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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 AND EXEMPTED
CONNECTED TRANSACTION
DISPOSAL OF THE CIGARETTE PACKAGING BUSINESS**

THE TRANSFER

On 10 January 2018, the Company and the Purchaser entered into the Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the entire issued capital of the Target Company for a consideration of HK\$258,867,724.61.

Upon Completion, the Target Company and its subsidiaries will cease to be wholly-owned subsidiaries of the Company and their respective financial statements will no longer be consolidated to the financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Discloseable transaction

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transfer exceeds 5% but all of them are less than 25%, the entering into of the Agreement constitutes 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.

Exempted connected transaction

The Purchaser was a director of the Target Group prior to 12 August 2017 and is a connected person of the Company at the subsidiary level. The entering into of the Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As (i) the Board has approved the transactions contemplated under the Agreement; and (ii) the Directors (including all the independent non-executive Directors) consider that the Agreement has been entered into on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Transfer is subject to the reporting, announcement and annual review requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

THE TRANSFER

On 10 January 2018, the Company and the Purchaser entered into the Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to purchase, the entire issued capital of the Target Company for a consideration of HK\$258,867,724.61. The other principal terms of the Agreement are set out below.

Payment of the Consideration

The Consideration of HK\$258,867,724.61 will be payable by the Purchaser in eight instalments:

- (1) an amount of HK\$80,000,000 (the "**First Payment**") shall be payable by the Purchaser to the Company on the date of the Agreement. On the date of the Agreement, the Purchaser shall also:
 - a. settle the outstanding shareholder's loan owing by the Target Group to the Company in the amount of HK\$194,789 as at the date of the Agreement; and
 - b. deposit an amount of RMB51,056,800 (the "**Deposit**") to a bank account as designated by the Company.

- (2) an amount of HK\$49,433,862.31 (the “**Second Payment**”) shall be payable by the Purchaser to the Company on or before 31 March 2018; and
- (3) the balance of the Consideration in the amount HK\$129,433,862.30 (the “**Balance**”) shall be payable by the Purchaser to the Company in six equal instalments (i.e. HK\$21,572,310.38 for the first five instalments and HK\$21,572,310.40 for the last instalment) on or before 28 February 2018, 30 April 2018, 30 June 2018, 31 August 2018, 31 October 2018 and 31 December 2018, respectively.

If the Purchaser defaults in the Second Payment, the Company is entitled to apply part of the Deposit towards satisfaction of the Second Payment. An amount of RMB41,056,800 out of the Deposit shall be refunded to the Purchaser upon receipt of the Second Payment and any relevant Penalty Payment (as defined below).

As security for the payments of the Second Payment and the Balance, the Purchaser shall provide the Share Charge in favour of the Company upon Completion. An amount of RMB10,000,000 out of the Deposit shall be refunded to the Purchaser upon satisfaction of certain obligations by the chargor under the Share Charge.

If the Purchaser fails to fulfil her obligations to pay any instalment of the Consideration pursuant to the timeline as stipulated under the Agreement, the Purchaser will be liable to pay to the Company a default payment, being a daily default rate of 0.05% of the then outstanding amount of the Consideration (the “**Penalty Payment**”). If the Company fails to refund the Deposit and/or enter into the deed of release of the Share Charge pursuant to the Agreement, the Company will be liable to pay to the Purchaser a default payment at a daily default rate of 0.05%.

The Consideration was determined after arm’s length negotiations between the Company and the Purchaser with reference to, (i) the unaudited consolidated net asset value of the Target Group as at 30 November 2017; and (ii) the expected business prospects of the Target Group.

Conditions precedent for the Transfer

Completion is conditional upon:

- (1) the Purchaser having made the First Payment to the Company;
- (2) the Purchaser having placed the Deposit pursuant to the terms of the Agreement;
- (3) the Purchaser having reimbursed the Company all the costs and expenses incurred by the Company up to Completion as a result of the Transfer and the Share Charge;
- (4) the Purchaser having settled the outstanding shareholder's loan owing by the Target Group to the Company in the amount of HK\$194,789; and
- (5) the Company having provided to the Purchaser the audited financial report for the period ended 30 November 2017, and the unaudited statement of financial position of 深圳大洋洲印務有限公司 (Shenzhen Oceania Printing Company Limited*) (the "**PRC Company**") as at 31 December 2017 which shall be agreed and confirmed by the Company and the Purchaser.

Conditions (1) to (4) may only be waived by the Company while Condition (5) may be waived by mutual agreement of the parties to the Agreement. If any of the conditions is not satisfied or waived on or before 19 January 2018 (or such later date as agreed between the Company and the Purchaser), the Agreement shall automatically terminate and have no further effect, and no party shall have any claim against the other save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on or before the fifth business days (as defined in the Agreement) or such later date as agreed between the Company and the Purchaser after the satisfaction or waiver by the Company, or the Company and the Purchaser (as the case may be) of the conditions to the Agreement.

Upon Completion, the Target Company and its subsidiaries will cease to be wholly-owned subsidiaries of the Company and their respective financial statements will no longer be consolidated to the financial statements of the Group.

INFORMATION OF 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, and prior to Completion, it has a non-core business in the design, printing and sale of cigarette packages in the PRC.

