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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)

CONTINUING CONNECTED TRANSACTION RELATING TO THE POWER PURCHASE

THE POWER PURCHASE AGREEMENT

On 30 June 2017 (after trading hours), BEWG and the Company entered into the Power Purchase Agreement in respect of the Power Purchase.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, BEWG, through its wholly-owned subsidiary, is interested in 17,721,519,000 Shares, representing approximately 32.37% of the issued share capital of the Company. BEWG is a controlling shareholder of the Company and hence is a connected person of the Company. The transaction contemplated under the Power Purchase Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the Power Purchase are more than 0.1% but all of which are less than 5%, the transaction contemplated under the Power Purchase Agreement is subject to the reporting and announcement requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE POWER PURCHASE AGREEMENT

Reference is made to the announcement of the Company dated 5 May 2016 in respect of the Framework Agreement.

On 30 June 2017 (after trading hours), BEWG and the Company entered into the Power Purchase Agreement in respect of the Power Purchase. Details for the Power Purchase Agreement are set out below:

Purchaser(s)	:	The BEWG Group
Supplier(s)	:	The Group
Subject Matter	:	The sale of electricity to be generated by the Distributed Photovoltaic Power Stations in certain Water Plants to the BEWG Group
Term	:	Commencing from 1 July 2017 and will expire on 31 December 2019, and may be renewable for another term upon mutual agreement between BEWG and the Company within one month prior to the expiry date
Pricing Policy	:	Electricity will be supplied at a unit price which shall be calculated based on the relevant government prescribed price (exclusive of tax) per kWh (in any event the unit price shall not be lower than the price offered to other independent third parties of the Group). The relevant government prescribed price is determined by the government authorities depending on the location of the Water Plants, which is subject to adjustment from time to time. The unit price was determined after arm's length negotiation according to the principles of fairness and reasonableness between the BEWG Group and the Group,

Payment Term : All payments will be settled in cash on a monthly basis

There was no historical transaction for the Power Purchase between the BEWG Group and the Group.

ANNUAL CAPS

The Directors propose that the annual cap amount for each of the three years ending 31 December 2019, being the term of the Power Purchase, will not exceed:

	For the financial year(s) ending 31 December		
	2017	2018	2019
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
(commencing from 1 July 2017)			

Electricity fees receivable by the Group in

respect of the Power Purchase	6,269,085	12,224,715	11,919,097
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In determining the annual caps for the electricity fees to be received by the Group in respect of the Power Purchase, the Directors have taken into account (i) the designed capacity of the Distributed Photovoltaic Power Stations in certain Water Plants; (ii) the current prescribed electricity price by the relevant government authorities; (iii) the estimated electricity to be generated by the relevant Distributed Photovoltaic Power Stations; and (iv) the development plan of the Group for the Distributed Photovoltaic Power Stations in the Water Plants in the coming year.

REASONS FOR AND BENEFITS OF ENTERING INTO THE POWER PURCHASE AGREEMENT

Pursuant to the terms of the Framework Agreement, BEWG will provide suitable plant pools, rooftops, greenbelts and other unused space in its water plants for the investment, construction and operation of the Distributed Photovoltaic Power Stations by the Group. Having considered the stability of the business of the Water Plants (which is under long-term service concession arrangements with strong track record of stable operating income and cash flows), the Directors consider that the entering into of the Power Purchase Agreement will secure a reliable customer and contribute stable operating income and cash flow to the Group, which is beneficial and favourable for the development of the Group's distributed photovoltaic power business. The Group will continuously explore more future opportunities to cooperate with BEWG Group for strengthening the development of the Group's distributed photovoltaic power business and other clean energy businesses.

The Directors (including the independent non-executive Directors but excluding Mr. Hu Xiaoyong who is the honorary chairman of BEWG) are of the view that (a) the transaction contemplated under the Power Purchase Agreement is conducted after arm's length negotiation and in the ordinary and usual course of business of the Company, on normal commercial terms or better to the Group, and is fair and reasonable and in the interests of the Shareholders as a whole; and (b) the proposed annual caps for the transaction contemplated under the Power Purchase Agreement are fair and reasonable and are in the interests of the Shareholders as a whole.

