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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 AGREEMENT

On 30 November 2016, the Subsidiary, the Vendor and the Project Company entered into the Equity Transfer Agreement pursuant to which the Subsidiary agreed to acquire, and the Vendor agreed to dispose of, 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.

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 which 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 30 November 2016, the Subsidiary, the Vendor and the Project Company entered into the Equity Transfer Agreement pursuant to which the Subsidiary agreed to acquire, and the Vendor agreed to dispose of, the entire equity interest in the Project Company. The principal terms of the Equity Transfer Agreement are as follows:

Date

30 November 2016

Parties

- (i) the Subsidiary (as the purchaser);
- (ii) the Vendor (as the seller); and
- (iii) the Project Company.

To the best of the Directors' knowledge and belief, having made all reasonable enquiries, the Vendor, the Project Company and their respective ultimate beneficial owners are independent of the Company and the connected persons (as defined in the Listing Rules) of the Company.

Subject Matter

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

Consideration

Pursuant to the Equity Transfer Agreement, the consideration payable by the Subsidiary to the Vendor for the Equity Transfer shall be an amount of RMB320,950,314.19 (subject to adjustments as set out in the paragraph headed "Adjustments to the Consideration" below), which shall be settled by the Subsidiary in three tranches in the following manner:

- (i) the first tranche of RMB261,420,032.55 shall be deposited into the Designated Accounts in accordance with the Equity Transfer Agreement within five (5) Business Days from the date the Equity Transfer Agreement takes effect and the Designated Accounts have been established, which shall be released to the Vendor within five (5) Business Days from the date of completion of the business registration with the relevant PRC authorities and obtaining of the new business license of the Project Company for the Equity Transfer;
- (ii) the second tranche of RMB20,000,000 shall be paid to the Vendor on the next day following the first anniversary of the date of completion of the business registration with the relevant PRC authorities for the Equity Transfer; and
- (iii) the third tranche in a maximum amount of RMB39,530,281.64 shall be paid to the Vendor within three (3) Business Days from the date of receipt of any government renewable energy financial subsidies attributable to the period ended 15 September 2016 by the Project Company.

The third tranche may be paid in one or more installments and each installment shall be equivalent to the amounts of such financial subsidies received by the Project Company. The aggregate amount of consideration paid under the third tranche shall be equivalent to the aggregate amount of financial subsidies received by the Project Company and in any event, shall not exceed RMB39,530,281.64.

The consideration for the Equity Transfer was arrived at after arm's length negotiations between the Subsidiary and the Vendor with reference to, among others, the net asset value of the Project Company and the business prospects of the Project. The consideration for the Equity Transfer will be financed by the Group's internal resources and/or bank borrowings.

Adjustments to the Consideration

Approved electricity price

Pursuant to the terms of the Equity Transfer Agreement, the Vendor undertakes to procure the Project Company to obtain electricity price approvals by 30 September 2017 from the relevant PRC authorities for at least RMB0.95/kWh and RMB0.88/kWh for Phase One and Phase Two respectively. In this regard, the consideration for the Equity Transfer shall be adjusted in the following manner:

- (i) in the event that the approved electricity price of Phase Two is RMB0.95/kWh, the consideration payable by the Subsidiary shall increase by RMB20,000,000, which shall be payable within three (3) Business Days from the date of obtaining the electricity price approval;
- (ii) in the event that the approved electricity price is less than RMB0.95/kWh for Phase One and/or less than RMB0.88/kWh for Phase Two, the consideration payable by the Subsidiary shall decrease by RMB4,000,000 per each RMB0.01 difference;
- (iii) in the event that the approved electricity price is RMB0.78/kWh or below, the extent of downwards adjustments to the consideration shall be as further agreed between the Subsidiary and the Vendor; and
- (iv) in the event that the electricity price approval is given subject to payment obligations by the Project Company (for instance, poverty aid or contribution to local government) which may affect the investment returns of the Subsidiary, the extent of downwards adjustments to the consideration shall be as further agreed between the Subsidiary and the Vendor.

Fees paid for project financing

For the purposes of project financing, the Project Company paid a commitment fee of RMB4,000,000 and a consultant fee of RMB1,000,000 to Jiuquan Branch of the Industrial and Commercial Bank of China Limited (“**Jiuquan Branch**”). In this regard, the consideration for the Equity Transfer shall be adjusted in the following manner:

- (i) in the event that the Subsidiary requires project financing from Jiuquan Branch, the consideration payable by the Subsidiary shall increase by RMB5,000,000, the amount of which shall be payable within three (3) Business Days from the date of obtaining the first tranche project financing from Jiuquan Branch; and

- (ii) in the event that the Subsidiary does not require project financing from Jiuquan Branch, and if Jiuquan Branch refunds the commitment fee and/or the consultant fee to the Project Company, the consideration payable by the Company shall increase by the actual amount of fees refunded, which shall be a maximum of RMB5,000,000 and payable within three (3) Business Days from the date of the refund.

