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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 PARTICIPATION; AND  
(2) THE PROVISION OF THE GUARANTEE**

**THE PARTNERSHIP AGREEMENT**

On 15 December 2017, the Partners entered into the Partnership Agreement in relation to the establishment of the Limited Partnership. The Limited Partnership will primarily invest in clean energy projects. Pursuant to the terms of the Partnership Agreement, the Subsidiary shall (1) participate in the Limited Partnership as a junior limited partner with a maximum capital contribution of RMB320,000,000; and (2) provide the Guarantee in favour of Partner C on a several basis with Partner D in the proportion of 64:36 between themselves. The Subsidiary's maximum aggregate exposure on the Guarantee is RMB1,296,000,000.

**IMPLICATIONS UNDER THE LISTING RULES**

Certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Participation and the provision of the Guarantee by the Subsidiary on an aggregated basis are more than 5% but below 25%, the Participation and the provision of the Guarantee by the Subsidiary on an aggregated basis constitutes 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 PARTNERSHIP AGREEMENT

On 15 December 2017, the Partners entered into the Partnership Agreement in relation to the establishment of the Limited Partnership.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Partners (apart from the Subsidiary) and their respective ultimate beneficial owners are independent of the Company and its connected persons.

The principal terms of the Partnership Agreement in relation to the Limited Partnership are set out below.

### Capital contribution

The Subsidiary will participate in the Limited Partnership as a junior limited partner with a maximum capital contribution of RMB320,000,000. The maximum capital contribution to be made by each of the Partners to the Limited Partnership in cash is set out as follows:

<b>Partners</b>	<b>Total maximum capital contribution (RMB)</b>	<b>Approximate interest in the Limited Partnership (%)</b>
Partner A as a general and executive partner	100,000	0.005
Partner B as a general and executive partner	100,000	0.005
Partner C as the senior limited partner	1,500,000,000	74.993
Partner D as a junior limited partner	180,000,000	8.999
The Subsidiary as a junior limited partner	320,000,000	15.998
Total	<u>2,000,200,000</u>	<u>100.00</u>

### Business scope

The principal business scope of the Limited Partnership is investment and investment management. The Limited Partnership will primarily invest in clean energy projects.

## **Term**

Unless otherwise unanimously agreed by the Partners, the term of the Limited Partnership is five years.

## **Decision making**

An investment committee comprising five members will be set up for all investment decisions of the Limited Partnership. Each of the Partners is entitled to recommend one member to the investment committee. Any resolution of the investment committee has to be passed by all members. Partner A and Partner B are vested with the authority to manage daily business and operation of the Limited Partnership.

## **Distributions**

Net profit after deducting relevant taxes, fees and operating expenses incurred by the Limited Partnership is available for distributions by the Limited Partnership in the following order:

- (1) to the senior limited partner (i.e. Partner C) in respect of the Senior Return on a quarterly basis; and
- (2) to the junior limited partners (i.e. the Subsidiary and Partner D) pro-rata to their respective capital contributions to the Limited Partnership in respect of the remaining distributions.

If there is any exit of the projects to be invested by the Limited Partnership during the term of the Limited Partnership, the net proceeds from the exit of such projects shall be distributed to the limited partners in the order of (i) the senior limited partner to the extent of the Senior Interest and the Senior Return; and (ii) the junior limited partners pro-rata to their respective capital contributions to the Limited Partnership for the remaining net proceeds.

Upon the liquidation of the Limited Partnership, the net assets of the Limited Partnership shall be distributed to the Partners in the order of (i) the senior limited partner to the extent of the Senior Interest and the Senior Return; (ii) the general partners (i.e. Partner A and Partner B) to the extent of their respective capital contributions; and (iii) the junior limited partners pro-rata to their respective capital contributions to the Limited Partnership for the remaining distributions.

## **Loss sharing**

Any loss incurred by the Limited Partnership will be borne by the Partners pro-rata to their respective capital contributions to the Limited Partnership.

## **The Guarantee**

Pursuant to the Partnership Agreement and the Guarantee Agreement, the Subsidiary and Partner D shall indemnify to pay the Senior Interest and the Senior Return to Partner C on a several basis and in the proportion of 64:36 between themselves if the Limited Partnership fails to settle the Senior Interest and the Senior Return in the manner as described in the paragraphs headed “**Distributions**” in this announcement.

The maximum exposure of the Guarantee is RMB2,025,000,000, representing the maximum capital contribution to be made by Partner C of RMB1,500,000,000 and the maximum amount of the Senior Return of RMB525,000,000 on the maximum capital contribution of Partner C over the five-year term of the Limited Partnership. The Guarantee shall be borne by the Subsidiary and Partner D on a several basis and in the proportion of 64:36 between themselves. Accordingly, the Subsidiary’s maximum exposure on the Guarantee is RMB1,296,000,000.

## **INFORMATION OF THE PARTIES UNDER THE PARTNERSHIP AGREEMENT AND THE GUARANTEE AGREEMENT**

### **The Group and the Company**

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 business in the PRC. It also had a non-core business in the design, printing and sale of cigarette packages in the PRC.

### **The Subsidiary**

The Subsidiary is an indirect 80.2%-owned subsidiary of the Company and is a limited liability company established in the PRC. It is principally engaged in clean energy businesses.

