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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 30 September 2016, the Owners, the Subsidiary and the Agricultural Company entered into the Equity Transfer Agreement pursuant to which the Owners 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 30 September 2016, the Subsidiary, the Owners, the Project Company, the EPC Contractors and the Agricultural Company entered into the Debt Settlement Agreement pursuant to which the parties agreed to terms relating to the settlement of certain obligations arising from the Projects.

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 is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE EQUITY TRANSFER AGREEMENT

On 30 September 2016, the Owners, the Subsidiary and the Agricultural Company entered into the Equity Transfer Agreement pursuant to which the Owners 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

30 September 2016

Parties

- (1) The Subsidiary (as the purchaser)
- (2) The Owners (as the vendors)
- (3) the Agricultural Company

Save as disclosed in this announcement and to the best of the Directors' knowledge and belief, having made all reasonable enquires, the Owners and the Agricultural 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, (a) the Owners agreed to dispose of, and the Subsidiary agreed to acquire, the entire equity interest in the Project Company; and (b) the Agricultural Company agreed to implement and develop the agricultural facilities in the vicinity of the Power Plants for a period of 25 years and to pay for the related land tax during that period.

Consideration

The consideration payable for the Equity Transfer is RMB39,001,267.23, which shall be paid in three instalments: the first instalment of RMB12,160,000 shall be paid no later than the next day after the Transfer Date, the second instalment of RMB7,341,267.23 shall be paid within 3 business days after the Transfer Date, and the last instalment of the remaining RMB19,500,000 shall be paid after offsetting the relevant retention money and adjustments (if any) in connection with the Projects in accordance with the Debt Settlement Agreement.

The consideration payable by the Subsidiary to the Owners for the Equity Transfer shall be adjusted and increased by RMB10,800,000 (the “**Additional Consideration**”) in the event that the Project Company has been listed in the Hefei Photovoltaic Power Subsidy Directory* (合肥光伏補貼名錄) for a subsidy period of 15 years, and the Additional Consideration shall be paid and settled within 3 business days after receiving a written notice from the Owners in accordance with the Debt Settlement Agreement.

The consideration for the Equity Transfer was determined after arm’s length negotiations between the parties with reference to the construction cost of the Projects and the total liabilities owed by the Project Company. The consideration for the Equity Transfer will be financed by the Group’s internal resources and/or bank borrowings.

The Project Price

The Project Price in the sum of RMB326,196,147.23 consists of two components, including the total liabilities owed by the Project Company in the amount of RMB287,194,880 which shall be settled by the Subsidiary in accordance with the Debt Settlement Agreement and the consideration for the Equity Transfer in the amount of RMB39,001,267.23. Should the condition which triggers the payment of the Additional Consideration materialise, the Project Price would be in the sum of RMB336,996,147.23. The Project Price will be financed by the Group’s internal resources and/or bank borrowings.

Completion

Pursuant to the terms of the Equity Transfer Agreement, the transfer of the entire equity interest in the Project Company from the Owners to the Subsidiary shall be completed within 3 business days after the date the payment has been made into the Escrow Account (as defined below) under the Debt Settlement Agreement.

If the Owners has completed all the relevant procedures necessary for the transfer of the entire equity interest in the Project Company to the Subsidiary in accordance with the Equity Transfer Agreement, and the Subsidiary fails to pay the instalments in accordance with the Equity Transfer Agreement and such failure continues for more than 10 business days, the Owners shall be entitled to terminate the Equity Transfer Agreement and seek damages, and the Subsidiary shall be liable to the Owners 0.05% of the total outstanding payment as interest for each day of delay in payment and liquidated damages in the sum of RMB30,000,000.

If the payment has been made by the Subsidiary into the Escrow Account in accordance with the Debt Settlement Agreement but the Owners either (a) refuse to complete the Equity Transfer or (b) fail to complete the relevant procedures necessary for the Equity Transfer within 10 calendar days, the Subsidiary shall be entitled to terminate the Equity Transfer Agreement and the Owners shall return all the payments made by the Subsidiary and pay to the Subsidiary liquidated damages in the sum of RMB30,000,000. In addition, within 3 business days after the termination of the Equity Transfer Agreement, the Owners shall return to the Subsidiary all the payments made by the Subsidiary (or its nominee) and the Owners shall pay to the Subsidiary 0.05% of the total outstanding payment as interest for each day of delay in 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 30 September 2016, the Subsidiary, the Owners, the Project Company, the EPC Contractors and the Agricultural Company entered into the Debt Settlement Agreement pursuant to which the parties agreed to terms relating to the settlement of certain obligations arising from the Projects.

