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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) ACQUISITION OF THE ENTIRE EQUITY INTEREST IN THE PROJECT COMPANY

(2) THE DEBT SETTLEMENT AGREEMENT

THE EQUITY TRANSFER AGREEMENT

On 9 November 2016, the Vendors, the Subsidiary, the Equity Pledgee and the Project Company entered into the Equity Transfer Agreement pursuant to which the Vendors agreed to dispose of, and the Subsidiary agreed to acquire, the entire equity interest in the Project Company.

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

THE DEBT SETTLEMENT AGREEMENT

On 9 November 2016, the Vendors, the Subsidiary, the Equity Pledgee, the Project Company and the EPC Contractor entered into the Debt Settlement Agreement pursuant to which the parties agreed to certain terms relating to the settlement of certain obligations arising from the Project.

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 are more than 5% and all of such ratios are below 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated therein 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.

THE EQUITY TRANSFER AGREEMENT

On 9 November 2016, the Vendors, the Subsidiary, the Equity Pledgee and the Project Company entered into the Equity Transfer Agreement pursuant to which the Vendors agreed to dispose of, and the Subsidiary agreed to acquire, the entire equity interest in the Project Company. The material terms of the Equity Transfer Agreement are as follows.

Date

9 November 2016

Parties

- (1) the Vendors (as the sellers)
- (2) the Subsidiary (as the purchaser)
- (3) the Equity Pledgee
- (4) the Project Company

Save as disclosed in this announcement and to the best of the Directors' knowledge and belief, having made all reasonable enquires, the Vendors, the Equity Pledgee, and the Project Company and their respective ultimate beneficial owners are independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Subject matter

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

As at the date of this announcement, 40% of the equity interest in the Project Company is held by the First Vendor and has been pledged by the First Vendor in favour of the Equity Pledgee (the “**Equity Pledge**”). The Equity Pledge will be released within two business days before the Vendors commence the relevant procedures necessary to complete the Equity Transfer.

Consideration

The consideration payable for the Equity Transfer is RMB425,000,000.00 (being the equivalent of the total liabilities (the “**Debts**”) owed by the Project Company arising in the Project as at 31 October 2016) which shall be satisfied by the payment of an equivalent amount by the Subsidiary to settle the Debts in accordance with the Debt Settlement Agreement.

The consideration for the Equity Transfer was determined after arm’s length negotiations among the parties with reference to the total liabilities owed by the Project Company during the construction process. 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 Equity Transfer Agreement, the Vendors shall commence the procedures necessary to complete the Equity Transfer no later than the second business day after the First Payment (as defined below) has been made into the Escrow Account (as defined below) by the Subsidiary in accordance with the Debt Settlement Agreement. The Vendors shall complete the Equity Transfer within five business days after the commencement of such procedure.

In the event that the Vendors and the Equity Pledgee fail to complete the Equity Transfer in accordance with the terms of the Equity Transfer Agreement, the Vendors and the Equity Pledgee shall return all the debt repayments already made by the Subsidiary (or its nominee) together with interests at the benchmark interest rate for loans as promulgated by the People's Bank of China over the same period.

In the event that the Subsidiary (or its nominee) fails to repay the liabilities on behalf of the Project Company as agreed, the Vendors and the Equity Pledgee shall be entitled to terminate the Equity Transfer Agreement and seek damages plus interests at the benchmark interest rate for loans as promulgated by the People's Bank of China over the same period in respect of the outstanding payment.

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

THE DEBT SETTLEMENT AGREEMENT

In connection with the Equity Transfer Agreement, on 9 November 2016, the Vendors, the Subsidiary, the Equity Pledgee, the Project Company and the EPC Contractor entered into the Debt Settlement Agreement pursuant to which the parties agreed to terms relating to the settlement of certain obligations arising from the Project.

Save as disclosed in this announcement and to the best of the Directors' knowledge and belief, having made all reasonable enquires, the Vendors, the Equity Pledgee, the Project Company and the EPC Contractor and their respective ultimate beneficial owners are independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Major terms

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

- (a) the total liabilities of the Project Company arising in the Project amounted to RMB425,000,000.00 as at 31 October 2016 and the Subsidiary shall repay such liabilities on behalf of the Project Company; any liabilities of the Project Company arising in the Project beyond RMB425,000,000.00 shall be repaid by the Vendors and the Equity Pledgee;

- (b) the Subsidiary and the Equity Pledgee shall set up an escrow account (the “**Escrow Account**”), and the Subsidiary shall inject an aggregate of RMB150,000,000.00 (the “**First Payment**”) into the Escrow Account within two business days after the date of the Debt Settlement Agreement;
- (c) on the Transfer Date, the First Payment held in the Escrow Account shall be transferred to the account of the Project Company for the settlement in part of its liabilities in accordance with the terms of the Debt Settlement Agreement;
- (d) within two business days after receiving the on-grid tariff approval from the relevant authorities, the Subsidiary shall pay in aggregate RMB190,000,000.00 to settle in part of the outstanding construction costs and liabilities owed by the Project Company to its creditors in accordance with the terms of the Debt Settlement Agreement; and
- (e) other than the payments described in paragraphs (c) and (d) above, the Subsidiary shall repay the remaining liabilities of the Project Company in the sum of RMB85,000,000.00 on behalf of the Project Company by instalments in accordance with the terms of the Debt Settlement Agreement.

