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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)

EXEMPTED CONNECTED TRANSACTIONS FOR THE FORMATION OF JOINT VENTURE COMPANY

FORMATION OF THE JV COMPANY

On 8 August 2017, the Parties entered into the Agreement in respect of the formation of the JV Company in the PRC. The registered capital of the JV Company is RMB720,000,000. The JV Company will be set up for the investment, development and operation of clean energy power-related projects, including wind power generation.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Hu Xiaoyong, an executive Director, is a connected person of the Company. He indirectly owns the entire issued share capital of Party B, and therefore Party B is an associate of a connected person of the Company. Party B's Investment constitutes a connected transaction of 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 Party B's Investment exceed 0.1% but all of them are less than 5%, Party B's Investment is subject to the reporting and disclosure requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Huang Weihua, an executive Director, is a connected person of the Company. He directly owns 81% equity interest in Party C, and therefore Party C is an associate of a connected person of the Company. Party C's Investment constitutes a connected transaction of 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 Party C's Investment exceed 0.1% but all of them are less than 5%, Party C's Investment is subject to the reporting and disclosure requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

FORMATION OF THE JV COMPANY

On 8 August 2017, the Parties entered into the Agreement in respect of the formation of the JV Company in the PRC. The major terms of the Agreement are set out as follows:

Capital contribution: The registered capital of the JV Company is RMB720,000,000. The capital contribution to be made by each of the Parties in cash is set out as follows:

Parties	Capital contribution (RMB)	Approximate equity interest in the JV Company (%)
Party A	360,000,000	50.00
Party B	60,000,000	8.33
Party C	30,000,000	4.17
Party D	30,000,000	4.17
The Other Parties	240,000,000	33.33
Total	720,000,000	100.00

Term of the JV Company:	50 years
Scope of Business:	The scope of business of the JV Company covers the investment, development and operation of clean energy power-related projects, including wind power generation
Board Composition:	The board of directors of the JV Company is the highest authority of the JV Company and consists of three directors, two of whom will be appointed by Party A and the remaining one will be jointly appointed by Party B, Party C, Party D and the Other Parties
Profit Sharing:	The Parties are to share the profits of the JV Company available for distribution in proportion to their respective capital contribution of the registered capital of the JV Company

The capital requirement of the JV Company was determined by arm's length negotiations among the Parties taking into account the funding requirement of the clean energy power-related projects to be invested by the JV Company in the near term.

The Group intends to finance its capital commitment in the JV Company using the internal financial resources and/or bank borrowings.

FINANCIAL INFORMATION OF THE JV COMPANY

As at the date of this announcement, the JV Company has not been established and does not have any historical financial results. The JV Company will be accounted for as a subsidiary of the Company upon its establishment.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

Clean energy businesses are the core development focus of the Group. The incorporation of the JV Company will provide the Group with an additional source of funding and bring in strategic partners to enable the Group to strengthen its business development in the wind power-related businesses.

Furthermore, the participation of Mr. Hu Xiaoyong and Mr. Huang Weihua, executive Directors, through their controlled entities, provides unambiguous positive message and confidence to the Shareholders of their support and commitment towards the Group and its development.

The Board (including the independent non-executive Directors and excluding Mr. Hu Xiaoyong and Mr. Huang Weihua) is of the view that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and are in the interests of the Company and the Shareholders as a whole. Save for Mr. Hu Xiaoyong and Mr. Huang Weihua, none of the Directors has any material interest in the Agreement and the transactions contemplated thereunder or is required to abstain from voting on the relevant resolutions of the Board.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Hu Xiaoyong, an executive Director, is a connected person of the Company. He indirectly owns the entire issued share capital of Party B, and therefore Party B is an associate of a connected person of the Company. Party B's Investment constitutes a connected transaction of 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 Party B's Investment exceed 0.1% but all of them are less than 5%, Party B's Investment is subject to the reporting and disclosure requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Huang Weihua, an executive Director, is a connected person of the Company. He directly owns 81% equity interest in Party C, and therefore Party C is an associate of a connected person of the Company. Party C's Investment constitutes a connected transaction of 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 Party C's Investment exceed 0.1% but all of them are less than 5%, Party C's Investment is subject to the reporting and disclosure requirements but exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION OF THE GROUP, THE COMPANY AND THE PARTIES

Party A is an investment holding company and an indirect wholly-owned subsidiary of 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.

Party B is principally engaged in investment holding. As at the date of this announcement, Mr. Hu Xiaoyong indirectly owns the entire issued share capital of Party B.

Party C is principally engaged in investment, development and operation of clean energy power-related businesses. As at the date of this announcement, 81% equity interest in Party C is directly owned by Mr. Huang Weihua and 19% equity interest in Party C is directly owned by a director of certain insignificant subsidiaries (as defined in Rule 14A.09 of the Listing Rules) of the Group.

Party D is principally engaged in clean energy investment and development. As at the date of this announcement, Party D is directly owned as to 50% equity interest by a director of an insignificant subsidiary (as defined in Rule 14A.09 of the Listing Rules) of the Group.

The Other Parties are principally engaged in investment holding and equity investments.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Other Parties and their respective ultimate beneficial owners are Independent Third Parties.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Agreement”	the agreement dated 8 August 2017 entered into by and among the Parties in respect of the formation of the JV Company in the PRC
“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 such term in the Listing Rules
“Directors(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party/(ies)”	third party(ies) independent of the Company and connected person(s) (as defined in the Listing Rules) of the Company
“JV Company”	Beijing Enterprises Wind Power Generation Company Limited* (北控風力發電有限公司), a limited company to be established under the laws of the PRC pursuant to the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Parties”	three Independent Third Parties

“Parties”	comprising Party A, Party B, Party C, Party D and the Other Parties
“Party A”	Champion South (Hong Kong) Limited (冠南(香港)有限公司), a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Party B”	Great First (Hong Kong) Limited (宏進(香港)有限公司), a company incorporated in Hong Kong with limited liability
“Party B’s Investment”	the capital contribution in the amount of RMB60,000,000 to be made by Party B to the JV Company pursuant to the Agreement
“Party C”	Tibet Duo Neng Gong Tuo Chuang Ye Investment Partnership Corporation (General Partnership)* (西藏多能共拓創業投資合夥企業(普通合夥)), a general partnership established under the laws of the PRC
“Party C’s Investment”	the capital contribution in the amount of RMB30,000,000 to be made by Party C to the JV Company pursuant to the Agreement
“Party D”	Tibet Chuang He Xiang Hui Chuang Ye Investment Partnership Corporation (General Partnership)* (西藏創合享惠創業投資合夥企業(普通合夥)), a general partnership established under the laws of the PRC
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“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 Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 8 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*