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**北京控股有限公司**  
**BEIJING ENTERPRISES HOLDINGS LIMITED**

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*  
(website: [www.behl.com.hk](http://www.behl.com.hk))  
(Stock Code: 392)

## **CONNECTED TRANSACTION**

### **CONTRACTING AGREEMENTS FOR 20 MW GRID-TIED PHOTOVOLTAIC POWER GENERATION PROJECT IN GOLMUD**

The Board announces that, on 1 December 2011, the Company's indirect non-wholly owned subsidiary Green Industry (Qinghai) entered into a master agreement with the joint entity formed by JYE and GCL Solar, and simultaneously entered into a supplementary agreement with JYE. Pursuant to the agreements, JYE and GCL Solar undertake to take up the Golmud Photovoltaic Power Generation Project by way of contracting.

JYE, one of the contractors, is an indirect non-wholly owned subsidiary of BE Group, the substantial shareholder of the Company. Hence, the contractors are regarded as is a connected person of the Company as defined under the Listing Rules. As such, the master agreement and the supplementary agreement constitute a connected transaction of the Company under the Listing Rules.

The total fees payable by Green Industry (Qinghai) to the contractors amount to RMB341,156,963 (equivalent to approximately HK\$418,597,000), which includes the contract fee of RMB320,256,963 (equivalent to approximately HK\$392,953,000) under the master agreement and the total contract sum of RMB20,900,000 (equivalent to approximately HK\$25,644,000) under the supplementary agreement. As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules are more than 0.1% but less than 5%, the entering of the master agreement and supplementary agreement constitute a connected transaction for the Company under Rule 14A.32 of the Listing Rules and is subject to the reporting and announcement requirements.

The Directors (including the Independent Non-executive Directors) believe that the terms of the master agreement and the supplementary agreement are on terms no less favourable than the terms available from independent third parties and are entered into on normal commercial terms during the ordinary course of business of the Group, which are fair and reasonable to the Company's shareholders and in the best interests of the Company and its shareholders as a whole.

## **PRINCIPAL TERMS OF THE MASTER AGREEMENT**

Principal: Beijing Enterprises Green Industry (Qinghai) New Energy Co. Ltd.  
(*"Green Industry (Qinghai)"*)

Contractor: Beijing Jingyi Renewable Energy Engineering Co., Ltd. (*"JYE"*)  
(*joint entity*) GCL Solar System Limited (*"GCL Solar"*)

Contract fee: RMB320,256,963 (equivalent to approximately HK\$392,953,000)

The total installation capacity in respect of the project for this phase is 20 MWp. The designed power generation capacity in the first year is 35.04 million kilowatt-hours, and the designed power generation capacity in the second year is 34.63 million kilo-watt-hours. The annual average radiation emission of the construction site is 6,929.3 MJ/m<sup>2</sup>. After taking into consideration the surveying error of the annual radiation emission, the permitted deviation of the power generation capacity has been fixed at  $\pm 5\%$ .

The contract fee (including tax) covers all costs that are required to fulfill the obligations and risks under the master agreement by the contractor, including but not limited to the indiscriminating works like design, manufacturing, sourcing, transportation and storage, building, construction and installation, commissioning test and inspection, completion, trial run, defects elimination, assessment and examination for the functional undertaking of the full set of system, technology and after-sales service, and personnel training. At the same time, it also includes all materials, spare parts, special tools, consumables and related technology information, a 24-month warranty period of the entire system subsequent to its trial run, corresponding warranty periods for its sub-systems and repair works completion for any defects due to contractor's liability, and the commitment of power generation capacity undertaking for 2 years etc.

## **Payment**

The Principal shall pay the contractor an amount representing 30% of the contract fee within 5 working days after entering into the master agreement.

After the power station has successfully completed the trial run of the grid-tied (after a continuous operation of 72 hours), attained different required indicators, passed the grid-tied inspection and acceptance, obtained the relevant certificates and completed the relevant formalities, the Principal shall pay the contractor an amount representing 55% of the contract fee within 5 working days after the formal handover procedures are processed by the Principal and the contractor.

5% of the contract fee is quality performance deposit and the Principal will pay the 5% contract fee to the contractor within 5 days after the Principal has executed and issued a final inspection and acceptance certificate upon expiry of the entire warranty period under the master agreement.

