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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 TRANSACTIONS

(1) ACQUISITIONS OF THE ENTIRE EQUITY INTERESTS IN TWO PHOTOVOLTAIC POWER PROJECTS; AND (2) THE DEBT SETTLEMENT AGREEMENTS

THE NJYD EQUITY TRANSFER AGREEMENT

On 22 December 2017, the Vendor and the Purchaser entered into the NJYD Equity Transfer Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to dispose of, the entire equity interest in NJYD.

Upon completion of the NJYD Equity Transfer, NJYD and XYZH became wholly-owned subsidiaries of the Company and their financial results were consolidated into the financial results of the Group.

THE NJYD DEBT SETTLEMENT AGREEMENT

In connection with the NJYD Equity Transfer Agreement, on 22 December 2017, the Purchaser, the Vendor, NJYD and XYZH entered into the NJYD Debt Settlement Agreement, pursuant to which the parties agreed to the terms relating to the settlement arrangements of the NJYD Consideration and the NJYD Debt.

THE NJJH EQUITY TRANSFER AGREEMENT

On 12 July 2018, the Vendor, NJJH and the Purchaser entered into the NJJH Equity Transfer Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to dispose of, the entire equity interest in NJJH.

Upon completion of the NJJH Equity Transfer, NJJH and PAZH will become wholly-owned subsidiaries of the Company and their financial results will be consolidated into the financial results of the Group.

THE NJJH DEBT SETTLEMENT AGREEMENT

In connection with the NJJH Equity Transfer Agreement, on 12 July 2018, the Purchaser, the Vendor, NJJH and PAZH entered into the NJJH Debt Settlement Agreement, pursuant to which the parties agreed to the terms relating to the settlement arrangements of the NJJH Consideration and the NJJH Debt.

IMPLICATION UNDER THE LISTING RULES

As the Previous Transactions and the Transactions were entered into with the same party and within a twelve (12) month period, the Previous Transactions and the Transactions shall be aggregated in the calculation of the relevant percentage ratios to determine the classification of notifiable transactions under the Listing Rules.

As one of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Previous Transactions and the Transactions is more than 5% and all of which are below 25%, the Previous Transactions and the Transactions 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 NJYD EQUITY TRANSFER AGREEMENT

On 22 December 2017, the Vendor and the Purchaser entered into the NJYD Equity Transfer Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to dispose of, the entire equity interest in NJYD.

The material terms of the NJYD Equity Transfer Agreement are set forth below:

Date: 22 December 2017

Parties: (i) the Vendor as vendor; and
(ii) the Purchaser as purchaser.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent of the Company and the Connected Persons of the Company.

Consideration

The consideration payable by the Purchaser under the NJYD Equity Transfer Agreement is RMB238,677,930 (the “**NJYD Consideration**”), which shall be satisfied in accordance with the NJYD Debt Settlement Agreement as detailed in the section headed “**THE NJYD DEBT SETTLEMENT AGREEMENT**” below.

Completion of the NJYD Equity Transfer

Pursuant to the terms of the NJYD Equity Transfer Agreement, the Vendor shall complete the change of business registration necessary for the completion of the NJYD Equity Transfer within three business days after the NJYD Escrow Account Payment (as defined below) has been made into the NJYD Escrow Account (as defined below) by the Purchaser in accordance with the NJYD Debt Settlement Agreement.

Upon completion of the NJYD Equity Transfer, NJYD and XYZH became wholly-owned subsidiaries of the Company and their financial results were consolidated into the financial results of the Group.

THE NJYD DEBT SETTLEMENT AGREEMENT

In connection with the NJYD Equity Transfer Agreement, on 22 December 2017, the Purchaser, the Vendor, NJYD and XYZH entered into the NJYD Debt Settlement Agreement, pursuant to which the parties agreed to the terms relating to the settlement arrangements of the NJYD Consideration and the NJYD Debt.

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

Date: 22 December 2017

Parties: (i) the Vendor;
(ii) the Purchaser;
(iii) NJYD; and
(iv) XYZH.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent of the Company and the Connected Persons of the Company.

Material Terms

Pursuant to the NJYD Debt Settlement Agreement, the parties acknowledged that the NJYD Debt amounted to RMB338,710,305 and the Purchaser shall repay the NJYD Debt for and on behalf of NJYD and XYZH. Any additional liabilities apart from the NJYD Debt shall be payable by the Vendor and the Vendor shall compensate the Purchaser for any loss that the Purchaser may suffer as a result of such additional liabilities.

