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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**

On 16 August 2016, the Purchaser, the Vendors and the Project Company entered into the Equity Transfer Agreement (as amended by the Supplemental Agreement), pursuant to which the Purchaser shall, subject to the fulfilment of the Conditions Precedent, acquire 60% and 40% of equity interest in the Project Company from the First Vendor and the Second Vendor respectively.

As one or more of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% and all of the applicable ratios are below 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **THE EQUITY TRANSFER**

On 16 August 2016, the Purchaser, the Vendors and the Project Company entered into the Equity Transfer Agreement (as amended by the Supplemental Agreement), pursuant to which the Purchaser shall, subject to the fulfilment of the Conditions Precedent, acquire 60% and 40% of equity interest in the Project Company from the First Vendor and the Second Vendor respectively.

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

**Date**

16 August 2016

**Parties**

- (1) the Purchaser (as the purchaser)
- (2) the First Vendor (as a vendor)
- (3) the Second Vendor (as a vendor)
- (4) the Project Company (as the target company)

To the best of the Directors' knowledge and belief, having made all reasonable enquires, the Vendors and their respective ultimate beneficial owners and the Project Company are independent of the Company and the connected persons of the Company.

**Conditions Precedent**

The Equity Transfer Agreement (as amended by the Supplemental Agreement) shall take effect upon the fulfilment of all of the following Conditions Precedent:

- (1) the signing of the Equity Transfer Agreement (as amended by the Supplemental Agreement) by all parties to that agreement;
- (2) the release of the pledge of 82% equity interest in the Project Company by JEPCC1 and the completion of the business registration procedures after the publication of this announcement;
- (3) the entering into of a written agreement between the First Vendor and Jinling Electric pursuant to which Jinling Electric would agree to transfer to the Purchaser the Jinling Equity Interest in accordance with the terms of the Equity Transfer Agreement (as amended by the Supplemental Agreement) and to fully authorise the First Vendor to deal with the procedures in relation to the said transfer;

- (4) the signing of the Debt Settlement Agreement (as amended by the Supplemental Agreement) among the Purchaser, the Vendors, the Project Company, JEPCC1 and Jinling Electric confirming (i) the method of settlement of all external debts due and payable by the Project Company and (ii) that the transfer of the Jinling Equity Interest is to be dealt with by First Vendor;
- (5) the Project satisfying the investment estimation of the Purchaser and the due diligence review requirements in respect of the technology of the Project and the Purchaser obtaining its internal approval of the Equity Transfer Agreement (as amended by the Supplemental Agreement);

The Purchaser shall confirm whether Condition Precedent (5) is satisfied within 5 business days following the signing of the Equity Transfer Agreement (as amended by the Supplemental Agreement). If the Purchaser considers that the said condition is not satisfied, the Equity Transfer Agreement (as amended by the Supplemental Agreement) shall be terminated. If the Purchaser fails to notify the Vendors and the Project Company of the termination of the Equity Transfer Agreement (as amended by the Supplemental Agreement) within the stipulated period, it is deemed to have confirmed that Condition Precedent (5) is satisfied.

The Vendors and the Project Company shall satisfy Conditions Precedent (2)-(4) within 30 days after the signing of the Equity Transfer Agreement (as amended by the Supplemental Agreement). If any of those Conditions Precedent remains unsatisfied 40 days after the signing of the Equity Transfer Agreement (as amended by the Supplemental Agreement), the Purchaser may elect to terminate the Equity Transfer Agreement (as amended by the Supplemental Agreement).

### **Consideration**

The Consideration payable by the Purchaser under the Equity Transfer Agreement (as amended by the Supplemental Agreement) is RMB471.8 million.

The Consideration comprises: (i) all liabilities incurred before the date of change of business registration in respect of the Acquisition; (ii) all handling charges and tax payable in respect of the necessary procedures for the Project Company and the power plant which it operates; and (iii) the price of Acquisition payable to the Vendors (tax inclusive).

In the event that (A) any debt was not disclosed by the signing of the Equity Transfer Agreement (as amended by the Supplemental Agreement); or (B) the amount of debt and charges and tax are greater than the amount of Consideration, the Vendor shall be liable to pay the undisclosed debt or the excess amount (as the case may be).