10% of the contract fee is power generation performance deposit including RMB8 million and RMB24.02 million worth of bank guarantee. The contractor undertakes to carry out defects elimination works in respect of the fixed installation of the amorphous silicon portions to reach the designed power generation capacity. If the power station meets the required power generation standard in the first year of operation, then the Principal will pay RMB4 million to the contractor and return one bank guarantee of RMB12.01 million to the contractor. If the power station meets the required power generation standard in the second year of operation, the Principal will pay RMB4 million to the contractor and return one bank guarantee of RMB12.01 million to the contractor.

If because of the contractor's faults, defects that cannot be eliminated arise and cause the power generation capacity fails to meet the designed and contracted standard, then the Principal will not return the deposit and bank guarantee to the contractor. At the same time, the contractor shall compensate the Principal for its losses in power generation during the 2 years of defects elimination period according to the formula shown as follows:-

Total compensation amount = (contracted power generation capacity during the 2 years of defects elimination period - actual power generation capacity) x grid-tied electricity tariff

## **PRINCIPAL TERMS OF THE SUPPLEMENTARY AGREEMENT**

Principal: Beijing Enterprises Green Industry (Qinghai) New Energy Co. Ltd.  
(“*Green Industry (Qinghai)*”)

Contractor: Beijing Jingyi Renewable Energy Engineering Co., Ltd. (“*JYE*”)

Total contract sum: RMB20,900,000 (equivalent to approximately HK\$25,644,000)

The scope of contracting services covered by the supplementary agreement includes the design, sourcing and construction of the 110kV transformer station and access line project.

### **Payment**

The Principal shall pay the contractor a project prepayment amount representing 30% of the total contract sum within 5 working days upon signing of the supplementary agreement.

The Principal shall pay the contractor a project progress payment amount representing 65% of the total contract sum within 5 working days after inspection and acceptance of the completed project.

The warranty period of the project is 2 years after inspection and acceptance of the completed project. The Principal shall pay the remaining 5% (being the construction quality deposit) to the contractor within 5 working days upon expiry of the warranty period.

For the contract equipment amount, the contractor is responsible for issuing value-added tax invoices.

## **REASONS AND BENEFITS OF THE TRANSACTION**

China CNTC International Tendering Corporation (for itself and its ultimate beneficial owner are both independent third parties independent of the Company and its connected persons) was responsible for the tender process of Golmud Photovoltaic Power Generation Project. The tender procedure was carried out in strict compliance with the relevant laws, rules and regulations. The tender evaluation experts conducted a comprehensive evaluation on each bidder based on factors such as quotation, technology and business, etc by adopting the indicator system which is generally accepted by the market. Upon the experts' evaluation, the joint entity formed by JYE and GCL Solar obtained the highest score and accordingly won the

bid. The contract fee of the bid was determined on a commercial arm's length basis.

Taking into account of the technology of Concentrator Photovoltaic Power Generation ("CPV") of the Group and the requirement of the Qinghai Provincial Government to complete its grid-tied project for power generation by the end of 2011, the approved design of Golmud Photovoltaic Power Generation Project has been set as poly-silicon basis supplemented with CPV with a total capacity of 20 MWp.

Golmud Photovoltaic Power Generation Project is developed by the Group based on its technology research and development works on CPV to show its CPV technology, products and systems.

While persisting on its core businesses in gas, water and brewery sectors in the future, the Company aims to conduct on-going exploration and innovation works on green and low carbon businesses.

The Directors (including the Independent Non-executive Directors) believe that the terms of the master agreement and the supplementary agreement are on terms no less favourable than the terms available from independent third parties and are entered into on normal commercial terms during the ordinary course of business of the Group, which are fair and reasonable to the Company's shareholders and in the best interests of the Company and its shareholders as a whole.

## **CONNECTED TRANSACTION**

JYE, one of the contractors, is an indirect non-wholly owned subsidiary of BE Group, the substantial shareholder of the Company. Hence, the contractors are regarded as a connected person of the Company as defined under the Listing Rules. As such, the master agreement and the supplementary agreement constitute a connected transaction of the Company under the Listing Rules.

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Company under Rule 14A.32 of the Listing Rules and is subject to the reporting and announcement requirements.

No Directors have material interests in the transactions contemplated under the master agreement and the supplementary agreement.

## **GENERAL INFORMATION**

The Company is an investment holding company. The Group is principally engaged in natural gas operations, brewery operations, sewage and water treatment operations, and toll road operations in the PRC.