When the Purchaser has paid for and on behalf of NJYD and XYZH, or NJYD and XYZH have paid for the funds to the Vendor and/or all creditors and/or their designated payees in the manner prescribed under the NJYD Debt Settlement Agreement, the Purchaser is deemed to have paid the equivalent amount of the NJYD Consideration and the NJYD Debt for and on behalf of NJYD and XYZH.

Pursuant to the NJYD Debt Settlement Agreement, the NJYD Consideration of RMB238,677,930 and the NJYD Debt of RMB338,710,305 amounted to RMB577,388,235 in aggregate, which shall be satisfied by the Purchaser and/or NJYD and XYZH in five instalments as follows:

First instalment

An escrow account (the “**NJYD Escrow Account**”) shall be jointly set up by the Purchaser and the Vendor in the name of the Purchaser within three business days from the date of the NJYD Debt Settlement Agreement. An amount of RMB124,942,374 (the “**NJYD Escrow Account Payment**”) shall be payable by the Purchaser depositing into the NJYD Escrow Account within three business days from the date of completing the set-up of the NJYD Escrow Account. The Purchaser shall procure the NJYD Escrow Account Payment to be released from the NJYD Escrow Account and paid to the bank account designated by the Vendor after, among others, (1) the completion of the change of business registration necessary for the completion of the NJYD Equity Transfer; (2) the handover of the company seal, official chops and the statutory, operational and financial information of NJYD and XYZH to the Purchaser; (3) the handover of the board of directors of NJYD and XYZH to the Purchaser; and (4) the appointment of the Purchaser’s personnel as the supervisor and general manager of NJYD and XYZH.

Second instalment

The Purchaser shall settle an amount of RMB70,080,000 to the Vendor when the XYZH Project passes the full on-grid examination.

Third instalment

The Vendor shall complete each of the rectification works of the XYZH Project stipulated in the NJYD Debt Settlement Agreement. An amount of RMB51,100,000 shall be settled by the Purchaser to the Vendor according to the completion progress of the rectification works.

Fourth instalment

The fourth instalment in the amount of RMB51,100,000 is the quality assurance fund. The Purchaser shall settle the first tranche of the quality assurance fund of RMB42,340,000 to the Vendor after the Purchaser receives the bank letter of guarantee from the Vendor in favour of the Purchaser covering the term of the quality assurance period of one year commences from the date of completion of the NJYD Equity Transfer. The second tranche of the quality assurance fund in the amount of RMB8,760,000 shall be payable by the Purchaser to the Vendor after the quality assurance period of one year from the completion of passing the full on-grid examination of the XYZH Project.

During the above quality assurance periods, the problems identified in the course of examination of the XYZH Project shall be rectified by the Vendor within the prescribed period. The Purchaser may deduct any loss arising from the rectification failure of the Vendor from the bank letter of guarantee and the quality assurance fund.

Fifth instalment

The fifth instalment in the amount of RMB280,165,861 represents miscellaneous construction, net financing and operation-related liabilities of the XYZH Project, which shall be settled by NJYD and/or XYZH between the completion of the NJYD Equity Transfer and 2022 to the corresponding creditors in accordance with the repayment terms stipulated in the agreements entered into between NJYD and/or XYZH and these creditors prior to the date of the NJYD Debt Settlement Agreement.

The NJYD Consideration and the NJYD Debt were determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among others, the consolidated net asset value of NJYD and the business prospect of the XYZH Project. The NJYD Consideration and the NJYD Debt were/will be financed by internal resources and/or bank borrowings of the Group.

THE NJJH EQUITY TRANSFER AGREEMENT

On 12 July 2018, the Vendor, NJJH and the Purchaser entered into the NJJH Equity Transfer Agreement, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to dispose of, the entire equity interest in NJJH.

The material terms of the NJJH Equity Transfer Agreement are set forth below:

Date: 12 July 2018

Parties: (i) the Vendor as vendor;

(ii) NJJH as the target company to be acquired; and

(iii) the Purchaser as purchaser.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent of the Company and the Connected Persons of the Company.

