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

**(Stock Code: 01250)**

## **EXEMPTED CONNECTED TRANSACTION EQUITY TRANSFER AGREEMENT**

### **THE EQUITY TRANSFER**

On 28 December 2017, BENE and the Purchaser entered into the Equity Transfer Agreement pursuant to which the Purchaser agreed to acquire, and BENE agreed to dispose of, the entire equity interest in the Target Company.

Upon completion of the Equity Transfer, the Target Company will become a wholly-owned subsidiary of the Purchaser. As the Purchaser is an indirect 50%-owned subsidiary of the Company, the Target Company will become a 50%-owned subsidiary of the Company and its financial results will continue to be consolidated with the financial results of the Group.

### **IMPLICATION UNDER THE LISTING RULES**

As at the date of this announcement, the Purchaser is an indirect 50%-owned subsidiary of the Company. Mr. Hu Xiaoyong and Mr. Huang Weihua, both executive Directors and connected persons of the Company, indirectly own 8.33% and 4.17% equity interests in the Purchaser respectively. The Purchaser is therefore a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules and the entering into of the Equity Transfer Agreement and the transactions contemplated therein constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Equity Transfer exceed 0.1% but all of them are less than 5%, the entering into of the Equity Transfer Agreement is subject to the reporting and disclosure requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **THE EQUITY TRANSFER AGREEMENT**

On 28 December 2017, BENE and the Purchaser entered into the Equity Transfer Agreement pursuant to which the Purchaser agreed to acquire, and BENE agreed to dispose of, the entire equity interest in the Target Company.

The material terms of the Equity Transfer Agreement are as follows:

### **Date**

28 December 2017

### **Parties**

- (1) BENE (as the vendor); and
- (2) the Purchaser (as the purchaser).

### **Subject Matter**

Pursuant to the terms of the Equity Transfer Agreement, the Purchaser agreed to acquire, and BENE agreed to dispose of, the entire equity interest in the Target Company.

## **Consideration**

The Consideration payable by the Purchaser to BENE is RMB25,002,900, which will be satisfied by the Purchaser to BENE in three tranches as follows:

1. 10% of the Consideration in the amount of RMB2,500,290 will be payable by the Purchaser to BENE within ten business days from the date of the Equity Transfer Agreement;
2. 80% of the Consideration in the amount of RMB20,002,320 will be payable by the Purchaser to BENE within ten business days from the later of (i) completion of the handover procedures of the Target Company; and (ii) completion of the change of business registration of the Target Company in relation to the Equity Transfer; and
3. 10% of the Consideration in the amount of RMB2,500,290 will be payable by the Purchaser to BENE within 90 business days from the date of completion of the change of business registration of the Target Company in relation to the Equity Transfer. The Purchaser may deduct any loss from the last tranche of the Consideration if there are any undisclosed liabilities pursuant to the Equity Transfer Agreement.

The Consideration was determined after arm's length negotiations between the Purchaser and BENE with reference to, among others, the net asset value of the Target Group and the business prospects of the Project.

## **Completion of the Equity Transfer**

The Purchaser and BENE will (1) commence and complete the handover procedures from the date of the Equity Transfer Agreement in respect of the information of the Target Company including, among others, the statutory, operational and financial information; and (2) provide necessary documents in respect of the change of business registration to the Target Company and the Target Company will perform the change of business registration procedures no later than the second day after receiving these documents. Completion of the Equity Transfer will take place on the date of receipt of the new business license of the Target Company reflecting the Equity Transfer.

Upon completion of the Equity Transfer, the Target Company will become a wholly-owned subsidiary of the Purchaser. As the Purchaser is an indirect 50%-owned subsidiary of the Company, the Target Company will become a 50%-owned subsidiary of the Company and its financial results will continue to be consolidated with the financial results 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. It also had a non-core business in the design, printing and sale of cigarette packages in the PRC.

## **INFORMATION OF BENE**

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

## **INFORMATION OF THE PURCHASER**

The Purchaser is an indirect 50%-owned subsidiary of the Company and is principally engaged in the investment, development and operation of clean energy power-related projects including wind power generation.

