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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 01250)**

## **DISCLOSEABLE TRANSACTION**

On 16 November 2015, the Subsidiary, the Owner, the Project Company and the EPC Contractor entered into the Cooperation Agreement pursuant to which the following, among other things, were agreed: (i) the Project Price; (ii) the provision by the Subsidiary of the Main Materials and the Other Materials for the purpose of the Project; (iii) subject to successful grid-connected power generation, the Owner and the Subsidiary (or its nominee) shall enter into a sale and purchase agreement for the Equity Transfer; and (iv) the return of the Main Materials and the consideration paid for the Other Materials to the Subsidiary in the event the Equity Transfer does not proceed.

In connection with the Cooperation Agreement, on 16 November 2015, the EPC Providers and the Project Company entered into the EPC Contract pursuant to which, among other things, the scope of the EPC services including the relevant construction standards, requirements and arrangements of the Project, as well as payment arrangements of Project Price to the EPC Providers, were agreed.

In connection with the Cooperation Agreement, on 16 November 2015, the Subsidiary and the EPC Contractor entered into the Materials Purchase Contract, pursuant to which the Subsidiary agreed to buy and EPC Contractor agreed to sell, the Other Materials.

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

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

# THE COOPERATION AGREEMENT

## Date

16 November 2015

## Parties

The Subsidiary

The Owner

The Project Company

The EPC Contractor

## Subject matter

The Subsidiary and the Counterparties shall collaborate in relation to the Project.

## Major terms

- Responsibilities : The Owner and the Project Company are responsible for arranging for all necessary approvals for the Project from relevant governmental departments.
- The EPC Providers shall provide EPC services to the Project Company.
- Project Price : The Project Price is inclusive of the price for the necessary materials for the Project and the EPC services. Based on the Project Price of RMB340 million and the designed power generation capacity of 40MW of the Power Plant, the construction price of each watt of power generation capacity is RMB8.5.
- Charges : The Owner shall create a charge over its entire shareholding in the Project Company in favour of the Subsidiary. The Project Company shall create charges over the Project Company's receivables and assets respectively in favour of the Subsidiary.

- Materials: : The Main Materials and the Other Materials shall be purchased by the Subsidiary from a supplier of its choice and the EPC Contractor, respectively and provided to the Project Company. The price for the Main Materials shall be RMB200 million and the price for the Other Materials shall be RMB28 million.
- Equity Transfer : Subject to successful grid-connected power generation, the Owner and the Subsidiary (or its nominee) shall enter into a sale and purchase agreement for the Equity Transfer.
- Breaches : In the event the Equity Transfer does not proceed for reasons not due to the Subsidiary, (i) the consideration of RMB28 million for the Other Materials under the Materials Purchase Contract paid by the Subsidiary and (ii) the Main Materials provided by the Subsidiary, shall be returned by the Counterparties to the Subsidiary.
- In the event the Equity Transfer does not proceed due to any breach by the Owner and the Project Company, the Owner and the Project Company shall pay to the Subsidiary an amount of RMB10 million as liquidated damages, unless such breach is preceded by any breach on the part of the Subsidiary.
- In the event the Equity Transfer does not proceed due to any breach by the Subsidiary, the Subsidiary shall pay to the Owner and the Project Company an amount of RMB10 million as liquidated damages, unless such breach is preceded by any breach on the part of the Owner, the Project Company and the EPC Contractor.
- Consideration for Other Materials : The parties confirmed that the purchase of the Other Materials under the Materials Purchase Contract by the Subsidiary from the EPC Contractor is for the purpose of facilitating the capital requirements of the EPC Contractor under the Project. The Subsidiary is not liable to any party (including the Project Company) for any dispute arising out of or in relation to the Other Materials.
- Excess costs : All costs in relation to the Project in excess of the Project Price shall be borne by the Owner and the EPC Contractor.

Owner assurances in respect of land use tax : The Owner and the Project Company are responsible for liaising with local governmental departments in respect of the land use tax payable in respect of the Project.

In the event the land use tax charged by the relevant authorities is higher than RMB1.76 million per year, any amount in excess of RMB1.76 million shall be borne by the Owner (capped at RMB4 million). The Project Company has the right to deduct the excess amount from the portion of the Project Price (including the Retention Amount) apportioned to the EPC Contractor appointed by the Owner. Upon any such deduction by the Project Company, the Owner shall pay the deducted amount to the EPC Contractor and ensure that the EPC Contractor shall not hold the Project Company and the Subsidiary responsible for the deduction.

