

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
ACQUISITIONS OF 54.09% EQUITY INTEREST
IN QINGHAI HUAXIN HYDROPOWER DEVELOPMENT
CO., LTD***

THE EQUITY TRANSFER AGREEMENTS

On 9 October 2019, the Vendor, QHRA, Mr. Yang and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into (i) the First Equity Transfer Agreement in relation to the First Acquisition at a consideration of RMB1,270,586,100; and (ii) the Second Equity Transfer Agreement in relation to the Second Acquisition at a consideration of RMB129,413,900.

Upon the Completion, the Company will indirectly hold a total of 54.09% equity interest in the Project Company.

IMPLICATION UNDER THE LISTING RULES

As the transactions contemplated under the Equity Transfer Agreements will be entered into with the same party and within a twelve-month period, the First Acquisition and the Second Acquisition shall be aggregated in the calculation of the relevant percentage ratios to determine the classification of notifiable transactions under the Listing Rules.

Since certain of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisitions exceed 5% and all of the applicable ratios are less than 25%, the Acquisitions 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 FIRST EQUITY TRANSFER AGREEMENT

On 9 October 2019, the Vendor, QHRA, Mr. Yang and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the First Equity Transfer Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, Mr. Yang, QHRA, the Vendor and their respective ultimate beneficial owner(s) are independent of the Company and its connected persons.

The key terms of the First Equity Transfer Agreement are set out as follows:

Subject Matter

Pursuant to the terms of the First Equity Transfer Agreement, the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, 49.09% equity interest in the Project Company.

Consideration and Payment Term

The consideration for the First Acquisition is RMB1,270,586,100. The Purchaser shall pay the consideration for the First Acquisition in cash into the Escrow Account on the date upon which the relevant registration documents submitted by the Vendor have been accepted by the Administration for Market Regulation. Such consideration shall be released to the Vendor within 3 days from the date upon which the relevant registration with the Administration for Market Regulation is completed.

Completion of the First Acquisition

Completion of the First Acquisition is conditional upon (i) the Purchaser being satisfied with its due diligence results on the Project Company; and (ii) certain debt restructuring processes between, among others, the Vendor, the Project Company, QHRA and Mr. Yang having been completed in order to release and discharge all security and encumbrances over the Equity Interest, and the relevant liabilities of the Project Company owed to the Vendor.

Subject to the written notice to proceed with the First Acquisition issued by the Purchaser to the Vendor, Completion of the First Acquisition shall take place on the date upon which the relevant registration with the Administration for Market Regulation is completed in respect of the Acquisitions.

THE SECOND EQUITY TRANSFER AGREEMENT

On 9 October 2019, the Vendor, QHRA, Mr. Yang and the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Second Equity Transfer Agreement.

The key terms of the Second Equity Transfer Agreement are set out as follows:

Subject Matter

Pursuant to the terms of the Second Equity Transfer Agreement, the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, 5% equity interest in the Project Company.

Consideration and payment term

The consideration for the Second Acquisition is RMB129,413,900. The Purchaser shall pay the consideration for the Second Acquisition in cash into the Escrow Account on the date upon which the relevant registration documents submitted by the Vendor have been accepted by the Administration for Market Regulation. Such consideration shall be released to the Vendor within 3 days from the date upon which the relevant registration with the Administration for Market Regulation is completed.

Completion of the Second Acquisition

Completion of the Second Acquisition is conditional upon (i) the Purchaser being satisfied with its due diligence results on the Project Company; and (ii) certain debt restructuring processes between, among others, the Vendor, the Project Company, QHRA and Mr. Yang having been completed in order to release and discharge all security and encumbrances over the Equity Interest, and the relevant liabilities of the Project Company owed to the Vendor.

Subject to the written notice to proceed with the Second Acquisition issued by the Purchaser to the Vendor, Completion of the Second Acquisition shall take place on the date upon which the relevant registration with the Administration for Market Regulation is completed in respect of the Acquisitions.

Considerations for the Acquisitions

The considerations for the Acquisitions were determined after arm's length negotiations between the Purchaser and the Vendor with reference to the net assets value of the Project Company. The Purchaser will finance the considerations for the Acquisitions by internal resources and/or bank borrowings of the Group.

Completion of the Acquisitions

The First Acquisition and the Second Acquisition should be completed simultaneously. Upon Completion of the Acquisitions, the Company will indirectly hold a total of 54.09% equity interest in the Project Company. The Project Company will become a subsidiary of the Company and its financial results will be consolidated to the accounts of the Group.

If the Completion has not been taken place on or before the Long Stop Date, the Equity Transfer Agreements shall lapse. Neither party shall be bound to proceed with the Acquisitions and be entitled to claim against other party for any reliefs thereafter.

INFORMATION OF THE VENDOR

The Vendor is a company established in the PRC with limited liability and holds 54.09% equity interest in the Project Company as at the date of this announcement. The Vendor is principally engaged in the provision of trust services.

INFORMATION OF THE PROJECT COMPANY

The Project Company is a company established in the PRC with limited liability and is principally engaged in the investment, development, construction and management of the Project. As at the date of this announcement, the Project is still under construction.