INTERNAL CONTROL FOR THE TRANSACTION CONTEMPLATED UNDER THE POWER PURCHASE AGREEMENT

In order to ensure that the terms of the Power Purchase Agreement are fair and reasonable, and the electricity unit prices offered to the BEWG Group are in line with the market average and not less favourable to the Group than those prices offered to other independent third parties of the Group, the Group adopts the following internal control methods and procedures:

- (1) the relevant personnel of the business department of the Company will conduct regular checks to review and assess whether the transaction contemplated under the Power Purchase Agreement is conducted in accordance with the terms thereunder and will also regularly update and make reference to the relevant government prescribed price for the purpose of considering if the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy;

- (2) the Company will closely monitor the transacted amounts of the transaction contemplated under the Power Purchase Agreement to ensure that the annual caps for each of three years ending 31 December 2019 will not be exceeded;
- (3) the staff of the business department of the Company will from time to time gather market intelligence by way of research and investigation to determine the reference electricity price in the market and such price as provided by the relevant government authorities;
- (4) the Company will engage its external auditors to conduct an annual review on the electricity unit prices and annual caps of the transaction contemplated under the Power Purchase Agreement; and
- (5) the independent non-executive Directors will review the transactions contemplated under the continuing connected transactions of the Company pursuant to Listing Rule 14A.55, and confirm in the annual report whether the transactions have been entered in the ordinary and usual course of business of the Group; on normal commercial terms or better; and according to the agreement governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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 businesses and the design, printing and sale of cigarette packages in the PRC.

INFORMATION OF BEWG AND THE BEWG GROUP

BEWG is an investment holding company and its subsidiaries are principally engaged in construction of sewage and reclaimed water treatment and seawater desalination plants, and provision of construction services for comprehensive renovation projects in the PRC, Malaysia and Republic of Singapore; provision of sewage and reclaimed water treatment services in the PRC and Portuguese Republic; distribution and sale of piped water in the PRC and Portuguese Republic; provision of technical and consultancy services and sale of machineries related to sewage treatment and construction services for comprehensive renovation projects in the PRC; and the licensing of technical know-how related to sewage treatment in the PRC.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, BEWG, through its wholly-owned subsidiary, is interested in 17,721,519,000 Shares, representing approximately 32.37% of the issued share capital of the Company. BEWG is a controlling shareholder of the Company and hence is a connected person of the Company. The transaction contemplated under the Power Purchase Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) (other than the profits ratio) in respect of the Power Purchase are more than 0.1% but all of which are less than 5%, the transaction contemplated under the Power Purchase Agreement is subject to the reporting and announcement requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Save for Mr. Hu Xiaoyong who is the honorary chairman of BEWG, none of the Directors has a material interest in the Power Purchase Agreement and the transaction contemplated thereunder and is required to abstain from voting the relevant resolutions of the Board in relation to the transaction contemplated under the Power Purchase Agreement.

DEFINITIONS

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

“BEWG”	Beijing Enterprises Water Group Limited, a company incorporated in the Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“BEWG Group”	BEWG and its subsidiaries
“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(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Distributed Photovoltaic Power Stations”	distributed photovoltaic power stations constructed/to be constructed and to be operated by the Group
“Framework Agreement”	the strategic cooperation framework agreement dated 5 May 2016 entered into between BEWG and the Company for the development, construction, operation and maintenance of the Distributed Photovoltaic Power Stations in the Water Plants
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Power Purchase”	the sale of electricity to be generated by the Distributed Photovoltaic Power Stations in certain Water Plants
“Power Purchase Agreement”	the agreement dated 30 June 2017 entered into between BEWG and the Company in respect of the Power Purchase
“PRC”	the People’s Republic of China, for the purpose 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
“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
“Water Plants”	water plants of the BEWG Group operated/to be operated under service concession arrangements
“%”	per cent.

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

Hong Kong, 30 June 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.