Consideration

The consideration payable by the Purchaser under the NJJH Equity Transfer Agreement is RMB192,896,878 (the “**NJJH Consideration**”), which shall be satisfied in accordance with the NJJH Debt Settlement Agreement as detailed in the section headed “**THE NJJH DEBT SETTLEMENT AGREEMENT**” below.

Completion of the NJJH Equity Transfer

Pursuant to the terms of the NJJH Equity Transfer Agreement, the Vendor shall complete the change of business registration necessary for the completion of the NJJH Equity Transfer within three business days after the NJJH Escrow Account Payment (as defined below) has been made into the NJJH Escrow Account (as defined below) by the Purchaser in accordance with the NJJH Debt Settlement Agreement.

Upon completion of the NJJH Equity Transfer, NJJH and PAZH will become wholly-owned subsidiaries of the Company and their financial results will be consolidated into the financial results of the Group.

THE NJJH DEBT SETTLEMENT AGREEMENT

In connection with the NJJH Equity Transfer Agreement, on 12 July 2018, the Purchaser, the Vendor, NJJH and PAZH entered into the NJJH Debt Settlement Agreement, pursuant to which the parties agreed to the terms relating to the settlement arrangements of the NJJH Consideration and the NJJH Debt.

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

- Date: 12 July 2018
- Parties:
- (i) the Vendor;
 - (ii) the Purchaser;
 - (iii) NJJH; and
 - (iv) PAZH.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are independent of the Company and the Connected Persons of the Company.

Material Terms

Pursuant to the NJJH Debt Settlement Agreement, the parties acknowledged that the NJJH Debt amounted to RMB174,063,122 and the Purchaser shall repay the NJJH Debt for and on behalf of NJJH and PAZH. Any additional liabilities apart from the NJJH Debt shall be payable by the Vendor and the Vendor shall compensate the Purchaser for any loss that the Purchaser may suffer as a result of such additional liabilities.

When the Purchaser has paid for and on behalf of NJJH and PAZH, or NJJH and PAZH have paid for the funds to the Vendor and/or all creditors and/or their designated payees in the manner prescribed under the NJJH Debt Settlement Agreement, the Purchaser is deemed to have paid the equivalent amount of the NJJH Consideration and the NJJH Debt for and on behalf of NJJH and PAZH.

Pursuant to the NJJH Debt Settlement Agreement, the NJJH Consideration of RMB192,896,878 and the NJJH Debt of RMB174,063,122 amounted to RMB366,960,000 in aggregate, which shall be satisfied by the Purchaser and/or NJJH and PAZH in five instalments as follows:

First instalment

An escrow account (the “**NJJH Escrow Account**”) shall be jointly set up by the Purchaser and the Vendor in the name of the Purchaser within three business days from the date of the NJJH Debt Settlement Agreement. An amount of RMB40,000,000 (the “**NJJH Escrow Account Payment**”) shall be payable by the Purchaser depositing into the NJJH Escrow Account and commercial bills (the “**Commercial Bills**”) in the amount of RMB69,504,878 shall be given by the Purchaser to the Vendor within three business days after the completion of, among others, (1) the handover of the company seal, official chops and the statutory, operational and financial information of NJJH and PAZH to the Purchaser; (2) the handover of the board of directors of NJJH and PAZH to the Purchaser; and (3) the appointment of the Purchaser’s personnel as the supervisor and general manager of NJJH and PAZH. The Purchaser shall procure the NJJH Escrow Account Payment to be released from the NJJH Escrow Account and paid to the bank account designated by the Vendor after the completion of the change of business registration necessary for the completion of the NJJH Equity Transfer.

Second instalment

The Purchaser shall ensure the Commercial Bills to be realised and paid to the bank account designated by the Vendor by two tranches in the below manner:

- (i) the first tranche in the amount of RMB57,604,878 shall be settled by the Purchaser within three months after the completion of the change of business registration necessary for the completion of the NJJH Equity Transfer; and
- (ii) the second tranche in the amount of RMB11,900,000 shall be settled by the Purchaser after the Purchaser receives the bank letter of guarantee in the amount of RMB11,900,000 to be provided by the Vendor in favour of the Purchaser covering the term commencing from the date of completion of the NJJH Equity Transfer and ending on 31 August 2019. In the event that urban land use tax and farmland occupancy tax for the PAZH Project are charged during the guarantee period, the Purchaser is entitled to (1) execute the bank letter of guarantee; and (2) request the Vendor to compensate for any shortfall between the value of the bank letter of guarantee and the actual taxes charged.

