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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 FINANCIAL ASSISTANCE AND PROVISION OF GUARANTEE

PARTNERSHIP AGREEMENT

On 29 June 2017, the Partners entered into the Partnership Agreement in relation to the formation of the Limited Partnership. The total maximum capital contribution of the Limited Partnership is RMB3,000,000,000. It is intended that the Limited Partnership will primarily invest in photovoltaic power projects.

PROVISION OF FINANCIAL ASSISTANCE

On 29 June 2017, the Subsidiary, Partner B and Partner C entered into the Loan Agreement pursuant to which the Subsidiary agreed to provide the Financial Assistance to Partner B.

PROVISION OF GUARANTEE

On 29 June 2017, the Company and Partner B, as guarantors on a several basis, entered into the Guarantee Agreement with the Guaranteed Partners, pursuant to which the Company and Partner B agreed to guarantee and indemnify each of the Guaranteed Partners on a several basis in respect of (i) each of its outstanding capital contribution to the Limited Partnership as at the end of the Limited Partnership; and (ii) the distributions to be payable by the Limited Partnership to each of the Guaranteed Partners.

IMPLICATIONS UNDER THE LISTING RULES

As all the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the entering of the Partnership Agreement do not exceed 5%, the entering into of the Partnership Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

As certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the provision of the 65% Guarantee under the Guarantee Agreement are more than 5% and all of which are below 25%, the entering into of the Guarantee Agreement in respect of the provision of the 65% Guarantee constitutes 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.

As certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Financial Assistance together with the 35% Guarantee are more than 5% and all of which are below 25%, the entering into of the Loan Agreement and the provision of the 35% Guarantee, on an aggregated basis, 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.

Each of the provision of the 65% Guarantee and the Financial Assistance together with the provision of the 35% Guarantee constitutes an advance to an entity under Rule 13.13 of the Listing Rules and exceeds 8% under the assets ratio as defined under Rule 14.07 of the Listing Rules. Each of the provision of the 65% Guarantee and the Financial Assistance together with the provision of the 35% Guarantee is therefore subject to the general disclosure obligation under Rule 13.15 of the Listing Rules.

THE PARTNERSHIP AGREEMENT

Date:

29 June 2017

Parties:

1. Partner A, as the senior limited partner;
2. Partner B, as a general partner;

3. Partner C, as a general partner and the executive partner;
4. Partner D, as a junior limited partner;
5. Partner E, as a general partner;
6. Partner F, as a junior limited partner; and
7. the Subsidiary, as a general partner.

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.

Capital contribution

Pursuant to the Partnership Agreement, the maximum capital contribution to be made by each of the Partners to the Limited Partnership in cash is set out as follows:

Partners	Total maximum capital contribution (RMB)	Approximate equity interest in the Limited Partnership (%)
Partner A	2,100,000,000	70.00
Partner B	94,500,000	3.15
Partner C	1,000,000	0.03
Partner D	299,000,000	9.97
Partner E	1,000,000	0.03
Partner F	329,000,000	10.97
The Subsidiary	175,500,000	5.85
Total	3,000,000,000	100.00

Business scope of the Limited Partnership

The business scope of the Limited Partnership is equity and industrial investments. The Limited Partnership will primarily invest in photovoltaic power projects.

Term of the Limited Partnership

Unless otherwise agreed by the Partners, the term of the Limited Partnership is three years commencing from the date as notified by the general partners in writing.

Distributions

Pursuant to the terms of the Partnership Agreement, net profits after deducting relevant taxes, fees and operating expenses incurred by the Limited Partnership available for distribution (the “**Distributable Profits**”) shall first be distributed to the senior limited partner in cash in an amount equal to the maximum of the simple annualised rate of return of 6.8% (the “**Senior Return**”) on the actual outstanding capital contribution of the senior limited partner on 16 January and 16 July each year and the date when the Limited Partnership settles its capital contribution. If there is any surplus in the Distributable Profits subsequent to the distribution of the Senior Return, the Limited Partnership shall distribute to each of the Other Partners in cash in an amount equal to a compound annualised rate of return of 7.5% (the “**Junior Return**”) on the actual outstanding capital contribution of each of the Other Partners on 16 January each year and the date when the Limited Partnership settles their capital contributions. If there is any further surplus subsequent to the distributions of the Senior Return and the Junior Return, the Limited Partnership shall distribute such further surplus in the following order within a reasonable time:

1. to the senior limited partner as the settlement of its capital contribution;
2. to the Other Partners as the settlement of their capital contributions; and
3. to each of the Subsidiary and Partner B the residual amount of the Distributable Profits in accordance with their proportion of shareholding interest in the Limited Partnership.

PROVISION OF FINANCIAL ASSISTANCE

On 29 June 2017, the Subsidiary, Partner B and Partner C entered into the Loan Agreement pursuant to which the Subsidiary agreed to provide the Financial Assistance to Partner B.