The Consideration shall be payable by 3 instalments in the following manner:

- (1) the Purchaser agrees to pay RMB320 million within 7 business days after the fulfilment of the following conditions within 40 days following the entering into of the Debt Settlement Agreement (as amended by the Supplemental Agreement):
  - (a) the procedures for the change of business registration in respect of the Acquisition having been completed and the new business licence for the Project Company having been issued;
  - (b) the Vendors having delivered to the Purchaser of all licences and permits, accounting information, stamps and chops of the Project Company and the approval documents and certificates in relation to the Project; and

that no material adverse change in respect of the Project Company has occurred from the date of signing of the Equity Transfer Agreement (as amended by the Supplemental Agreement) to the payment of the first instalment;

- (2) the Purchaser shall pay RMB141.8 million within 7 business days after the fulfilment of the following conditions:
  - (a) the Vendors having completed the relevant procedures relating to the Project Company and the examination and confirmation of the completion of the construction of the Project;
  - (b) JEPCC1 and Jinling Electric having confirmed the amount to be settled under the EPC Master Subcontracting Agreement and the loan agreements entered into between the Project Company and JEPCC1 and between the Project Company and Jinling Electric, respectively;
  - (c) all amount due and payable under the relevant agreements directly entered into by the Project Company (other than RMB1.96 million which will be settled as agreed by the relevant parties) having been settled before the change of business registration of the Project Company in respect of the Acquisition; and

- (d) JEPCC1 having extended or transferred to the Project Company, among others, quality assurance money (or letter of quality assurance) and the interest in the relevant technical service, repair and maintenance and quality assurance under the Equity Transfer Agreement (as amended by the Supplemental Agreement);
- (3) the balance of RMB10 million shall be paid when the following conditions are fulfilled:
- (a) the Project Company having obtained the first national subsidy for renewable energy within 1 year following the completion of the Acquisition;
  - (b) the Project Company having won in the final appeal of the outstanding claim by a supplier of the Project Company against the Project Company and in the event that the Project Company shall be held liable for any amount in respect of such claim, the Purchaser may deduct such sum from the balance; and
  - (c) within 1 year following the completion of the Acquisition:
    - (i) the Project Company and the Project having operated normally in all respects (excluding any abnormal operation caused by the Purchaser or the staff of the Project Company);
    - (ii) all permit and reply in respect of the Project as handed over by the Vendors having no material adverse effect on the later stage of the operation; and
    - (iii) the Vendors having duly performed their respective obligations to procure that the Project Company completes other proper legal procedures in relation to the development and construction of the Project.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendors with reference to the net asset value and the total debt of the Project Company and the prospects of the Project Company.

The Consideration will be financed by the internal resources and/or borrowings of the Group.

## **Completion of the Acquisition**

The change of business registration in respect of the Acquisition shall be completed within 10 business days of the satisfaction of all Conditions Precedent.

## **Other major terms**

After the execution of the Equity Transfer Agreement (as amended by the Supplemental Agreement), the Vendors shall not approach any third party in respect of the transfer of the equity interest in the Project Company.

The net income of the Project Company accrued on or before 31 July 2016 shall belong to the Vendors whereas the net income of the Project Company accrued after 31 July 2016 shall belong to the Purchaser.

If the Project Company prepays any land transfer premium to government authorities before 31 July 2016 and the government subsequently returns any part of such premium, the returned sum shall be returned to the Vendors.

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

The First Vendor is a company established in the PRC and is the 60% registered owner of the equity interest (including the Jinling Equity Interest) in the Project Company. The First Vendor is principally engaged in the business of consultancy service for technological improvement, instalment, adjustment of power station, technology consultancy service and contractual energy management.

The Second Vendor is a company established in the PRC and is the 40% registered owner of the equity interest in the Project Company. The Second Vendor is principally engaged in the business of research and development of energy technology.

The Project Company is a company established in the PRC and is principally engaged in the business of the operation of the Project.

Based on the unaudited financial information of the Project Company for the financial year ended 30 June 2016, as at 30 June 2016, the net and total assets of the Project Company amounted to approximately RMB29.6 million and RMB361.4 million respectively.

