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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 TRANSACTION DISPOSAL OF A SUBSIDIARY**

### **THE TRANSFER**

On 5 December 2018, the Company, BENE, the Subsidiary, the Purchasers and Yingshang Juan entered into the Agreement, pursuant to which the Subsidiary agreed to sell, and the Purchasers agreed to acquire, the Sale Interest for a total consideration of RMB609,148,094.

Upon Completion, Yingshang Juan will cease to be a wholly-owned subsidiary of the Company and its financial statements will no longer be consolidated to the Group's financial statements. As a result of Completion, Yingshang Juan will be accounted for as a joint venture of the Company.

### **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transfer exceeds 5% but all of them are less than 25%, the entering into of the Agreement constitutes a discloseable transaction of 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.

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### **Subject Matter**

Purchaser A and Purchaser B shall acquire 99.99% and 0.01% of the Sale Interest respectively from the Subsidiary. As at the date of this announcement, the Sale Interest is subject to the Share Pledge.

### **Payment of the Consideration**

The total consideration for the Transfer in the amount of RMB609,148,094 will be payable in cash in the following manners:

- a) An initial amount of RMB284,654,499 (the “**First Instalment**”) will be paid by the Purchasers in cash to the Subsidiary within 2 business days upon receiving the payment notice from the Subsidiary, subject to the satisfaction (or waiver) of certain conditions by the Purchasers, including:
  - i) the Purchasers having satisfied with the results of the due diligence on the business, financial, tax and legal aspects of Yingshang Juan;
  - ii) Yingshang Juan having obtained all necessary internal approvals to execute the Agreement; and
  - iii) the Subsidiary having settled for and on behalf of Yingshang Juan the finance lease payable in the net amount of RMB284,654,499 due to the Pledgee by Yingshang Juan, and the Share Pledge having been fully discharged and released.

On the date upon receipt of the First Instalment from the Purchasers, the Subsidiary shall apply for the change of business registration necessary for the Transfer.

- b) An amount of RMB216,671,669 (the “**Second Instalment**”) will be paid by the Purchasers in cash to the Subsidiary within 3 business days upon receiving the payment notice from the Subsidiary, subject to the satisfaction (or waiver) of certain conditions by the Purchasers, including:
- i) the completion of change of business registration for the Transfer;
  - ii) the updated articles of association of Yingshang Juan reflecting the Transfer and details of the appointment of directors and supervisor of Yingshang Juan nominated by the Purchasers having been filed with the relevant authority in the PRC;
  - iii) the completion of the handover of statutory, financial and operational information of Yingshang Juan to the Purchasers;
  - iv) there being no material adverse effect on the capital structure, asset, business and financial conditions of Yingshang Juan since 31 August 2018 based on the reasonable review of the Purchasers;
  - v) the warranties and representations given by the Company, BENE and the Subsidiary being true, accurate and valid; and
  - vi) there being no prohibition on the Transfer and any litigation claim or court judgement which is pending against Yingshang Juan.

Within three months after receipt of the Second Instalment from the Purchasers, the Subsidiary shall settle all outstanding liabilities of Yingshang Juan in the net amount of RMB231,576,496 (including the net amount due to the Group by Yingshang Juan of RMB231,228,335) for and on behalf of Yingshang Juan.

- c) The third instalment in the amount of RMB3,561,728 will be payable by Yingshang Juan to the Subsidiary within three months after the payment of the Second Instalment.

- d) The remaining balance in the amount of RMB104,260,198 represents the government subsidy receivables (the “**Government Subsidy**”) up to 31 August 2018 in relation to the operation of the Power Plant, which will be payable by Yingshang Juan in the following manners:
- i) if Yingshang Juan receives the Government Subsidy in whole or in part before the end of the term of limited partnership for Purchaser A, Yingshang Juan shall transfer the Government Subsidy received to the Escrow Account. The Government Subsidy shall be released and paid to the Subsidiary within 3 business days upon the earlier of (1) the end of the term of limited partnership for Purchaser A; and (2) the date of completing the disposal of Yingshang Juan by the Purchasers before the end of the term of limited partnership for Purchaser A; and
  - ii) if Yingshang Juan receives the Government Subsidy in whole or in part after (1) the end of the term of limited partnership for Purchaser A; or (2) the date of completing the disposal of Yingshang Juan by the Purchasers, Yingshang Juan shall pay the Government Subsidy directly to the Subsidiary within 3 business days when Yingshang Juan receives the Government Subsidy.

The consideration for the Transfer was determined after arm’s length negotiations between the Subsidiary and the Purchasers with reference to (i) the unaudited net asset value of Yingshang Juan as at 31 August 2018 in the amount of approximately RMB5 million; and (ii) the financial position of Yingshang Juan.

### **Completion of the Transfer**

Completion shall take place on the date of the change of business registration necessary for the Transfer. As a result of Completion, Yingshang Juan will be held as to 99.99% by Purchaser A and 0.01% by Purchaser B.

