayment
“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
“MW”	Megawatts, which is equal to 1,000,000 watts
“Owner”	天津中興能源綠谷科技有限公司(Tianjin Zhongxing Energy Lvgu Technologies Company Limited*), a company established in the PRC with limited liability
“PRC”	The People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Prepayment”	the prepayment in the aggregate amount of RMB149,325,000 paid by the Subsidiary to the EPC Contractor pursuant to the terms of the Cooperation Framework Agreement
“Project”	the construction of the Power Plant

“Project Company”	曲陽綠谷能源科技有限公司(Quyang Lvgu Energy Technologies Company Limited*), a company established in the PRC with limited liability
“Project Price”	the total construction price of the Project, being RMB291,410,000
“Power Plant”	a 32.2MW photovoltaic power plant in the Hebei Province, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Second Letter of Guarantee”	the letter of guarantee to issued by a bank in favour of the Subsidiary pursuant to the terms of the Cooperation Framework Agreement (as amended and supplemented by the Supplemental Agreement), the amount of which are guaranteed thereunder shall be an amount equal of 10% of the Third Prepayment
“Shares”	ordinary shares of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	北清清潔能源投資有限公司(Beiqing Clean Energy Investment Company Limited*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Subsidiary Nominee”	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

“Supplemental Agreement”	the supplemental agreement entered into among the Subsidiary, the Owner, the Project Company and the EPC Contractor dated 23 June 2016 amending and supplementing certain terms of the Cooperation Framework Agreement
“Third Prepayment”	the third prepayment of the Project Price pursuant to the terms of the Cooperation Framework Agreement, as amended and supplemented by the Supplemental Agreement.
“%”	per cent

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

Hong Kong, 23 June 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.*