The table below sets forth the audited financial information of the Project Company for the two years ended 31 December 2015 based on the audited financial information of the Project Company for the respective years:

	<b>For the year ended 31 December 2015 (RMB) (Approximate)</b>	<b>For the year ended 31 December 2014 (RMB) (Approximate)</b>
Loss before taxation	3,404,000	1,304,000
Loss after taxation	3,404,000	1,304,000

## **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 Equity Transfer Agreement (as amended by the Supplemental Agreement) provide the Company with an opportunity to acquire the Project, which is located in Wudi County, Binzhou City, Shandong Province, the PRC, a location considered by the Company to be favourable for development of wind power plant business. By acquiring the Project, the Directors believe that the transactions contemplated under the Equity Transfer Agreement (as amended by the Supplemental Agreement) will promote the further success of the Project and broaden the clean energy business of the Group.

The Board considers that the terms of the Acquisition are fair and reasonable and the transactions contemplated under the Equity Transfer Agreement (as amended by the Supplemental Agreement) are in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisition are more than 5% and all of the applicable ratios are below 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition 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 meanings:

“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 (as amended by the Supplemental Agreement)
“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
“Condition(s) Precedent”	the condition(s) precedent for the taking effect of the Equity Transfer Agreement (as amended by the Supplemental Agreement)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the maximum amount of consideration for the Acquisition under the Equity Transfer Agreement (as amended by the Supplemental Agreement)



“Debt Settlement Agreement”	the debt settlement agreement dated 16 August 2016 and entered into among the Purchaser, the Vendors, the Project Company, JEPCC1 and Jinling Electric in relation to, among others, settlement of amounts due to JEPCC1 and Jinling Electric by the Project Company
“Director”	director of the Company
“EPC”	engineering, procurement and construction
“EPC Master Subcontracting Agreement”	the EPC master subcontracting agreement dated 30 November 2014 and entered into between the Project Company and JEPCC1 in respect of the Project
“Equity Transfer Agreement”	the equity transfer and debt assumption and settlement agreement dated 16 August 2016 entered into between the Vendors, the Purchaser and the Project Company in respect of the acquisition of the entire equity interest of the Project Company by the Purchaser
“First Vendor”	南京創能電力科技開發有限公司 (Nanjing Chuangneng Electrical Technology Development Limited*), a company established in the PRC and the registered owner of 60% equity interest in the Project Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“JEPCC1”	中國能源建設集團江蘇省電力建設第一工程有限公司 (China Energy Engineering Group Jiangsu No. 1 Electric Power Construction Engineering Co., Ltd.*), a company established in the PRC and which is, and whose ultimate beneficial owners are, to the best of the Directors’ knowledge and belief, having made all reasonable enquiries, independent of the Company and the connected persons of the Company, save for being the pledgee of the 82% equity interest of the Project Company and the main contractor under the EPC Master Subcontracting Agreement
“Jinling Electric”	江蘇金陵電力資產投資有限公司 (Jiangsu Jinling Electric Assets Investments Limited*), a company established in the PRC and which is, and whose ultimate beneficial owners are, to the best of the Directors’ knowledge and belief, having made all reasonable enquiries, independent of the Company and the connected persons of the Company, save for being the beneficial owner of the Jinling Equity Interest
“Jinling Equity Interest”	the 8% equity interest in the Project Company which was held by the First Vendor for and on behalf of Jinling Electric
“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, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Project”	a 48MW wind power plant in Shandong Province of the PRC
“Project Company”	山東魯薩風電有限公司 (Shandong Lusa Wind Power Limited*), a company established in the PRC

“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
“Second Vendor”	湖南博發新能源投資開發有限公司 (Hunan Bofa New Energy Investment Development Limited*), a company established in the PRC and the registered owner of 40% equity interest in the Project Company
“Share(s)”	ordinary share(s) 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 dated 16 August 2016 and entered into among the Purchaser, the Vendors, the Project Company, JEPCC1 and Jinling Electric in relation to the Equity Transfer Agreement and Debt Settlement Agreement
“Vendors”	the First Vendor and the Second Vendor
“%”	per cent

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

Hong Kong, 16 August 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. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik as independent non-executive Directors.*

\* for identification purposes only