Third instalment

The Vendor shall complete each of the rectification works of the PAZH Project stipulated in the NJJH Debt Settlement Agreement. An amount of RMB46,696,000 shall be settled by the Purchaser to the Vendor according to the completion progress of the rectification works.

Fourth instalment

The fourth instalment in the amount of RMB36,696,000 is the quality assurance fund. The Purchaser shall settle the quality assurance fund to the Vendor within 10 business days after the Purchaser verifies the bank letter of guarantee in the amount of RMB36,696,000 to be provided by the Vendor in favour of the Purchaser covering the term of the quality assurance period commencing from the date of completion of the NJJH Equity Transfer and ending on 31 August 2019.

During the quality assurance period, the problems identified in the course of examination of the PAZH Project shall be rectified by the Vendor within the prescribed period. The Purchaser may deduct any loss arising from the rectification failure of the Vendor from the bank letter of guarantee.

Fifth instalment

The fifth instalment in the amount of RMB174,063,122 represents miscellaneous construction, net financing and operation-related liabilities of the PAZH Project, which shall be settled by NJJH and/or PAZH between the completion of the NJJH Equity Transfer and 2022 to the corresponding creditors in accordance with the repayment terms stipulated in the agreements entered into between NJJH and/or PAZH and these creditors prior to the date of the NJJH Debt Settlement Agreement.

The NJJH Consideration and the NJJH Debt were determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among others, the consolidated net asset value of NJJH and the business prospect of the PAZH Project. The NJJH Consideration and the NJJH Debt will be financed by internal resources and/or bank borrowings of the Group.

INFORMATION OF THE GROUP, THE COMPANY AND THE PURCHASER

The principal activity of the Company is investment holding. The Group is principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC.

The Purchaser is an indirect wholly-owned subsidiary of the Company and is principally engaged in the provision of consultancy services in relation to photovoltaic power business.

INFORMATION OF THE VENDOR

The Vendor is a company established in the PRC with limited liability and is principally engaged in the investment, development, construction, operation and management of photovoltaic power business, and the manufacture and sale of photovoltaic power-related equipment.

INFORMATION OF NJYD, XYZH, NJJH AND PAZH

NJYD and XYZH

XYZH is wholly-owned by NJYD as at the date of the NJYD Equity Transfer Agreement and the date of this announcement. NJYD and XYZH are established in the PRC with limited liability and were wholly-owned by the Vendor as at the date of the NJYD Equity Transfer Agreement. As at the date of this announcement, NJYD and XYZH are wholly-owned by the Purchaser and are principally engaged in the investment, development and operation of the XYZH Project.

Based on the unaudited consolidated financial information provided by NJYD, as at the date of the NJYD Equity Transfer Agreement, the consolidated total and net asset values of NJYD are approximately RMB500 million and approximately RMB207 million respectively.

The table below sets forth the unaudited consolidated net profits/losses before and after taxation of NJYD for the two financial years ended 31 December 2016 based on the unaudited consolidated financial information provided by NJYD:

	For the financial year ended 31 December 2016 (RMB)	For the financial year ended 31 December 2015 (RMB)
Profit/(Loss) before taxation	3,594,458	(956,207)
Profit/(Loss) after taxation	3,594,458	(956,207)

NJJH AND PAZH

As at the date of this announcement, PAZH is wholly-owned by NJJH. NJJH and PAZH are established in the PRC with limited liability and are wholly-owned by the Vendor as at the date of this announcement. They are principally engaged in the investment, development and operation of the PAZH Project.

Based on the unaudited consolidated financial information provided by NJJH, as at 31 March 2018, the consolidated total and net asset values of NJJH are approximately RMB400 million and approximately RMB109 million respectively.

The table below sets forth the unaudited consolidated net profits before and after taxation of NJJH for the two financial years ended 31 December 2017 based on the unaudited consolidated financial information provided by NJJH:

	For the financial year ended 31 December 2017 (RMB)	For the financial year ended 31 December 2016 (RMB)
Profit before taxation	6,177,014	4,455
Profit after taxation	6,176,916	3,980

REASONS FOR AND BENEFITS OF THE PREVIOUS TRANSACTIONS AND THE TRANSACTIONS

The terms of the Previous Transactions and the Transactions were determined after arm's length negotiations between or among the Purchaser and the Vendor. The Previous Transactions and the Transactions provide the Company with opportunities to acquire the rights and interests in the XYZH Project and the PAZH Project respectively, which are located in Guizhou Province, the PRC, a location considered by the Company to be favourable for the development of its photovoltaic power business.

