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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 ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE PROJECT COMPANY**

### **THE EQUITY TRANSFER**

On 1 February 2016, BCEI, an indirect wholly-owned subsidiary of the Company, the Vendor and the Project Company entered into the Investment Framework Agreement, which was further amended and supplemented by the Supplemental Agreement dated 29 June 2016 entered into by the Purchaser, BCEI, the Project Company and the Vendor. Pursuant to the terms of the Investment Framework Agreement, as amended and supplemented by the Supplemental Agreement, the Purchaser (instead of BCEI), an indirect wholly-owned subsidiary of the Company, shall, subject to the entering into of the definitive sale and purchase agreement, acquire the entire equity interest in the Project Company from the Vendor.

On 29 June 2016, the Purchaser and the Vendor entered into the Equity Transfer Agreement which was further amended and supplemented by the Supplemental Agreement, pursuant to which (i) the Purchaser agreed to acquire, and the Vendor agreed to dispose of, the entire equity interest in the Project Company, and (ii) the Purchaser agreed to pay on behalf of the Project Company the Project Company Payment Obligations through the Payment Settlement.

## **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 therein 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.

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

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The material terms of the Equity Transfer Agreement (as amended and supplemented by the Supplemental Agreement) are as follows:

### **Date**

29 June 2016

## **Parties**

- (1) The Purchaser (as the purchaser)
- (2) The Vendor (as the seller)

To be best of the Directors' knowledge and belief, having made all reasonable enquires, the Vendor 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 (as amended and supplemented by the Supplemental Agreement), (i) the Purchaser agreed to acquire, and the Vendor agreed to dispose of, the entire equity interest in the Project Company, and (ii) the Purchaser agreed to pay on behalf of the Project Company the Project Company Payment Obligations through the Payment Settlement.

## **Consideration**

The total consideration payable for the entire equity interest in the Project Company and the Payment Settlement is RMB207,909,000, which shall be satisfied by the Purchaser to the Vendor in the following manner:

- (a) a deposit of RMB41,796,268.80 has been paid by the BECI to the Vendor, in accordance with the terms of the Investment Framework Agreement; and

- (b) RMB166,112,731.20, including the consideration for the entire equity interest in the Project Company in the amount of RMB33,681,743.14, shall be paid by the Purchaser into the Escrow Accounts in accordance with the terms of the Equity Transfer Agreement, within two (2) business days from the date of opening of the Escrow Accounts. Within three (3) business days of the date of the Equity Transfer Agreement, the Vendor shall procure the delivery to the Purchaser of the Letter of Guarantee in the amount of RMB20,790,900 in favour of the Purchaser. The aforesaid amount held in the Escrow Accounts shall be released to the Vendor in accordance with the terms of the Equity Transfer Agreement (as amended and supplemented by the Supplemental Agreement) upon (i) receipt by the Purchaser of the Letter of Guarantee, (ii) the receipt by the Purchaser of the Payment Settlement Agreements, and (iii) the receipt by the Project Company of its new business registration licence after completion of the registration of the Acquisition with the relevant authorities.

The consideration for the Acquisition contemplated under the Equity Transfer Agreement (as amended and supplemented by the Supplemental Agreement) was determined after arm's length negotiations between the Purchaser and the Vendor with reference to the respective net asset value and total debt of the Project Company as at 31 December 2015.

The consideration for the Acquisition will be financed by the internal resources and/or borrowings of the Group.

### **Completion of the Acquisition**

The Equity Transfer Agreement shall become effective on the date of signing. Within 2 days of the Equity Transfer Agreement becoming effective, the Vendor shall proceed to register the Acquisition with the relevant authorities. Completion of the Acquisition, including the completion of the aforesaid registration, shall take place within two (2) business days from aforesaid date.

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

## **The Payment Settlement**

Within three (3) business days of the completion of the registration of the Acquisition with the relevant authorities, the Vendor shall, among others, coordinate with the various parties to further enter into the relevant Payment Settlement Agreements to confirm the Payment Settlement by the Purchaser on behalf of the Project Company.

The parties agree that, upon the receipt of the deposit for the Equity Transfer by the Vendor and the release of the relevant portion of the consideration for the Project Company Payment Settlement from the Escrow Accounts to the Vendor, the Project Company shall be deemed to have fully satisfied the equivalent amount of the Project Company Payment Obligations.