Based on the unaudited financial information provided by the Project Company, as at 31 August 2019, the total and net asset values of the Project Company amounted to approximately RMB8,695 million and approximately RMB2,588 million, respectively.

The audited financial information of the Project Company for the two financial years ended 31 December 2017 and 31 December 2018 as prepared under the China Accounting Standards for Business Enterprises is set out as follows:

	For the financial year ended 31 December 2018 (RMB)	For the financial year ended 31 December 2017 (RMB)
Profit before taxation	0	0
Profit after taxation	0	0

INFORMATION OF THE COMPANY, THE GROUP 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 investment holding.

INFORMATION OF QHRA

QHRA is a company established in the PRC with limited liability and is principally engaged in smelting, processing and development of aluminium products, the development of hydropower plants and the provision of research and development and consultancy services in relation thereof. As at the date of this announcement, the ultimate beneficial owner of QHRA is Mr. Yang.

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The terms of the Equity Transfer Agreements were determined after arm's length negotiations between the Purchaser and the Vendor. The Acquisitions provide the Company with an opportunity to obtain the rights and interests in the Project, which is situated at a location considered by the Company to be favourable for the development of its clean energy business.

The Group principally focuses on the clean development and use of energy, and aims at building a clean energy business ecosystem featuring multi-energy complement and synergies on varieties of business lines and profit sources, and continuously explores on various clean energy areas including photovoltaic power, wind power, clean heat supply, energy storage, geothermal energy, hydropower, etc. with an aim to become a leading integrated clean energy service provider.

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

IMPLICATION UNDER THE LISTING RULES

As the transactions contemplated under the Equity Transfer Agreements will be entered into with the same party and within a twelve-month period, the First Acquisition and the Second Acquisition shall be aggregated in the calculation of the relevant percentage ratios to determine the classification of notifiable transactions under the Listing Rules.

Since certain of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Acquisitions exceed 5% and all of the applicable ratios are less than 25%, the Acquisitions 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 meanings:

“Acquisitions”	the First Acquisition and the Second 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 (stock code: 1250)
“Completion”	completion of the First Acquisition or the Second Acquisition (as the case may be)
“Completion Date”	the date of the Completion
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Interest”	a total of 54.09% equity interest in the Project Company to be disposed of by the Vendor to the Purchaser under the Equity Transfer Agreements
“Equity Transfer Agreements”	the First Equity Transfer Agreement and the Second Equity Transfer Agreement
“Escrow Account”	the escrow account jointly controlled by the Vendor and the Purchaser

“First Acquisition”	the acquisition of 49.09% equity interest in the Project Company by the Purchaser from the Vendor in accordance with the terms of the First Equity Transfer Agreement
“First Equity Transfer Agreement”	the equity transfer agreement dated 9 October 2019 entered into by and among, the Vendor, QHRA, Mr. Yang and the Purchaser in respect of the First Acquisition
“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
“Long Stop Date”	9 December 2019, being the date falling 2 months after the date of the Equity Transfer Agreements
“Mr. Yang”	Mr. Yang Yi, an individual resides in the PRC who is the de facto controller of the Project Company as at the date of this announcement
“MW”	megawatts, which is equal to 1,000,000 watts
“PRC”	the People’s Republic of China

“Project”	a 2,200MW Yellow River Ma’er block hydropower project on the main stream of the Yellow River at the junction of 同德縣 (Tongde County*), 海南藏族自治州 (Hainan Tibetan Autonomous Prefecture*) and 瑪沁縣 (Maqin County*), 果洛藏族自治州 (Guoluo Tibetan Autonomous Prefecture*), Qinghai Province, the PRC
“Project Company”	青海華鑫水電開發有限公司 (Qinghai Huaxin Hydropower Development Co., Ltd.*), a company established in the PRC with limited liability
“Purchaser”	北清清潔能源投資有限公司 (Beiqing Clean Energy Investment Company Limited*), a company established in the PRC with limited ability and an indirect wholly-owned subsidiary of the Company
“QHRA”	青海黃河水電再生鋁業有限公司 (Qinghai Huanghe Hydropower Renewable Aluminium Industry Co., Ltd.*), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Second Acquisition”	the acquisition of 5% equity interest in the Project Company by the Purchaser from the Vendor in accordance with the terms of the Second Equity Transfer Agreement
“Second Equity Transfer Agreement”	the equity transfer agreement dated 9 October 2019 entered into by and among the Vendor, QHRA, Mr. Yang and the Purchaser in respect of the Second Acquisition
“Shareholder(s)”	holder(s) of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”	中融國際信託有限公司 (Zhongrong International Trust Co., Ltd*), a company established in the PRC with limited liability
“%”	per cent

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

Hong Kong, 9 October 2019

As at the date of this announcement, the Board comprises eight Directors, namely Mr. Hu Xiaoyong, Mr. Shi Xiaobei, Mr. Huang Weihua, Mr. Tan Zaixing and Ms. Huang Danxia as executive Directors; and Mr. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik as independent non-executive Directors.

* *for identification purposes only*