INFORMATION OF THE PURCHASER

The Purchaser is a Hong Kong resident.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company as at the date of this announcement. It is principally engaged in investment holding. The Target Group is principally engaged in the design, printing and sale of cigarette packages in the PRC (the “**Cigarette Packaging Business**”) and consists of the following wholly-owned subsidiaries of the Group:

- (1) the PRC Company;
- (2) Super Future Investments Limited (the immediate holding company of the PRC Company); and
- (3) the Target Company (the immediate holding company of Super Future Investments Limited).

The PRC Company is the principal operating company of the Cigarette Packaging Business.

Based on the unaudited consolidated financial information of the Target Group as at 30 November 2017 prepared in accordance with Hong Kong Financial Reporting Standards, the consolidated net and total assets of the Target Group amounted to approximately HK\$239,642,000 and HK\$312,215,000, respectively.

The table below sets forth the unaudited consolidated net profit/(loss) before and after taxation of the Target Group for the two financial years ended 31 December 2016 based on the unaudited consolidated financial information of the Target Group prepared in accordance with Hong Kong Financial Reporting Standards:

	For the financial year ended 31 December 2016 (approximately) (HK\$)	For the financial year ended 31 December 2015 (approximately) (HK\$)
Profit before taxation	6,080,000	44,565,000
Profit/(Loss) after taxation	(3,087,000)	28,183,000

Subject to final audit, it is expected that the Group will realise a net gain of approximately HK\$11 million upon Completion, which is calculated with reference to the difference between the Consideration and (i) the consolidated net asset value of the Target Group of approximately HK\$240 million based on the unaudited consolidated financial information of the Target Group as at 30 November 2017 and the estimated unaudited consolidated exchange reserve equity movement of the Target Group between 30 November 2017 and the date of this announcement; and (ii) the related transaction costs, taxes and expenses of the Transfer.

The Company intends to apply the net proceeds from the Transfer as general working capital of the Company.

REASONS FOR AND BENEFIT OF THE TRANSFER

The Group has successfully diversified into the clean energy businesses sector since 2015. Since then, the Cigarette Packaging Business has become a non-core business of the Group. The Cigarette Packaging Business has recorded a significant year-on-year decrease in its contribution to the consolidated revenue of the Group (representing approximately 83.0% for the year ended 31 December 2015 and approximately 5.8% for the year ended 31 December 2016).

With (i) the Group's effort in the expansion of the clean energy businesses; and (ii) the continued competitive environment, increased labour costs and the stringent government regulations and policies with respect to smoking, it is expected that the contribution to the Group attributable to the Cigarette Packaging Business will be further reduced and insignificant. Given that the Cigarette Packaging Business as a non-core business is expected to have a further diminished role to the Group and in order to focus on the clean energy businesses, the Board considers the divestment of the Cigarette Packaging Business is beneficial to the Group's development in the long run.

The terms of the Agreement were determined after arm's length negotiations between the Purchaser and the Company. Taking into account of the security against the payment of the Consideration and the expected net gain of HK\$11 million to be recognised in the Group's consolidated financial statements as a result of the Transfer, the Directors (including the independent non-executive Directors) consider that the Agreement has been entered into on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors had any material interest in the Agreement and the transactions contemplated thereunder, and therefore none of them was required to abstain from voting for the relevant board resolutions to approve the Agreement and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE LISTING RULES

Discloseable transaction

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transfer exceeds 5% but all of them are less than 25%, the entering into of the Agreement constitutes 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.

Exempted connected transaction

The Purchaser was a director of the Target Group prior to 12 August 2017 and is a connected person of the Company at the subsidiary level. The entering into of the Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As (i) the Board has approved the transactions contemplated under the Agreement; and (ii) the Directors (including all the independent non-executive Directors) consider that the Agreement has been entered into on normal commercial terms and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Transfer is subject to the reporting, announcement and annual review requirements but is exempt from the circular, independent financial advice and Shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement dated 10 January 2018 entered into between the Company and the Purchaser for the Transfer
“Balance”	has the meaning as ascribed in the section headed “Payment of the Consideration” of this announcement

“Board”	the board of Directors
“Cigarette Packaging Business”	has the meaning as ascribed in the section headed “Information of the Target Group” of this announcement
“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
“Completion”	completion of the Transfer
“Consideration”	the amount HK\$258,867,724.61 payable by the Purchaser to the Company for the Transfer
“connected person”	has the meaning ascribed to it under the Listing Rules
“Deposit”	has the meaning as ascribed in the section headed “Payment of the Consideration” of this announcement
“Director(s)”	the director(s) of the Company
“First Payment”	has the meaning as ascribed in the section headed “Payment of the Consideration” of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Penalty Payment”	has the meaning as ascribed in the section headed “Payment of the Consideration” of this announcement

“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
“PRC Company”	has the meaning as ascribed in the section headed “Conditions precedent for the Transfer” of this announcement
“Purchaser”	Ms. Huang Li
“RMB”	Renminbi, the lawful currency of the PRC
“Second Payment”	has the meaning as ascribed in the section headed “Payment of the Consideration” of this announcement
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Charge”	the charge over the 516,000,000 Shares owned by Ocean Ahead International Limited, which is a company incorporated in the British Virgin Islands with limited liability and a company wholly-owned by the Purchaser as at the date of this announcement
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Meteor River Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement

“Target Group”	the Target Company and its subsidiaries
“Transfer”	the transfer of the entire issued capital in the Target Company to the Purchaser by the Company
“%”	per cent

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

Hong Kong, 10 January 2018

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 purposes only.*