## **INFORMATION OF THE VENDOR AND THE PROJECT COMPANY**

The Vendor is a company established in the PRC and the sole shareholder of the Project Company. It is involved in the businesses of the development, production, sale of various batteries, electronic measurement equipment and photovoltaic equipment and components.

The Project Company is a company established in the PRC and is wholly-owned by the Vendor. It is involved in the businesses of the operation of solar-powered photovoltaic power generation project and project contracting for solar power station. The Project Company currently operates the Project, a 26.655 MW photovoltaic power plant in Shangjin County of Hubei Province, the PRC.

Based on the unaudited financial information of the Project Company for the financial year ended 31 May 2016, the net and total assets of the Project Company as at 31 May 2016 are approximately RMB18,869,000 and approximately RMB199,179,000, respectively. The unaudited consolidated financial information of the Project Company for the two years ended 31 December 2014 and 2015 respectively, are as follows:

	<b>UNAUDITED</b>	
	<b>For the year ended 31 December 2015</b>	<b>For the year ended 31 December 2014</b>
Loss before taxation	approximately RMB1,090,000	approximately RMB220,000
Loss after taxation	approximately RMB1,090,000	approximately RMB220,000

## **INFORMATION ON THE COMPANY AND REASONS FOR AND BENEFIT OF THE ACQUISITION**

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 transactions contemplated under the Investment Framework Agreement, the Equity Transfer Agreement and the Supplemental Agreement provide the Company with an opportunity to acquire the Project, which is located in Shangjin County of Hubei Province, the PRC, a location considered by the Company to be favourable for development of photovoltaic business. By acquiring the Project and settling the Project Company Payment Obligations through the Payment Settlement, the Directors believe that this will promote further success of the Project.

The Board considers that the terms of the Acquisition are fair and reasonable and the transactions contemplated therein are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Agreements and the transactions contemplated therein 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.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Acquisition”	the acquisition of the entire equity interest in the Project Company by the Purchaser in accordance with the terms of the Equity Transfer Agreement
“BCEI”	北清清潔能源投資有限公司 (Beiqing Clean Energy Investment Company Limited*), an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors of the Company
“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
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“Equity Transfer Agreement”	the equity transfer agreement dated 29 June 2016 entered into between the Vendor and the Purchaser in respect of the Acquisition
“Escrow Accounts”	the two escrow accounts to be opened, within two (2) business days from the date of the Equity Transfer Agreement, by the Vendor and the Purchaser in Shantou, PRC and Beijing, PRC respectively

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investment Framework Agreement”	the investment framework agreement dated 1 February 2016 entered into by BCEI, the Vendor and the Project Company relating to, among others, the payment of the deposit for the Acquisition
“Letter of Guarantee”	a letter of guarantee provided by a bank in the amount of RMB20,790,900 in favour of the Purchaser
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatts, which is equal to 1,000,000 watts
“PRC”	The People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Payment Settlement”	the settlement of the Project Company Payment Obligations by the Purchaser on behalf of the Project Company in accordance with the terms of the Equity Transfer Agreement
“Payment Settlement Agreements”	the relevant agreements to be further entered into by the relevant parties to confirm the Payment Settlement by the Purchaser on behalf of the Project Company
“Project”	a 26.655 MW photovoltaic power plant in Hubei Province, the PRC
“Project Company”	潤峰電力(鄭西)有限公司 (Runfeng Power (Yunxi) Company Limited*), a company established in the PRC and wholly-owned by the Vendor



“Project Company Payment Obligations”	the outstanding payment obligations of the Project Company towards the Vendor and various EPC contractors in relation to the Project
“Purchaser”	天津富歡企業管理諮詢有限公司 (Tianjin Clean Energy Investment Company Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“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
“Supplemental Agreement”	the supplemental agreement entered into by BCEI, the Purchaser, the Project Company and the Vendor on 29 June 2016 amending and supplementing the terms of the Investment Framework Agreement and the Equity Transfer Agreement
“Vendor”	廣東猛獅新能源科技股份有限公司 (Guangdong Dynavolt Renewable Energy Technology Co., Ltd.*), a company established in the PRC and the sole shareholder of the Project Company
“%”	per cent

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

Hong Kong, 29 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.*