Fees paid to the Afforestation Committee Office in Yulin City

The Project Company paid an aggregate amount of RMB13,026,000 to the Afforestation Committee Office in Yulin City in the PRC in 2015 and 2016 as security deposits and advance payment for the vegetation restoration project (the “**Prepayment**”). In this regard, after the refund of the security deposits, the consideration for the Equity Transfer shall be adjusted in the following manner:

- (i) in the event that the amount of the Prepayment exceeds the actual expenses incurred for the vegetation restoration project, the consideration payable shall increase by the actual difference which shall be a maximum of RMB13,026,000, and such additional amount shall be payable within three (3) Business Days from the date of the refund of the security deposits; and
- (ii) in the event that the amount of the Prepayment is less than the actual expenses incurred for the vegetation restoration project, the consideration payable by the Subsidiary shall decrease by the actual difference and shall be deducted from the consideration or otherwise, reimbursed by the Vendor within three (3) Business Days from the date the Subsidiary provides relevant evidential proof which is confirmed by the Vendor.

Deductions

Pursuant to the Equity Transfer Agreement, the parties to the Equity Transfer Agreement have further agreed on certain deduction events, whereupon the consideration of the Equity Transfer may be adjusted downwards on the occurrence of certain events. Such events includes, among other things, costs incurred by the Subsidiary due to the failure of the Project Company to meet certain warranty requirements.

Vendor's undertaking

Pursuant to the Equity Transfer Agreement, the Vendor undertakes to the Subsidiary that as at the date of the Equity Transfer Agreement, the total aggregate debts of the Project Company amounted to RMB648,186,467.45.

Completion of the Equity Transfer

Completion of the Equity Transfer shall take place on the date of receipt of the new business license of the Project Company by the Vendor or the Project Company from the relevant PRC authorities.

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.

INFORMATION OF THE VENDOR AND THE PROJECT COMPANY

The Vendor is a company established in the PRC with limited liability and is the sole shareholder of the Project Company. As at the date of this announcement, the Vendor is a wholly-owned subsidiary of Concord New Energy Group Limited (Stock code: 182), the shares of which are listed on the main board of the Stock Exchange. The Vendor is principally engaged in (i) investing in wind and solar power projects; and (ii) offering professional technical services and integrated solution to the wind and solar power generation projects.

The Project Company is a company established in the PRC with limited liability, and is wholly-owned by the Vendor. It is principally engaged in investment, development and operation of the Project.

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 were approximately RMB154,186,000 and RMB802,373,000 respectively.

The unaudited financial information of the Project Company for the two financial years ended 31 December 2014 and 2015 respectively, are as follows:

	For the financial year ended 31 December 2014	For the financial year ended 31 December 2015
Profit/(loss) before taxation	–	–
Profit/(loss) after taxation	–	–

INFORMATION OF THE GROUP AND THE COMPANY AND REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER 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 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.

In view of the above, the Directors consider that the terms of 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.

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 which 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
“Business Day”	a day other than Saturday, Sunday or public holiday on which commercial banks are open for business in the PRC
“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
“Designated Account(s)”	two jointly-held bank accounts in the respective names of the Subsidiary and the Vendor as set up in accordance with the Equity Transfer Agreement
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the acquisition of the entire equity interest in the Project Company by the Subsidiary from the Vendor in accordance with the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 30 November 2016 entered into between the Subsidiary, the Vendor and the Project Company in respect of the Equity Transfer
“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
“Phase One”	the first phase of the Project involving a 50MW photovoltaic power plant in Yulin City, the PRC
“Phase Two”	the second phase of the Project involving a 50MW photovoltaic power plant in Yulin City, 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 project regarding the construction of the 100MW photovoltaic power plant in Xiaohao Tu Xiang, Yulin City of Shaanxi Province, PRC* (陝西省榆林市小壕兔鄉) in two phases, being Phase One and Phase Two
“Project Company”	榆林協合太陽能發電有限公司 (Yulin Century Concord Solar Power Co., Ltd.*), a company established in the PRC and wholly-owned by the Vendor as at the date of this announcement and which holds the Project
“RMB”	Renminbi, the lawful currency of the PRC
“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 incorporated in the PRC and an indirect wholly-owned subsidiary of the Company

“Vendor” 協合風電投資有限公司 (Century Concord Wind Power Investment Co., Ltd.*), a company established in the PRC and the sole shareholder of the Project Company as at the date of this announcement

“%” per cent

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

Hong Kong, 30 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.