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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01250)**

## **DISCLOSEABLE TRANSACTION THE PARTICIPATION AND THE ACQUISITION**

### **THE PARTICIPATION**

On 9 August 2017, the Partners entered into the Partnership Agreement in relation to the establishment of the Limited Partnership. The Subsidiary will participate in the Limited Partnership as a junior limited partner with a capital contribution of RMB195,000,000. The Limited Partnership will primarily invest in clean energy businesses, including photovoltaic power projects.

### **THE ACQUISITION**

On 9 August 2017, the Subsidiary, the Company, Partner B and Partner C entered into the Acquisition Agreement under which:

- (1) (a) the Company agreed to acquire from Partner B 65% of the Senior Interest at a consideration of not more than RMB586,950,000, and Party C agreed to acquire from Partner B 35% of the Senior Interest at a consideration of not more than RMB316,050,000; and
  - (b) each of the Company/the Subsidiary on one part and Partner C on the other will guarantee the other's payment obligation with respect to the acquisition of the Senior Interest; and
- (2) the Company agreed to provide the Senior Return Guarantee.

## IMPLICATIONS UNDER THE LISTING RULES

Certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of (1) the Participation and the Acquisition on an aggregated basis, or (2) the Acquisition on a stand-alone basis, are more than 5% but below 25%, (1) the Participation and the Acquisition on an aggregated basis, or (2) the Acquisition on a stand-alone 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 PARTICIPATION

On 9 August 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 capital contribution of RMB195,000,000. 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 equity interest in the Limited Partnership (%)</b>
Partner A as the general and executive partner	100,000	0.01
Partner B as the senior limited partner	700,000,000	69.99
Partner C as a junior limited partner	105,000,000	10.50
The Subsidiary as a junior limited partner	195,000,000	19.50
Total	<u>1,000,100,000</u>	<u>100.00</u>

## **Business scope**

The business scope of the Limited Partnership is equity investments, and investment and assets management. The Limited Partnership will primarily invest in clean energy businesses, including photovoltaic power projects.

## **Term**

Unless otherwise agreed by the Partners, the term of the Limited Partnership is five years commencing from the date of issuance of the relevant business licence.

## **Decision making**

An investment committee comprising six members nominated by the Partners will be set up for all investment decisions of the Limited Partnership. The Subsidiary is entitled to nominate two members to the investment committee. Any resolution of the investment committee has to be passed by at least four members. Partner A is vested with the authority to manage daily business and operation of the Limited Partnership.

## **Profit distribution**

The net profits after deducting relevant taxes, fees and operating expenses incurred by the Limited Partnership available for distribution shall be distributed in the following order:

- (1) to the senior limited partner to the extent of its capital contribution and the return on it as prescribed in the Partnership Agreement; and
- (2) to the junior limited partners and the general partner pro-rata to their capital contributions to the Limited Partnership.

## **Loss sharing**

Any loss incurred by the Limited Partnership will be borne in the following order:

- (1) by the junior limited partners on a pro rata basis and to the extent of their capital commitments;
- (2) by the general partner to the extent of its capital commitment;

- (3) by the senior limited partner to the extent of its capital commitment; and
- (4) by the general partner for any further loss.

## **THE ACQUISITION**

On 9 August 2017, the Subsidiary, the Company, Partner B and Partner C entered into the Acquisition Agreement. The principal terms of the Acquisition Agreement are set out below.

### **Acquisition of 65% of the Senior Interest**

#### ***Subject matter***

The Company agreed to acquire from Partner B 65% of the Senior Interest, and Partner C agreed to acquire from Partner B 35% of the Senior Interest.

#### ***Consideration***

The maximum consideration for the acquisition of 65% of the Senior Interest will be RMB586,950,000. It shall be payable in cash by the Company to Partner B on the 5th anniversary of the date upon the first capital contribution by Partner B to the Limited Partnership. It is determined with reference to 65% of the total capital contribution of Partner B to the Limited Partnership in the amount of RMB700,000,000 and the Senior Return for the five-year term of the Limited Partnership. If Partner B receives any Senior Return from the Limited Partnership and/or under the Senior Return Guarantee, the maximum consideration for the acquisition of 65% of the Senior Interest will be reduced by 65% of the same amount.

#### ***Guarantee of Partner C's obligation***

Each of the Company/the Subsidiary on one part and Partner C on the other will guarantee the other's obligation with respect to the acquisition of the Senior Interest. The maximum exposure for the Group with respect to the acquisition of the Senior Interest is RMB903,000,000. It is determined with reference to 100% of the total capital contribution of Partner B to the Limited Partnership in the amount of RMB700,000,000 and the Senior Return for the five-year term of the Limited Partnership. If Partner B receives any Senior Return from the Limited Partnership and/or under the Senior Return Guarantee, the maximum consideration for the acquisition of the Senior Interest will be reduced by the same amount.