Furthermore, the NJYD Debt Settlement Agreement and the NJJH 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 XYZH Project and the PAZH Project respectively.

In view of the above, the Directors consider that the terms of the Previous Transactions and the Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATION UNDER THE LISTING RULES

As the Previous Transactions and the Transactions were entered into with the same party and within a twelve (12) month period, the Previous Transactions and the Transactions shall be aggregated in the calculation of the relevant percentage ratios to determine the classification of notifiable transactions under the Listing Rules.

As one of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Previous Transactions and the Transactions is more than 5% and all of which are below 25%, the Previous Transactions and the Transactions 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 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 Persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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

“MW”	megawatts, which is equal to 1,000,000 watts
“NJJH”	南京競弘新能源有限公司 (Nanjing Jinghong New Energy Co. Ltd.*), a company established in the PRC with limited liability which owns the entire equity interest in PAZH as at the date of this announcement
“NJJH Debt”	the net debt of NJJH and PAZH in the sum of RMB174,063,122, being the maximum amount of net liabilities of NJJH and PAZH arising from the PAZH Project
“NJJH Debt Settlement Agreement”	the debt assumption and settlement agreement dated 12 July 2018 entered into among the Purchaser, the Vendor, NJJH and PAZH in respect of the settlement arrangements of the NJJH Consideration and the NJJH Debt
“NJJH Equity Transfer”	the acquisition of the entire equity interest in NJJH by the Purchaser from the Vendor in accordance with the terms of the NJJH Equity Transfer Agreement
“NJJH Equity Transfer Agreement”	the equity transfer agreement dated 12 July 2018 entered into among the Vendor, NJJH and the Purchaser in respect of the NJJH Equity Transfer
“NJYD”	南京益典弘新能源有限公司 (Nanjing Yidianhong New Energy Co. Ltd.*), a company established in the PRC with limited liability which owned the entire equity interest in XYZH as at the date of the NJYD Equity Transfer Agreement
“NJYD Debt”	the net debt of NJYD and XYZH in the sum of RMB338,710,305, being the maximum amount of net liabilities of NJYD and XYZH arising from the XYZH Project

“NJYD Debt Settlement Agreement”	the debt assumption and settlement agreement dated 22 December 2017 entered into among the Purchaser, the Vendor, NJYD and XYZH in respect of the settlement arrangements of the NJYD Consideration and the NJYD Debt
“NJYD Equity Transfer”	the acquisition of the entire equity interest in NJYD by the Purchaser from the Vendor in accordance with the terms of the NJYD Equity Transfer Agreement
“NJYD Equity Transfer Agreement”	the equity transfer agreement dated 22 December 2017 entered into among the Vendor and the Purchaser in respect of the NJYD Equity Transfer
“PAZH”	普安縣中弘新能源有限公司 (Puan County Zhonghong New Energy Co. Ltd.*), a company established in the PRC with limited liability which invests, develops and operates the PAZH Project
“PAZH Project”	a 50MW photovoltaic power plant in 普安縣 (Puan County*), Guizhou Province, the PRC
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Transactions”	the transactions contemplated under the NJYD Equity Transfer Agreement and the NJYD Debt Settlement Agreement
“Purchaser”	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 with limited liability and an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC

“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the NJJH Equity Transfer Agreement and the NJJH Debt Settlement Agreement
“Vendor”	常州亞瑪頓股份有限公司 (Changzhou Almaden Co., Ltd.*), a company established in the PRC with limited liability and owned the entire equity interest in NJYD as at the date of the NJYD Equity Transfer Agreement and owns the entire equity interest in NJJH as at the date of this announcement
“XYZH”	興義市中弘新能源有限公司 (Xingyi City Zhonghong New Energy Co. Ltd.*), a company established in the PRC with limited liability which invests, develops and operates the XYZH Project
“XYZH Project”	a 70MW photovoltaic power plant in 興義市 (Xingyi City*), Guizhou Province, the PRC
“%”	per cent

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

Hong Kong, 12 July 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