Purpose of the Loan

The purpose of the Loan is solely for financing Partner B's investment in the Limited Partnership.

Terms of the Loan

The Loan is unsecured and will mature on the earlier of (1) the same date as the end of the Limited Partnership; and (2) the date upon the transfer of the capital contribution by Partner B before the end of the Limited Partnership. The contribution and distributions received from the Limited Partnership by Partner B shall be transferred to the Subsidiary as settlements of the Loan and the related interest until the Loan and the related interest are fully repaid. The Loan bears a compound annualised rate of return of 7.5%.

Drawdown

After receipt of the notice(s) from Partner C to the Subsidiary and Partner B, the Subsidiary will transfer the portion of the Loan required for the capital contribution to be made by Partner B to a bank account of Partner B before the specified date(s) of capital contribution as set out in the relevant notice(s) from Partner C. Partner B shall transfer such portion of the Loan to the Limited Partnership within five business days thereafter for fulfilling its capital contribution obligation to the Limited Partnership.

The Group intends to fund the Loan from its internal financial resources.

PROVISION OF GUARANTEE

On 29 June 2017, the Company and Partner B, as guarantors on a several basis, entered into the Guarantee Agreement with the Guaranteed Partners, pursuant to which the Company and Partner B agreed to guarantee and indemnify each of the Guaranteed Partners on a several basis in respect of (i) each of its outstanding capital contribution to the Limited Partnership as at the end of the Limited Partnership; and (ii) the distributions to be payable by the Limited Partnership to each of the Guaranteed Partners. The Guarantee obligation to any of the Guaranteed Partners will be triggered upon its written request to the Company and Partner B when the Limited Partnership is in default of its payment obligation for any capital contribution or distribution to the relevant Guaranteed Partners.

Liability of the Company under the Guarantee

Pursuant to the Guarantee Agreement, the liability of the Company and Partner B under the Guarantee should be in the proportion of 65:35, or as otherwise agreed between the Company and Partner B.

Term of the Guarantee

The Guarantee shall take effect upon execution of the Guarantee Agreement and remain in force as a continuing security up to the end of the term of the Limited Partnership.

Other undertakings under the Guarantee

Pursuant to the Guarantee Agreement, save as disclosed above, the Guarantee obligations will also be triggered if any of the following events occurs:

- (1) BEWG ceases to own indirectly as to 30% or more of the equity interest in the Company or BEWG ceases to be the direct or indirect single largest shareholder of the Company;
- (2) a change in any of the senior management positions of Mr. Hu Xiaoyong in the Company; or
- (3) the electricity utilisation volume of any photovoltaic power project invested by the Limited Partnership in more than any two quarters of each calendar year is 20% less than the electricity utilisation volume in the relevant period immediately before the investment by the Limited Partnership.

INFORMATION OF THE GROUP AND THE SUBSIDIARY

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 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 investment holding.

INFORMATION OF THE PARTNERS (APART FROM THE SUBSIDIARY)

Partner A is a limited liability company established in the PRC and is principally engaged in the provision of a range of investment, trustee, financial and assets management services.

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

Partner C is a limited liability company established in the PRC and is principally engaged in equity investments and investment advisory services.

Partner D is a limited liability company established in the PRC and is principally engaged in the sale of electronic products and trading services.

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

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

REASONS FOR AND BENEFIT OF THE ENTERING INTO OF THE FINANCIAL ASSISTANCE AND THE GUARANTEE

Photovoltaic power business is the core development focus of the Group. The incorporation of the Limited Partnership as a joint venture of the Group at a capital size of RMB3,000,000,000 with its business scope on investment and development in photovoltaic power plants will provide the Group with an additional source of funding to enable the Group to strengthen its business development in the photovoltaic power business, and alongside the provision of the Financial Assistance, bring in solid strategic partners for developing photovoltaic power business and managing the Limited Partnership. With the Guarantee, the Limited Partnership will have a more competitive cost of capital as the Guaranteed Partners shall receive the Senior Return and the Junior Return, respectively, at a lower rate. This will, on the other hand, enhance the investment returns of the Subsidiary from the Limited Partnership as the Limited Partnership will distribute any residual amount of the Distributable Profits to the Subsidiary and Partner B subsequent to the distributions of the Senior Return and the Junior Return, etc., as detailed in the paragraph headed “Distributions”.

The level of capital contributions, the Senior Return and the Junior Return under the Partnership Agreement; and the Loan and the interest rate under the Loan Agreement were determined after arm’s length negotiations among the parties to the Partnership Agreement, the Guarantee Agreement and the Loan Agreement, as the case may be, with reference to the projected capital requirement of the Limited Partnership, the expected returns on capital from the relevant Partners, and the prevailing market returns and interest rates of relevant investments and loans respectively.