## ***Completion***

Upon completion of the acquisition of 65% of the Senior Interest, the Group will own as to approximately 45.5% in the Limited Partnership as a senior limited partner and as to approximately 19.5% 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 acquisition of the Senior Interest by its internal resources and/or bank borrowings.

## **The Senior Return Guarantee**

In the event that the Limited Partnership fails to pay the Senior Return to Partner B for the five-year term of the Limited Partnership, each of the Company and Partner C will guarantee the payment of the shortfall on a joint and several basis in the proportion of 65:35. The maximum exposure for the Group in respect of the Senior Return Guarantee is RMB203,000,000.

## **INFORMATION OF THE PARTIES**

### **The Group**

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.

### **The Subsidiary**

The Subsidiary is an indirect wholly-owned subsidiary of the Company and is a limited liability company established in the PRC. The Subsidiary is principally engaged in trading of equipment and provision of technical consultancy service in relation to photovoltaic power business.

### **Partner A**

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

## **Partner B**

Partner B is a limited liability company established in the PRC and is principally engaged in the provision of trustee and asset management services.

## **Partner C**

Partner C is a limited liability company established in the PRC and is principally engaged in investment management and consultancy services.

## **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 ACQUISITION**

Clean energy business is the core development focus of the Group. The Limited Partnership will primarily invest in clean energy businesses including photovoltaic power projects, which are in line with the Group's core business. The Group is positive about the prospects of the clean energy and photovoltaic power 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 photovoltaic power projects and get connected with strategic business partners in developing photovoltaic power projects.

Upon completion of the acquisition of 65% of the Senior Interest, the Limited Partnership will become a joint venture of the Group and is expected to bring in additional source of income to strengthen the financial performance of its clean energy business. The Board considers that it would be an opportune timing for the Group to further participate in the Limited Partnership in the future by way of the acquisition of 65% of the Senior Interest at a competitive consideration.

With the Senior Return Guarantee, the Limited Partnership will have a more competitive cost of capital as the return of the senior limited partner shall be capped at 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 paragraph headed "Profit distribution" in this announcement.

The terms of the Partnership Agreement and the Acquisition Agreement were determined after arm's length negotiations among the Partners 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 Acquisition 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 (1) the Participation and the Acquisition on an aggregated basis, or (2) the Acquisition on a stand-alone basis, are more than 5% but below 25%, (1) the Participation and the Acquisition on an aggregated basis, or (2) the Acquisition on a stand-alone 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 Acquisition 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:

- “Acquisition”
- (1) (a) the proposed acquisition of 65% of the Senior Interest by the Company; and
  - (b) the provision of guarantee by the Company/the Subsidiary for Partner C's payment obligation with respect to Partner C's acquisition of 35% of the Senior Interest; and
  - (2) the provision of the Senior Return Guarantee by the Company

“Acquisition Agreement”	the agreement dated 9 August 2017 entered into by the Subsidiary, the Company, Partner B and Partner C in relation to the Acquisition
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Limited Partnership”	a limited partnership established in the PRC pursuant to the Partnership Agreement under the name of 北京北控蘇銀股權投資管理中心（有限合夥）(Beijing BE Suyin Equity Investment Management Centre (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 capital contribution of RMB195,000,000 as set out in the paragraph headed “THE PARTICIPATION”
“Partner A”	深圳摩根富通股權投資基金有限公司 (Shenzhen Mogenfutong Fund Co., Ltd.*), a limited liability company established in the PRC



“Partner B”	江蘇省國際信託有限責任公司 (Jiangsu International Trust Corporation Limited*), a limited liability company established in the PRC
“Partner C”	上海網實金服數據服務有限公司 (Shanghai Wangshi Financial Services and Data Services Company Limited*), a limited liability company established in the PRC
“Partners”	collectively, the Subsidiary, Partner A, Partner B and Partner C
“Partnership Agreement”	the agreement entered into on 9 August 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 PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Senior Interest”	approximately 69.99% equity interest in the Limited Partnership held by Party B as the senior limited partner
“Senior Return”	the return on the Senior Interest in an aggregate amount of RMB203,000,000 calculated at a simple annualised rate of return of 5.8% on the outstanding capital contribution of Partner B over the five-year term of the Limited Partnership
“Senior Return Guarantee”	the provision of guarantee by the Company and Partner C on a joint and several basis in respect of the Senior Return in favour of Partner B as set out in the paragraph headed “The Senior Return Guarantee” in this announcement
“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”	北京北控光伏科技發展有限公司 (Beijing Enterprises Photovoltaic Development Company Limited*), a limited liability company established in the PRC, and an indirect wholly-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, 9 August 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*