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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

On 30 September 2015, the Subsidiary, the Seller, the Project Company and EPC Parent entered into the Framework Agreement pursuant to which, among other things, the Subsidiary has conditionally agreed to: (1) make the Pre-payment; (2) subject to certain conditions potentially acquire the entire equity interest in the Project Company; (3) purchase certain equipment from the Supplier as designated by EPC Parent at a consideration of RMB50 million, for onward sale to EPC Contractor to be used in the construction of the Project; and (4) further enter into more detailed agreements governing (1), (2) and (3) above within 10 business days from the date of the Framework Agreement.

On 15 October 2015, the Subsidiary, the Seller, the Project Company, EPC Parent and EPC Contractor entered into the Cooperation Agreement pursuant to which, among other things, the Subsidiary has conditionally agreed to: (1) make the Pre-payment and (2) subject to completion of the Project to the satisfaction of the Subsidiary and satisfaction of certain conditions set out in the Cooperation Agreement, enter into the Sale and Purchase Agreement to acquire the entire equity interest of the Project Company.

On 15 October 2015, the Subsidiary and the Supplier entered into the First Product Sale Agreement pursuant to which the Subsidiary agreed to purchase and the Supplier agreed to sell, certain equipment at a price of RMB50 million.

* *For identification purposes only.*

On 15 October 2015, the Subsidiary and EPC Contractor entered into the Second Product Sale Agreement pursuant to which the Subsidiary agreed to sell and EPC Contractor agreed to purchase, certain equipment at a price of RMB50 million.

On 15 October 2015, the Subsidiary, EPC Contractor, the Supplier and the Seller entered into the Supplemental Equipment Sale Agreement pursuant to which the Subsidiary's rights and obligations in respect of the purchase and sale of the equipment pursuant to the First Product Sale Agreement and the Second Product Sale Agreement were set out.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated by the Agreements are more than 5% but below 25%, the transactions constitute 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.

On 30 September 2015, the Subsidiary, the Seller, the Project Company and EPC Parent entered into the Framework Agreement pursuant to which, among other things, the Subsidiary has conditionally agreed to: (1) make the Pre-payment; (2) subject to certain conditions potentially acquire the entire equity interest in the Project Company; (3) purchase certain equipment from the Supplier as designated by EPC Parent at a consideration of RMB50 million, for onward sale to EPC Contractor to be used in the construction of the Project; and (4) further enter into more detailed agreements governing (1), (2) and (3) above within 10 business days from the date of the Framework Agreement.

On 15 October 2015, the Subsidiary and various parties entered into the Further Agreements. Details of each of the Further Agreements are set out below.

THE COOPERATION AGREEMENT

Date

15 October 2015

Parties

The Subsidiary

The Seller

The Project Company

EPC Parent

EPC Contractor

Subject matter

Pursuant to the Cooperation Agreement, the Subsidiary has conditionally agreed to, among other things: (1) make the Pre-payment and (2) subject to completion of the Project to the satisfaction of the Subsidiary and satisfaction of certain conditions set out in the Cooperation Agreement, enter into the Sale and Purchase Agreement to acquire the entire equity interest of the Project Company. The Seller shall charge its entire shareholding in the Project Company to EPC Parent.

Major terms

The Pre-payment shall be made by the Subsidiary (or its nominee) to the Seller or as designated by the Seller, to EPC Parent or EPC Contractor, within 10 business days of receipt by the Subsidiary of the First Bank Guarantee.

The Project shall be undertaken by EPC pursuant to standards and requirements recognised by the Subsidiary. All capital for the purpose of the Project shall be raised by EPC. The Project shall be completed in two stages by 31 December 2015 and 31 March 2016 respectively. Upon completion, the Project shall have a total power generation capacity of 100MW.

Check and acceptance of the Project is subject to a trial period involving the successful steady operation of the Power Plant for 240 consecutive hours and completion checks conducted to the satisfaction of the Subsidiary. All proceeds generated during the trial period less normal and reasonable expenses, shall belong to the Project Company.

Subject to completion of the Project including the check and acceptance procedures described above and satisfaction of the following conditions, the Subsidiary and the Seller shall enter into the Sale and Purchase Agreement:

- (i) successful steady operation of the Power Plant for 240 consecutive hours and completion checks conducted to the satisfaction of the Subsidiary;
- (ii) with assistance from the Seller and EPC, the Project Company obtaining all necessary approvals and permits in relation to its operations;
- (iii) auditors and valuers appointed by the Subsidiary issuing an audit report and an asset valuation report respectively; and
- (iv) the Seller ensuring the net liabilities of the Project Company to be less than RMB751 million as confirmed by the audit report commissioned by the Subsidiary. Any net liabilities over RMB751 million shall be settled by the Seller.

The maximum consideration for the Acquisition is expected to be RMB840 million, which is an amount calculated as the sum of various costs related to the construction of the Power Plant (including the cost payable to EPC) minus the Pre-payment and the net liabilities of the Project Company as confirmed by the Subsidiary.