Accordingly, the Directors are of the view that the terms of the Partnership Agreement, the Financial Assistance, the Guarantee Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As all the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the entering of the Partnership Agreement do not exceed 5%, the entering into of the Partnership Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

As certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the provision of the 65% Guarantee under the Guarantee Agreement are more than 5% and all of which are below 25%, the entering into of the Guarantee Agreement in respect of the provision of the 65% Guarantee constitutes 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.

As certain applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Financial Assistance together with the 35% Guarantee are more than 5% and all of which are below 25%, the entering into of the Loan Agreement and the provision of the 35% Guarantee, on an aggregated basis, 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.

Each of the provision of the 65% Guarantee and the Financial Assistance together with the provision of the 35% Guarantee constitutes an advance to an entity under Rule 13.13 of the Listing Rules and exceeds 8% under the assets ratio as defined under Rule 14.07 of the Listing Rules. Each of the provision of the 65% Guarantee and the Financial Assistance together with the provision of the 35% Guarantee is therefore subject to the general disclosure obligation under Rule 13.15 of the Listing Rules.

None of the Directors has any material interest in the transactions contemplated under the Partnership Agreement, the Guarantee Agreement and the Loan 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:

“35% Guarantee”	the exposure of the Guarantee in a maximum amount of RMB1,158,866,000 to be borne by the Company on a several basis for and on behalf of Partner B in favour of the Guaranteed Partners under the Guarantee Agreement
“65% Guarantee”	the exposure of the Guarantee in a maximum amount of RMB2,152,181,000 to be borne by the Company itself in favour of the Guaranteed Partners under the Guarantee Agreement
“BEWG”	Beijing Enterprises Water Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange, and is the controlling Shareholder of the Company
“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
“Distributable Profits”	has the meaning ascribed to it in the paragraph headed “Distributions”
“Financial Assistance”	the provision of the Loan by the Subsidiary to Partner B

“Group”	the Company and its subsidiaries
“Guarantee”	the provision of limited guarantee by the Company and Partner B on a several basis in favour of the Guaranteed Partners in accordance with the terms of the Guarantee Agreement
“Guarantee Agreement”	the guarantee agreement dated 29 June 2017 entered into by and among the Company, Partner B and the Guaranteed Partners in respect of the Guarantee
“Guaranteed Partners”	collectively, Partner A, Partner C, Partner D, Partner E and Partner F
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Junior Return”	has the meaning ascribed to it in the paragraph headed “Distributions”
“Limited Partnership”	a limited partnership to be established in the PRC pursuant to the Partnership Agreement under the name of 華潤北控（汕頭）新能源產業基金合夥企業（有限合夥）(CR BE (Shantou) New Energy Industrial Fund Partnership Corporation (Limited Partnership)*)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan in the principal amount of RMB94,500,000 to be provided by the Subsidiary to Partner B under the Loan Agreement
“Loan Agreement”	the loan agreement dated 29 June 2017 entered into by and among the Subsidiary, Partner B and Partner C in relation to the Financial Assistance

“Other Partners”	collectively, the Subsidiary, Partner B, Partner C, Partner D, Partner E and Partner F
“Partner A”	華潤深國投信託有限公司 (China Resources SZITIC Trust Co., Ltd.*), a limited liability company established in the PRC and is the senior limited partner of the Limited Partnership
“Partner B”	澤承資產管理有限公司 (Zecheng Asset Management Co. Ltd.*), a limited liability company established in the PRC and is a general partner of the Limited Partnership
“Partner C”	漢威潤能股權投資(汕頭)有限公司 (Hanwei Runneng Equity Investment (Shantou) Company Limited*), a limited liability company established in the PRC and is a general partner and the executive partner of the Limited Partnership
“Partner D”	深圳長城環亞科技有限公司 (Shenzhen Great Wall Pan Asia Technology Company Limited*), a limited liability company established in the PRC and is a junior limited partner of the Limited Partnership
“Partner E”	深圳長城環亞國際股權投資基金管理有限公司 (Shenzhen Great Wall Pan Asia International Equity Investment Fund Management Company Limited*), a limited liability company established in the PRC and is a general partner of the Limited Partnership
“Partner F”	漢威華德(天津)投資諮詢有限公司 (Hanwei Huade (Tianjin) Investment Consultancy Company Limited*), a limited liability company established in the PRC and is a junior limited partner of the Limited Partnership
“Partners”	collectively, the Subsidiary, Partner A, Partner B, Partner C, Partner D, Partner E and Partner F

“Partnership Agreement”	the agreement entered into on 29 June 2017 among the Partners in relation to the formation 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 Return”	has the meaning ascribed to it in the paragraph headed “Distributions”
“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”	青島富歡資產管理有限公司 (Qingdao Fuhuan Assets Management Company Limited*), a limited liability company established in the PRC, is an indirect wholly-owned subsidiary of the Company as at the date of this announcement and is a general partner of the Limited Partnership
“%”	per cent

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

Hong Kong, 29 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.

* *For identification purpose only*