Upon Completion, Yingshang Juan will cease to be a wholly-owned subsidiary of the Company and its financial statements will no longer be consolidated to the Group’s financial statements. As at the date of this announcement, the Group is one of the general partners and has invested in 5.85% interest in Purchaser A, and Purchaser A is a joint venture of the Group. As a result of Completion, Yingshang Juan will be accounted for as a joint venture of the Company.

## **INFORMATION OF THE GROUP, THE COMPANY, THE SUBSIDIARY AND BENE**

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 Subsidiary is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding and provision of consultancy services. As at the date of this announcement, Yingshang Juan is a direct wholly-owned subsidiary of the Subsidiary.

BENE is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding, trading of equipment and provision of consultancy services. As at the date of this announcement, the Subsidiary is a direct wholly-owned subsidiary of BENE.

## **INFORMATION OF THE PURCHASERS**

Purchaser A is a limited partnership established in the PRC primarily investing in photovoltaic power projects. As at the date of this announcement, the Group is one of the general partners and has invested in 5.85% interest in Purchaser A, and Purchaser A is a joint venture of the Group. Details of the Group's investment in Purchaser A are set out in the Company's announcements dated 29 June 2017 and 28 July 2017.

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

Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Purchasers and its respective ultimate beneficial owners are independent of the Company and the connected persons of the Company.

## INFORMATION OF YINGSHANG JUAN

Yingshang Juan is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement. It is principally engaged in investment, development and operation of the Power Plant.

Based on the unaudited financial information of Yingshang Juan as at 31 August 2018 prepared in accordance with the generally accepted accounting principles in the PRC, the net assets and total assets of Yingshang Juan amounted to approximately RMB5 million and approximately RMB718 million, respectively.

The table below shows the unaudited net profit before and after taxation of Yingshang Juan for the two financial years ended 31 December 2017 based on the unaudited financial information of Yingshang Juan prepared in accordance with the generally accepted accounting principles in the PRC:

	<b>For the financial year ended 31 December 2017 (approximately) (RMB)</b>	<b>For the financial year ended 31 December 2016 (approximately) (RMB)</b>
Profit before taxation	31,509,000	4,542,000
Profit after taxation	31,509,000	4,542,000

Subject to final audit, it is expected that the Group will realise a net gain of not less than RMB5 million upon Completion, which is calculated with reference to the difference between the consideration for the Transfer and (i) the net asset value of Yingshang Juan of approximately RMB5 million based on the unaudited financial information of Yingshang Juan as at 31 August 2018; and (ii) the related transaction costs, taxes and expenses of the Transfer, and taking into account the elimination of unrealised gain on disposal of a subsidiary of the Group.

The Company intends to apply the net proceeds from the Transfer for the purpose of general working capital of the Group.

## **REASON FOR AND BENEFIT OF THE TRANSFER**

Purchaser A is a limited partnership established in the PRC which primarily invests in photovoltaic power projects. As at the date of this announcement, the Group has invested 5.85% interest in Purchaser A and Purchaser A is a joint venture of the Group. Upon Completion, the Group will share the results of Yingshang Juan. In addition, the net proceeds from the Transfer will enhance the Group's financial position for improving the Group's gearing ratio and generating more cash flow for working capital purpose. In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement were entered into on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Transfer exceeds 5% but all of them are less than 25%, the entering into of the Agreement constitutes a discloseable transaction of 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:

“Agreement”	the agreement dated 5 December 2018 entered into by and among the Company, BENE, the Subsidiary, the Purchasers and Yingshang Juan for the Transfer
“BENE”	北京北控光伏科技發展有限公司 (Beijing Enterprises New Energy Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary 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
“Completion”	completion of the Transfer
“connected person”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Escrow Account”	the escrow account jointly controlled by Purchaser A and the Subsidiary
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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, equivalent to 1,000,000 watts
“Pledgee”	華能天成融資租賃有限公司 (Huaneng Tiancheng Financial Leasing Co., Ltd.*), a company established in the PRC with limited liability
“Power Plant”	a 60MW photovoltaic power plant in Fuyang City (阜陽市), Anhui Province, the PRC
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan



“Purchasers”	Purchaser A and Purchaser B
“Purchaser A”	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)*), a limited partnership established in the PRC and a joint venture of the Company
“Purchaser B”	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 one of the general partners and the executive partner of Purchaser A
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the entire equity interest in Yingshang Juan
“Shares”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Share Pledge”	the pledge of the Sale Interest by Yingshang Juan in favour of the Pledgee as at the date of the announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	天津富歡企業管理諮詢有限公司（Tianjin Clean Energy Investment Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Transfer”	the transfer of the Sale Interest to the Purchasers by the Subsidiary
“Yingshang Juan”	穎上聚安光伏發電有限公司 (Yingshang Juan PV Power Generation Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company holding the Power Plant 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, 5 December 2018

*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*