Green Industry (Qinghai) is principally engaged in the consulting, investment, construction and operation of photovoltaic power generation projects and marketing and sales of related photovoltaic products in the PRC.

JYE is principally engaged in the manufacturing of all types of photovoltaic inverters; integration of photovoltaic power generation systems; and general construction contracting.

GCL Solar is principally engaged in the design, equipment supply, construction, installation and general construction contracting of solar energy solar system projects in the PRC.

## **DEFINITIONS**

For the purposes of this announcement, capitalized terms appearing herein shall, unless the context otherwise admits, have the meanings set out below:

"BE Group" : Beijing Enterprises Group Company Limited\* (北京控股集團有限公司), a company incorporated in the PRC with limited liability and is the substantial shareholder of the Company.

"Beijing International" : Beijing International Electric Engineering Co., Ltd. (北京國際電氣工程有限責任公司), a company incorporated in the PRC; the company itself and its ultimate beneficial owners are independent third parties independent of the Company and its connected persons.

- "BIIH" : Beijing Instrument Industry Group Co., Ltd. (北京儀集團有限責任公司), a company incorporated in the PRC with limited liability, and is a wholly-owned subsidiary of BE Group, the substantial shareholder of the Company.
- "Board" : the board of Directors
- "Company" : Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange.
- "Directors" : the directors of the Company
- "Executive Directors" : the executive Directors are Mr. Wang Dong, Mr. Zhang Honghai, Mr. Lin Fusheng, Mr. Li Fucheng, Mr. Zhou Si, Mr. E Meng, Mr. Liu Kai, Mr. Guo Pujin, Mr. Lei Zhengang, Mr. Jiang Xinhao and Mr. Tam Chun Fai respectively.
- "GCL Solar" : GCL Solar System Limited (中環光伏系統有限公司), a company incorporated in the PRC; the company itself and its ultimate beneficial owners are independent third parties independent of the Company and its connected persons.
- "Golmud Photovoltaic Power Generation Project" : the 20 MV photovoltaic grid-tied power generation project that Green Industry (Qinghai) intends to construct in Solar Energy Photovoltaic Industry Park, East Exit, Golmud City, Qinghai Province, the PRC
- "Green Industry (Qinghai) or "Principal" : Beijing Enterprises Green Industry (Qinghai) New Energy Co. Ltd.\* (北控綠產(青海)新能源有限公司), a company incorporated in the PRC, and is an indirect non-wholly owned subsidiary of the Company.

"Group"	:	the Company and its subsidiaries
"HK\$"	:	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	:	the Hong Kong Special Administrative Region of the PRC
"Independent Non-executive Directors"	:	the independent non-executive Directors are Mr. Wu Jiesi, Mr. Robert A. Theleen, Mr. Lam Hoi Ham and Mr. Fu Tingmei respectively.
"JYE"	:	Beijing Jingyi Renewable Energy Engineering Co., Ltd. (北京京儀綠能電力系統工程有限公司), a company incorporated in the PRC with limited liability and its 80%, 10% and 10% equity interests are held by BIIH, Beijing International and Yingli Energy respectively.
"Listing Rules"	:	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	:	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan.
"RMB"	:	Renminbi, the lawful currency of the PRC
"Stock Exchange"	:	The Stock Exchange of Hong Kong Limited
"Yingli Energy"	:	Yingli Energy (China) Company Limited (英利能源(中國)有限公司), a company incorporated in the PRC; the company itself and its ultimate beneficial owners are independent third parties independent of the Company and its connected persons.



"%" : per cent

By Order of the Board  
**Beijing Enterprises Holdings Limited**  
**Zhang Honghai**  
Vice Chairman & CEO

Hong Kong, 1 December 2011

*As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Dong, Mr. Zhang Honghai, Mr. Lin Fusheng, Mr. Li Fucheng, Mr. Zhou Si, Mr. E Meng, Mr. Liu Kai, Mr. Guo Pujin, Mr. Lei Zhengang, Mr. Jiang Xinhao and Mr. Tam Chun Fai as executive directors; Mr. Wu Jiesi, Mr. Robert A. Theleen, Mr. Lam Hoi Ham and Mr. Fu Tingmei as independent non-executive directors.*

Unless otherwise specified, the HK dollar amounts shown in this announcement have been translated at an exchange rate of HK\$1.00 = RMB0.815 for reference purposes only.

*\* For identification purposes only*