Completion of Project : Expected to be around early 2016.

As at the date of this announcement, in connection with the Cooperation Agreement, the Owner has created a charge over its entire shareholding in the Project Company in favour of the Subsidiary.

As at the date of this announcement, in connection with the Cooperation Agreement, the Owner and the Project Company have agreed to pass to the possession of a supervisor designated by the Subsidiary certain company seals, books of financial records and other documents and information of the Project Company and have further agreed to grant the Subsidiary the right to enter the Project Company's premises to review its financial records and appoint auditors to undertake investigations and financial audits; and the right to participate in the financial planning process of the Project Company including use of working capital.

## **THE EPC CONTRACT**

### **Date**

16 November 2015

### **Parties**

The Subsidiary

The Project Company

The EPC Contractor

## **Subject matter**

The EPC Providers shall collaborate in providing EPC services to the Project Company in relation to the Project.

## **Major terms**

Scope of services : Include but is not limited to, design, procurement of materials, transportation, insurances, warehousing, construction and operation trials.

Project Price : The Project Price is inclusive of taxes and is payable for the scope of services. Fees such as exploration fees, technical services fees, check and acceptance fees and land charges are also included in the Project Price.

The Project Price is apportioned between the EPC Providers as follows:

(i) RMB228 million is attributable to the Subsidiary's portion of the EPC services.

(ii) RMB112 million is attributable to the EPC Contractor's portion of the EPC services.

Project Price adjustments : There will be no adjustments to the Project Price in the event of any discrepancy of 0.5% or less between the actual and designed power generation capacities of the Project. In the event of any discrepancy of 0.5% or more, the Project Price shall be adjusted in accordance with the actual discrepancy.

Payment of the Project Price : The Project Price as apportioned between the EPC Providers shall be payable by the Project Company to each of the EPC Providers in accordance with the following payment schedule:

(i) Upon completion of the Project and successful grid-connected power generation, payment of 70% of the Project Price within 30 days upon receipt and verification of the relevant invoices, certificates, approvals, confirmations and payment requests from each of the EPC Providers;

- (ii) Upon continuous operation without failure for one month and subject to there being no quality issues after full operation of the Power Plant, payment of 10% of the Project Price within 15 business days upon receipt and verification of the relevant invoices, certificates and payment requests from each of the EPC Providers;
- (iii) Upon continuous operation without failure for three months and subject to there being no quality issues after full operation of the Power Plant, payment of 10% of the Project Price within 15 business days upon receipt and verification of the relevant invoices, certificates, information and payment requests from each of the EPC Providers;
- (iv) The Project Company shall execute a warranty letter within 15 days of completion of the performance test and acceptance procedure. Such executed warranty letter shall form an appendix to the EPC Contract. The warranty period shall begin after 30 consecutive days of operation of the Power Plant in accordance with specific procedures and standards. The Retention Amount shall be paid to each of the EPC Providers within 10 days upon receipt and verification of the relevant certificates and payment requests and receipts from each of the EPC Providers after the end of the first year of the warranty period.

In connection with the EPC Contract, on 16 November 2015, the EPC Providers entered into the Responsibility Allocation Agreement to allocate the EPC Providers' responsibilities under the EPC Contract between each of the EPC Providers.

## **THE MATERIALS PURCHASE CONTRACT**

### **Date**

16 November 2015

### **Parties**

The Subsidiary (as buyer)

The EPC Contractor (as seller)

### **Subject matter**

The Subsidiary agreed to buy and EPC Contractor agreed to sell, the Other Materials.

## **Consideration**

The consideration shall be RMB28 million, payable in accordance with the following payment schedule:

- (i) After execution of the Materials Purchase Contract and upon the Project Company obtaining the pre-vetting approval from the relevant governmental authority, the EPC Contractor shall provide (a) a value added tax receipt representing the amount of the consideration payable; and (b) a payment request to the Subsidiary. Upon verification of the value added tax receipt and the payment request, the Subsidiary shall pay to the EPC Contractor 90% of the consideration within 10 days.
- (ii) Upon receipt from the EPC Contractor of (a) a value added tax receipt representing the amount of the consideration payable; (b) a payment request to the Subsidiary; and (c) an unconditional and irrevocable quality assurance guarantee issued by the EPC Contractor's bank for the benefit of the Subsidiary for an amount capped at 10% of the consideration under the Materials Purchase Contract, exercisable by the Subsidiary in the event of any breach of the Materials Purchase Contract by the EPC Contractor. Upon verification of the value added tax receipt, the payment request and the quality assurance guarantee, the Subsidiary shall pay to the EPC Contractor 10% of the consideration within 10 days.