Breach and termination

In the event of certain specific events or breaches by the Seller and/or EPC of the Cooperation Agreement, the Subsidiary shall have the right to unilaterally terminate the Cooperation Agreement. Upon such termination, the Seller and EPC shall pay to the Subsidiary an amount of RMB84 million, upon which the Subsidiary shall return the First Bank Guarantee; alternatively, the Subsidiary may exercise the First Bank Guarantee.

In the event the Subsidiary, without reason and within 10 business days of successful steady operation of the Power Plant for 240 consecutive hours within the prescribed time frame for full operation, fail to proceed with the Acquisition, the Seller shall have the right to unilaterally terminate the Cooperation Agreement. Upon such termination, the Seller and EPC shall pay to the Subsidiary an amount of RMB84 million, upon which the Subsidiary shall return the First Bank Guarantee.

In the event of any breach of the Cooperation Agreement by the Seller, the Project Company or EPC causing the Subsidiary to fail to proceed with the Acquisition, the Seller, the Project Company or EPC shall pay to the Subsidiary liquidated damages in the sum of RMB30 million. In the event the Subsidiary breaches the Cooperation Agreement and not proceed with the Acquisition, the Subsidiary shall pay to the Seller, the Project Company or EPC liquidated damages in the amount of RMB30 million.

THE FIRST PRODUCT SALE AGREEMENT

Date

15 October 2015

Parties

The Subsidiary (as buyer)

The Supplier (as seller)

Subject matter

The Subsidiary agreed to buy and the Supplier agreed to sell, certain photovoltaic equipment.

Consideration

The consideration shall be RMB50 million payable by the Subsidiary within 10 business days of receipt by the Subsidiary of the Second Bank Guarantee.

THE SECOND PRODUCT SALE AGREEMENT

Date

15 October 2015

Parties

The Subsidiary (as seller)

EPC Contractor (as buyer)

Subject matter

The Subsidiary agreed to sell and the EPC Contractor agreed to buy, certain photovoltaic equipment, the specifications of which are the same as that under the First Product Sale Agreement.

Consideration

The consideration shall be RMB50 million. Such amount shall be applied to set off the consideration for the Acquisition.

THE SUPPLEMENTAL EQUIPMENT SALE AGREEMENT

Date

15 October 2015

Parties

The Subsidiary

EPC Contractor

The Supplier

The Seller

Subject matter

It was clarified among the parties that the Subsidiary's involvement in the sale and purchase of the equipment under the First Product Sale Agreement and the Second Product Sale Agreement was merely to settle payment for certain equipment for the Project. Any dispute arising out of or in relation to the First Product Sale Agreement and the Second Product Sale Agreement shall be resolved between the Supplier and EPC Contractor.

Within 10 business days of the Subsidiary receiving: (1) the Second Bank Guarantee and (2) value added tax receipts from the Supplier, the Subsidiary shall pay to the Supplier the consideration under the First Product Sale Agreement.

In the event the transactions contemplated under the Framework Agreement and the Cooperation Agreement fail to be executed, or if the Subsidiary fails to obtain the entire equity interest in the Project Company after completion of the Project but before the expiry of the Second Bank Guarantee, the Subsidiary may exercise the Second Bank Guarantee to obtain RMB50 million.

BANK GUARANTEE AND EPC PARENT UNDERTAKING

As at the date of this announcement, the Subsidiary has received a guarantee from CCB issued on behalf of EPC Parent and effective till 30 June 2016, exercisable by the Subsidiary upon breach of the Cooperation Agreement by EPC Parent in respect of return of the Pre-payment to the Subsidiary, subject to the Subsidiary providing to CCB a written notice of exercise, a written declaration regarding the failure of EPC Parent to return the Pre-payment and proof evidencing the failure by EPC Parent to return the Pre-payment to the Subsidiary upon EPC Parent's breach of the Cooperation Agreement.

Further, the Supplier has undertaken that, in the event CCB fails to return the Pre-payment to the Subsidiary, the Supplier shall return the amount of RMB84 million to the Subsidiary within 10 business days of a request from the Subsidiary.

INFORMATION ON THE COUNTER PARTIES

Seller

The Seller is a company incorporated in the PRC and the sole shareholder of the Project Company. It is involved in the business of sale of solar equipment.

Project Company

The Project Company is a company incorporated in the PRC and wholly-owned by the Seller. It is involved in the business of sale of solar and other energy equipment.

EPC Parent

EPC Parent is a company incorporated in the PRC and the sole shareholder of EPC Contractor. It is involved in the business of construction of solar and electricity power generation plants as well as providing design, construction and consultancy services.

EPC Contractor

EPC Contractor is a company incorporated in the PRC and a wholly-owned subsidiary of EPC Parent. Its businesses, include among others, the investment, management and operation of solar power stations as well as acting as the main contractor for such plants.

Supplier

The Supplier is a company incorporated in the PRC and the sole shareholder of EPC Parent. Its businesses include, among others, the manufacturing and process manufacturing of spare parts of crystalline solar cell, modules, electronic appliances, lights and other electronic products. It is also involved in solar power generation projects as designer, builder and contractor.