INFORMATION OF THE VENDORS, THE PROJECT COMPANY AND OTHER PARTIES TO THE EQUITY TRANSFER AGREEMENT AND THE DEBT SETTLEMENT AGREEMENT

The First Vendor is a company established in the PRC with limited liability, who holds 40% of the equity interest in the Project Company and has pledged the same in favour of the Equity Pledgee. The First Vendor is primarily engaged in the business of research and development, investment, construction and operation in the new energy industry.

The Second Vendor is a company established in the PRC with limited liability and holds 30% of the equity interest in the Project Company. The Second Vendor is primarily engaged in the businesses of investment and construction of new energy power plants, operation and maintenance of photovoltaic power plants, supply of green energy and incubation of technology innovation in the environmental protection industry.

The Third Vendor is a company established in the PRC with limited liability and holds 30% of the equity interest in the Project Company. The Third Vendor is primarily engaged in the businesses of investment and construction of new energy power plants, operation and maintenance of photovoltaic power plants, supply of green energy and incubation of technology innovation in the environmental protection industry.

The Equity Pledgee is a company established in the PRC with limited liability and is primarily engaged in the business of technological development and technical services in relation to new energy, energy conservation and environmental protection.

The Project Company is a company established in the PRC with limited liability and is wholly-owned by the Vendors. It is primarily engaged in the business of development, investment, construction and operation in the new energy industry. The Project Company holds the Project.

The EPC Contractor is a company established in the PRC with limited liability and is primarily engaged in the business of investment, construction and operation in the new energy industry, and research and development, design and sale of photovoltaic power generation systems.

Based on the unaudited financial information provided by the Project Company, as at 31 October 2016, the net and total assets of the Project Company amounted to approximately RMB2,075,000 and RMB433,792,000 respectively. Based on the unaudited financial information provided by the Project Company, the net loss before and after taxation of the Project Company for the financial period from its date of establishment on 28 August 2014 to 31 December 2014 and the financial year ended 31 December 2015 are summarised as follows:

	UNAUDITED	
	For the financial period from 28 August 2014 to 31 December 2014 <i>(approximately RMB)</i>	For the financial year ended 31 December 2015 <i>(approximately RMB)</i>
Loss before taxation	–	11,000
Loss after taxation	–	11,000

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

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

The terms of the Equity Transfer Agreement and the Debt Settlement Agreement were determined after arm's length negotiations among the parties thereto. The transactions contemplated under the Equity Transfer Agreement provide the Company with an opportunity to acquire the Project, which is located in Shaanxi Province of the PRC, a location considered by the Company to be favourable for the development of its photovoltaic business. Furthermore, the Debt Settlement Agreement would clarify the positions of the relevant parties with respect to their respective rights and obligations arising from and in connection with the Project.

In view of the above, the Directors are of the view that the terms of the Debt Settlement Agreement, the Equity Transfer Agreement and the Equity Transfer are fair and reasonable and 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 Equity Transfer Agreement and the transactions contemplated therein are more than 5% and all of such ratios are below 25%, the entering into of the Equity Transfer Agreement and the transactions contemplated therein 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.

DEFINITIONS

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

“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
“Debt Settlement Agreement”	the debt settlement agreement entered into among the Vendors, the Subsidiary, the Equity Pledgee, the Project Company and the EPC Contractor dated 9 November 2016 relating to the settlement of certain obligations of the relevant parties arising from the Project
“Director(s)”	the director(s) of the Company
“EPC Contractor”	深圳市永聯科技股份有限公司 (Shenzhen Winline Technology Company Limited*), a company established in the PRC with limited liability
“Equity Pledgee”	深圳天寶天投新能源投資控股有限公司 (Shenzhen Tianbaotiantou New Energy Investment Holdings Corporation*), 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 from the Vendors in accordance with the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into among the Vendors, the Subsidiary, the Equity Pledgee and the Project Company dated 9 November 2016 in respect of the Equity Transfer

“First Vendor”	東投能源投資有限公司(Dongtou Energy Investment Corporation Limited*), a company established in the PRC with limited liability, which holds 40% of the equity interest in the Project Company as at the date of this announcement and has pledged the same in favour of the Equity Pledgee
“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
“Power Plant”	a photovoltaic power plant of 50MW in Jingbian County (靖邊縣), Shaanxi Province, the PRC
“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”	the construction of the Power Plant
“Project Company”	靖邊縣東投能源有限公司(Jingbian Dongtou Energy Corporation Limited*), a company established in the PRC with limited liability, which holds the Project
“RMB”	Renminbi, the lawful currency of the PRC
“Second Vendor”	北京恆陽新源科技有限公司(Beijing Hengyangxinyuan Technology Corporation Limited*), a company established in the PRC with limited liability, which holds 30% of the equity interest in the Project Company as at the date of this announcement

“Shareholder(s)”	holder(s) 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 established in the PRC and an indirect wholly-owned subsidiary of the Company
“Third Vendor”	北京東投恆綠能源投資有限公司 (Beijing Dongtoughenglv Energy Investment Corporation Limited*), a company established in the PRC with limited liability, which holds 30% of the equity interest in the Project Company as at the date of this announcement
“Transfer Date”	the day on which the entire equity interest in the Project Company has been transferred from the Vendors to the Subsidiary, that is when registration with the relevant authorities of the said transfer has been completed
“Vendors”	collectively, the First Vendor, the Second Vendor and the Third Vendor
“%”	per cent

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

Hong Kong, 9 November 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.*