## **INFORMATION ON THE COUNTERPARTIES**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, all the Counterparties (and each of their respective ultimate shareholder(s)), are third parties independent of the Company and its connected persons (as defined in the Listing Rules). Below is some information on each of the Counterparties.

### **The Owner**

The Owner is a company incorporated in the PRC and the sole shareholder of the Project Company. It is involved in the businesses of technology development and technical consultancy in photovoltaic power generation and wind power generation; installation of electromechanical facilities and electrical engineering construction.

### **The Project Company**

The Project Company is a company incorporated in the PRC and is wholly-owned by the Owner. It is involved in the businesses of development, construction and operational management of photovoltaic power generation and wind power generation; and installation of electricity facilities.

### **The EPC Contractor**

EPC Contractor is a company incorporated in the PRC involved in the businesses including design of electricity projects; technical consultancy for electricity facilities; acting as the main contractor of the electricity projects; supervisory services in relation to construction projects; and sale of electricity materials and parts.

## **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 Agreements provide the Company with an opportunity to invest in and potentially gain ultimate control of, a photovoltaic power plant in the Shandong province, the PRC, which is a location considered by the Company to be favourable for the development of its photovoltaic business. The Board also considers the flexibility to enter into a sale and purchase agreement to facilitate the Equity Transfer at a later date subsequent to the completion of the Project to be favourable to the Company and the Shareholders as a whole.

The aggregate value of consideration undertaken by the Group pursuant to the Agreements is RMB228 million, which has been determined after arm's length negotiations between the Subsidiary and the Counterparties with reference to prevailing market rates. The obligations to pay the aggregate consideration will be financed by internal resources of the Group.

The Board considers that the terms of the 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 Agreements and the transactions contemplated therein are more than 5% but below 25%, the entering into of the Agreements and the transactions contemplated therein 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 any sale and purchase agreement for the Equity Transfer, 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:

“Agreements”	the Cooperation Agreement, the EPC Contract and the Materials Purchase Contract
“Board”	the board of Directors of the Company
“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 and the Counterparties on 16 November 2015 (as supplemented by a supplemental cooperation agreement dated 16 November 2015)
“Counterparties”	the Owner, the Project Company and the EPC Contractor
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC contract entered into among the Subsidiary, the Project Company and the EPC Contractor dated 16 November 2015
“EPC Contractor”	中機國能電力工程有限公司(Zhongji Guoneng Electricity Project Company Limited*), a company incorporated in the PRC
“EPC Providers”	the Subsidiary and the EPC Contractor
“Equity Transfer”	the transfer of the entire equity interest in the Project Company by the Owner to the Subsidiary
“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

“Main Materials”	certain core materials required for the Project
“Materials Purchase Contract”	the contract for the sale and purchase of the Other Materials entered into between the Subsidiary and the EPC Contractor dated 16 November 2015
“MW”	Megawatts, which is equal to 1,000,000 watts
“Other Materials ”	the other materials for the Project other than the Main Materials
“Owner”	山東國之晟能源有限公司(Shandong Guozhicheng Energy Company Limited*), a company incorporated in the PRC and the sole shareholder of the Project Company
“PRC”	The People’s Republic of China
“Project”	the construction of the Power Plant, targeted to be completed around early 2016
“Project Company”	濟南中晟新能源開發有限公司(Jinan Zhongcheng New Energy Development Company Limited*), a company incorporated in the PRC and wholly-owned by the Owner
“Project Price”	the total construction price of the Project, being RMB340 million, payable by the Project Company upon completion of the Project to the EPC Providers
“Power Plant”	a 40MW photovoltaic power plant in Shandong Province, the PRC
“Responsibility Allocation Agreement”	the responsibility allocation agreement dated 16 November 2015 between the EPC Providers
“Retention Amount”	10% of the Project Price retained as a quality assurance amount
“RMB”	Renminbi, the lawful currency of the PRC
“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 Photovoltaic Development Company Limited\*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company

“%” per cent

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

Hong Kong, 16 November 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.