## **INFORMATION OF THE TARGET GROUP, THE TARGET COMPANY AND THE PROJECT COMPANY**

The Target Company is a company established in the PRC with limited liability and is wholly-owned by BENE as at the date of this announcement. It is principally engaged in the clean energy business and owns the entire equity interests in the Project Company and certain subsidiaries which have not commenced any business operation as at the date of this announcement.

The Project Company is a company established in the PRC with limited liability and is wholly-owned by the Target Company as at the date of this announcement. It is principally engaged in the investment, development and operation of the Project, a 48MW wind power plant in Shangdong Province, the PRC.

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 RMB24,894,000 and RMB876,632,000, respectively.

The table below sets forth the unaudited consolidated net profit before and after taxation of the Target Group for the financial year ended 31 December 2016 and the financial period from 24 July 2015 (date of incorporation) to 31 December 2015 based on the unaudited consolidated financial information of the Target Group:

	<b>For the financial year ended 31 December 2016 (approximately) (RMB)</b>	<b>For the financial period from 24 July 2015 (date of incorporation) to 31 December 2015 (approximately) (RMB)</b>
Profit before taxation	8,162,000	–
Profit after taxation	8,604,000	–

The Equity Transfer does not result in loss on the Group's control on the Target Company and accordingly no gain or loss on the Equity Transfer is expected to be recognised in the Group's consolidated profit or loss accounts.

## **REASONS FOR AND BENEFIT OF THE TRANSACTIONS**

The Purchaser was incorporated on 29 August 2017 as the Group's business platform on wind power business. Upon completion of the Equity Transfer, the Group's wind power business is integrated in one business platform (i.e. the Purchaser) which will allow the Group to achieve a higher level of management and control effectiveness over the development of the wind power business. The terms of the Equity Transfer Agreement were determined after arm's length negotiations between or among the Purchaser and BENE.

In view of the above, the Board (including the independent non-executive Directors but excluding Mr. Hu Xiaoyong and Mr. Huang Weihua) considers that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. At the Board meeting held to approve the Equity Transfer Agreement, Mr. Hu Xiaoyong and Mr. Huang Weihua, who are interested in the Purchaser, are considered to be interested in the Equity Transfer Agreement and have abstained from voting for the resolution to approve the Equity Transfer Agreement. Save for Mr. Hu Xiaoyong and Mr. Huang Weihua, none of the Directors has any material interest in the Equity Transfer Agreement and the transactions contemplated thereunder or is required to abstain from voting on the relevant resolutions of the Board.

## **IMPLICATION UNDER THE LISTING RULES**

As at the date of this announcement, the Purchaser is an indirect 50%-owned subsidiary of the Company. Mr. Hu Xiaoyong and Mr. Huang Weihua, both executive Directors and connected persons of the Company, indirectly own 8.33% and 4.17% equity interests in the Purchaser respectively. The Purchaser is therefore a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules and the entering into of the Equity Transfer Agreement and the transactions contemplated therein constitute a connected transaction for the Company under Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Equity Transfer exceed 0.1% but all of them are less than 5%, the entering into of the Equity Transfer Agreement is subject to the reporting and disclosure requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A 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
“BENE”	北京北控光伏科技發展有限公司 (Beijing Enterprises New Energy Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date 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
“Consideration”	the consideration payable by the Purchaser to BENE pursuant to the Equity Transfer Agreement in relation to the Equity Transfer of RMB25,002,900
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the transfer of the entire equity interest in the Target Company from BENE to the Purchaser in accordance with the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 28 December 2017 entered into between BENE and the Purchaser in respect of the Equity Transfer
“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
“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
“Project”	a 48MW wind power plant in Shangdong Province, the PRC
“Project Company”	山東魯薩風電有限公司 (Shandong Lusa Wind Power Limited*), a company established in the PRC with limited liability which invests, develops and operates the Project
“Purchaser”	北控風力發電有限公司 (Beijing Enterprises Wind Power Generation Company Limited*), a company established in the PRC with limited liability and an indirect 50%-owned subsidiary of the Company as at the date of this announcement
“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



“Target Company” 昌都北控清潔能源開發有限公司 (Changdu BE Clean Energy Development Co. Ltd.\*), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company and owns the entire equity interest in the Project Company as at the date of this announcement

“Target Group” the Target Company and its subsidiaries

“%” per cent

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

Hong Kong, 28 December 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 purposes only.