## **Partner A**

Partner A is a limited liability company established in the PRC and is principally engaged in the provision of assets management, equity investment fund management and investment consultation services.

## **Partner B**

Partner B is a limited liability company established in the PRC and is principally engaged in the provision of equity investment management and consultation services.

## **Partner C**

Partner C is a limited liability company established in the PRC and is principally engaged in the provision of financial services including securities brokerage, investment, consultations and management services.

## **Partner D**

Partner D is a limited liability company established in the PRC and is principally engaged in the investment, development, construction, operation and management of power-related businesses.

## **FINANCIAL IMPACT UPON COMPLETION OF THE PARTICIPATION**

Upon completion of the Participation, the Subsidiary will hold approximately 15.998% interest in the Limited Partnership as a junior limited partner. The Limited Partnership will become a joint venture of the Group and the financial results of the Limited Partnership will not be consolidated by the Group. The Group intends to fund the Participation by its internal resources and/or bank borrowings.

## **FINANCIAL INFORMATION OF THE LIMITED PARTNERSHIP**

The Limited Partnership does not have historical financial results as at the date of this announcement.

## **REASONS FOR AND BENEFIT OF THE PARTICIPATION AND THE GUARANTEE**

Clean energy business is the core development focus of the Group. The Limited Partnership will primarily invest in clean energy projects, which are in line with the Group's core business. The Group is positive about the prospects of the clean energy investments to be made by the Limited Partnership in the coming years. The Subsidiary's participation as a junior limited partner in the Limited Partnership will provide the Group with an opportunity to participate in more clean energy projects and get connected with strategic business partners in developing clean energy projects.

With the Guarantee, the Limited Partnership will have a more competitive cost of capital (i.e. the Senior Return). This will, in turn, enhance the investment returns of the Subsidiary from the Limited Partnership given the order of distributions as detailed in the paragraphs headed "**Distributions**" in this announcement.

The terms of the Partnership Agreement and the Guarantee Agreement were determined after arm's length negotiations among the parties with reference to the projected capital requirement of the Limited Partnership and the expected rate of return on capital from the Partners.

The Directors are of the view that the terms of the Partnership Agreement and the Guarantee Agreement are on normal commercial terms, fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Participation and the provision of the Guarantee by the Subsidiary on an aggregated basis are more than 5% but below 25%, the Participation and the provision of the Guarantee by the Subsidiary on an aggregated basis constitutes 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.

None of the Directors has any material interest in the transactions contemplated under the Partnership Agreement and the Guarantee Agreement, and therefore none of them is required to abstain from voting for the relevant board resolution(s) to approve such agreements and the transactions contemplated thereunder.

## DEFINITIONS

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

“Board”	the board of Directors
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantee”	the provision of the guarantee by the Subsidiary and Partner D on a several basis and in the proportion of 64:36 between themselves in the maximum amount of RMB2,025,000,000 in favour of Partner C with respect of the payment obligations of the Limited Partnership for the Senior Interest and the Senior Return to Partner C under the Partnership Agreement
“Guarantee Agreement”	the agreement dated 15 December 2017 entered into by the Subsidiary, Partner C and Partner D in relation to the Guarantee
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Limited Partnership”	a limited partnership to be established in the PRC pursuant to the Partnership Agreement under the name of 鷹潭平煤北控清潔能源產業投資合夥企業(有限合夥)(Yingtān Pingmei BE Clean Energy Industrial Investment Partnership Corporation (Limited Partnership)*)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Participation”	the Subsidiary’s participation in the Limited Partnership as a junior limited partner with a maximum capital contribution of RMB320,000,000
“Partner A”	深圳同策股權投資管理有限公司 (Shenzhen Tongce Equity Investment Management Co., Ltd.*), a limited liability company established in the PRC
“Partner B”	深圳前海鼎力投資基金管理有限公司 (Shenzhen Qianhai Dingli Investment Fund Management Co., Ltd.*), a limited liability company established in the PRC
“Partner C”	華創證券有限責任公司 (Hua Chuang Securities Co., Ltd.*), a limited liability company established in the PRC
“Partner D”	中國能源工程集團有限公司 (Sinomec Group Co., Ltd.*), a limited liability company established in the PRC
“Partners”	collectively, the Subsidiary, Partner A, Partner B, Partner C and Partner D
“Partnership Agreement”	the agreement and the supplemental agreement entered into on 15 December 2017 among the Partners for the establishment of the Limited Partnership
“PRC”	the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Senior Interest”	approximately 74.993% interest in the Limited Partnership held by Partner C as the senior limited partner



“Senior Return”	the return on the Senior Interest in a maximum aggregate amount of RMB525,000,000 calculated at a simple annualised rate of return of 7% on the outstanding capital contribution of Partner C over the five-year term of the Limited Partnership
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	河南平煤北控清潔能源有限公司 (Henan Pingmei Beikong Clean Energy Company Limited*), a company established in the PRC with limited liability and an indirect 80.2%-owned subsidiary of the 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, 15 December 2017

*As at the date of this announcement, the Board comprises eight Directors, namely Mr. Hu Xiaoyong, Mr. Shi Xiaobei, Mr. Huang Weihua, Mr. Wang Ye and Mr. Wen Hui as executive Directors; and Mr. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik as independent non-executive Directors.*

\* *For identification purpose only*