INFORMATION ON THE COMPANY AND REASONS FOR THE TRANSACTIONS

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 and photovoltaic power-related businesses and the design, printing and sale of cigarette packages in the PRC. The transactions contemplated under the Framework Agreement and the Further Agreements provide the Company with an opportunity to invest in and potentially gain ultimate control of, a photovoltaic power plant in the Henan province, the PRC, which is a location considered by the Company to be favourable for development of photovoltaic business. The Board also considers the flexibility to enter into the Sale and Purchase Agreement at a later date subsequent to the completion of the Project to be favourable to the Company and the Shareholders as a whole.

The Board considers that the terms of the Framework Agreement and the Further Agreements are fair and reasonable and the transactions contemplated therein are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the transactions contemplated by the Agreements are more than 5% but below 25%, the transactions constitute 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.

OTHERS

In the event the Subsidiary enters into the Sale and Purchase Agreement, the Company will comply with the requirements of the Listing Rules in respect thereof and make further announcement(s) as and when appropriate.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the entire equity interest in the Project Company by the Subsidiary pursuant to the terms of the Sale and Purchase Agreement;
“Board”	the board of Directors of the Company;
“CCB”	China Construction Bank;
“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;
“Cooperation Agreement”	the cooperation agreement entered into among the Subsidiary, the Seller, the Project Company, EPC Parent and EPC Contractor on 15 October 2015;

“Director(s)”	the director(s) of the Company;
“EPC”	EPC Contractor and EPC Parent;
“EPC Contractor”	江蘇新電投資管理有限公司(Jiangsu New Power Investment Management Co., Ltd.*), a company incorporated in the PRC and a wholly-owned subsidiary of EPC Parent;
“EPC Parent”	東方日升(寧波)電力開發有限公司(Dongfang Risheng (Ningbo) Power Development Co., Ltd.*), a company incorporated in the PRC, the sole shareholder of EPC Contractor and a wholly-owned subsidiary of the Supplier;
“First Bank Guarantee”	the bank guarantee issued by a bank recognised by the Subsidiary on behalf of EPC in favour of the Subsidiary, guaranteeing payment of RMB84 million to the Subsidiary which should be effective until 30 May 2016;
“First Product Sale Agreement”	the agreement for the sale and purchase of certain equipment entered into between the Subsidiary and the Supplier on 15 October 2015;
“Framework Agreement”	the Framework Agreement entered into among the Subsidiary, the Seller, the Project Company and EPC Parent on 30 September 2015;
“Further Agreements”	the Cooperation Agreement, the First Product Sale Agreement, the Second Product Sale Agreement and the Supplemental Equipment Sale Agreement;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	The People’s Republic of China;
“Pre-payment”	the payment of RMB84 million to the Seller or, as designated by the Seller, to EPC Parent or EPC Contractor as pre-payment for the Acquisition;
“Project”	the construction of the Power Plant;
“Project Company”	淇縣中光太陽能有限公司(Qixian Zhongguang Solar Energy Co., Ltd.*), a company incorporated in the PRC and wholly-owned by the Seller;
“Power Plant”	a 100MW photovoltaic power plant in Henan Province, the PRC;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement to be entered into between the Subsidiary and the Seller in relation to the Acquisition pursuant to the Cooperation Agreement;
“Second Bank Guarantee”	the bank guarantee issued by a bank recognised by the Subsidiary on behalf of the Supplier in favour of the Subsidiary, guaranteeing payment of RMB50 million to the Subsidiary which should be effective until 30 May 2016;
“Second Product Sale Agreement”	the agreement for the sale and purchase of certain equipment entered into between the Subsidiary and EPC Contractor on 15 October 2015;
“Seller”	河南旭光商貿有限公司(Henan Xuguang Commerce Co., Ltd.*), a company incorporated in the PRC and the sole shareholder of the Project Company;

“Shares”	ordinary shares of HK\$0.001 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	北京北控光伏科技發展有限公司(Beijing Enterprises Holdings Photovoltaic Technology Development Co., Ltd.*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company;
“Supplemental Equipment Sale Agreement”	the supplemental agreement to the First Product Sale Agreement and the Second Product Sale Agreement entered into among the Subsidiary, EPC Contractor, the Supplier and the Seller dated 15 October 2015;
“Supplier”	東方日升新能源股份有限公司(Risheng New Energy Co., Ltd.*), a company incorporated in the PRC and the sole shareholder of EPC Parent;
“%”	per cent.

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

Hong Kong, 15 October 2015

As at the date of this announcement, the Board comprises seven directors, namely Mr. Hu Xiaoyong, Mr. Shi Xiaobei, Mr. Liang Yongfeng and Mr. Wang Ye as executive directors of the Company; and Mr. Tam Tak Kei Raymond, Professor Lam Sing Kwong Simon and Mr. Xu Honghua as independent non-executive directors of the Company.

* for identification purposes only