Save as disclosed in this announcement and to the best of the Directors' knowledge and belief, having made all reasonable enquires, the Owners, the Project Company, the EPC Contractors and the Agricultural Company 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 amounted to RMB287,194,880 as at 31 August 2016; the Subsidiary shall repay such liabilities on behalf of the Project Company and such amount shall be deemed to be the Subsidiary's contribution to the Project Price; any liabilities of the Project Company beyond RMB287,194,880 shall be repaid by the Owners;
- (b) the Owners, the Project Company and the Subsidiary shall set up an escrow account (the "**Escrow Account**") no later than the second business day after the date of the Debt Settlement Agreement and the Subsidiary shall inject an aggregate of RMB98,160,000 into the Escrow Account no later than the third business day after the date the Escrow Account is set up;
- (c) no later than the next day after the Transfer Date, the first instalment payment under the Equity Transfer Agreement in the sum of RMB12,160,000 shall be paid out of the Escrow Account and the remaining RMB86,000,000 in the Escrow Account shall be transferred to the account of the Project Company for settlement in part of the outstanding construction payment owed to the EPC Contractors;
- (d) within 3 business days after the Transfer Date, the Subsidiary shall transfer RMB124,634,880 to the Project Company for settlement in part of the outstanding construction payment owed to the EPC Contractors (in the sum of RMB122,540,000) and the other liabilities owed to other creditors of the Project Company (in the sum of RMB2,094,880); and
- (e) other than the payments made in paragraphs (c) and (d) above, the Subsidiary shall repay the remaining liabilities of the Project Company in the sum of RMB76,560,000 on behalf of the Project Company in accordance with the terms of the Debt Settlement Agreement.

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

The First Vendor is a partnership established in the PRC with limited liability, together with the Second Vendor, owns 100% equity interest in the Project Company. The First Vendor is primarily engaged in the businesses of investments, technology development and application in new energy industry.

The Project Company is a company established in the PRC with limited liability and is wholly-owned by the Owners. It is involved in the businesses of solar power generation, and solar power sale and purchase. The Project Company holds the Projects.

The Agricultural Company is a company established in the PRC with limited liability and it is primarily engaged in the businesses of agricultural development, ecological and agricultural tourism, and technology development, services, consultancy and transfer in respect of agricultural technology.

Sinohydro Engineering is a company established in the PRC with limited liability and it is primarily engaged in the businesses of engineering construction and contracting.

CSEEC is a company established in the PRC with limited liability and it is primarily engaged in the businesses of design and consultancy of electrical engineering, design of district heating network engineering, project management and contracting.

Based on unaudited financial information provided by the Project Company, as at 31 August 2016, the net and total assets of the Project Company amounted to approximately RMB45,930,000 and RMB333,125,000 respectively. Based on the unaudited financial information provided by the Project Company, the Project Company recorded a net loss before and after taxation of approximately RMB291,000 and RMB291,000 respectively for the financial period from its date of incorporation on 23 January 2015 to 31 December 2015.

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 and photovoltaic 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 between the parties thereto. The transactions contemplated under the Equity Transfer Agreement provide the Company with an opportunity to acquire of the Projects, which is located in Anhui Province of the PRC, a location considered by the Company to be favourable for the development of its photovoltaic business. Further, 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 Projects.

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 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 meaning:

“Agricultural Company”	廬江光福農業開發有限公司 (Lujiang Guangfu Agricultural Development Co., Ltd.*), a company established in the PRC with limited liability
“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
“CSEEC”	中機國能電力工程有限公司 (China Sinogy Electric Engineering Co., Ltd*), a company established in the PRC with limited liability
“Debt Settlement Agreement”	the debt settlement agreement entered into among the Subsidiary, the Owners, the Project Company, the EPC Contractors and the Agricultural Company dated 30 September 2016 relating to the settlement of certain obligations of the relevant parties arising from the Projects
“Director(s)”	the director(s) of the Company
“EPC Contractors”	collectively, Sinohydro Engineering and CSEEC
“Equity Transfer”	the acquisition of the entire equity interest in the Project Company by the Subsidiary from the Owners in accordance with the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Owners, the Subsidiary and the Agricultural Company dated 30 September 2016 in respect of the Equity Transfer

“First Vendor”	安徽同策新能源投資發展合夥企業（有限合夥）（Anhui Tongce New Energy Investment Development Partnership (Limited Partnership)*), a partnership established in the PRC with limited liability, which owns 99.99% of the 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatts, which is equal to 1,000,000 watts
“Owners”	collectively, the First Vendor and the Second Vendor
“Power Plants”	two 20MW photovoltaic power plants, both of which are located in Lujiang County*（廬江縣），Anhui 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
“Projects”	the construction of the Power Plants
“Project Company”	廬江東升太陽能發展有限公司（Lujiang Dongsheng Solar Energy Development Co., Ltd.*), a company established in the PRC with limited liability and which holds the Projects
“Project Price”	the total price of the Projects

“RMB”	Renminbi, the lawful currency of the PRC
“Second Vendor”	方今 (Fang Jin*) who owns 0.01% of the equity interest in the Project Company
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.001 each in the share capital of the Company
“Sinohydro Engineering”	中國水利水電第四工程局有限公司 (Sinohydro Engineering Bureau 4 Co., Ltd*), a company established in the PRC with limited liability
“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
“Transfer Date”	the day on which 100% of the equity interest in the Project Company has been transferred from the Owners to the Subsidiary, that is when the registration with the relevant authorities of the said transfer has been completed
“%”	per cent

By Order of the Board

Beijing Enterprises Clean Energy Group Limited

Hu Xiaoyong

Chairman

Hong Kong, 30 September 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.