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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 COOPERATION FRAMEWORK AGREEMENT

On 16 February 2016, the Subsidiary, the Owner, the Project Company and the EPC Contractor entered into the Cooperation Framework Agreement pursuant to which the parties agreed to collaborate in relation to the Project according to the terms set out therein including the Project Price, the Prepayment and the timeline for completion of the Project. The parties also agreed that subject to, among other things, Construction Completion, the Owner and the Subsidiary shall enter into a sale and purchase agreement for the Equity Transfer.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Cooperation Framework Agreement and the transactions contemplated thereunder are more than 5% and all of such ratios are below 25%, the Cooperation Framework Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE COOPERATION FRAMEWORK AGREEMENT

Date

16 February 2016

Parties

The Subsidiary

The Owner

The Project Company

The EPC Contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Owner, the Project Company and the EPC Contractor and their respective ultimate beneficial owners are independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Subject matter

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

Major terms

Responsibilities of
the Counterparties:

The Counterparties are responsible for (i) constructing the Power Plant pursuant to the agreed standards and requirements, (ii) raising capital for the construction of the Power Plant and (iii) arranging for all necessary approvals required for the development, construction and operation of the Power Plant.

Completion of Project:

The construction of the Power Plant with successful grid-connected power generation is expected to be fully completed by the end of March 2016.

Check and acceptance of the Project by the Subsidiary 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. If the Subsidiary has not initiated the check and acceptance procedures within 5 business days of Construction Completion upon notification in writing from the Owner or the EPC Contractor, the Project will be deemed checked and accepted provided that the Power Plant shall meet the relevant technical requirements.

Project Price:

Subject to the construction of the Power Plant being completed in accordance with the timeline set out in the Cooperation Framework Agreement and certain electricity price approval and subsidies being obtained, the Project Price would be the actual grid connection installed capacity of the Power Plant multiplied by the construction price of power generation capacity at RMB9.05 per watt.

The Project Price is inclusive of the engineering, procurement and construction services, the consideration for the land use right of the Project already paid by the Project Company and other fees which may be incurred in connection with the construction of the Power Plant.

Prepayment:

The Subsidiary will make the Prepayment to the EPC Contractor in accordance with the following schedule:

- (i) after the signing of the Cooperation Framework Agreement, the Subsidiary will make the first prepayment in the amount of RMB40,725,000 to the EPC Contractor; and
- (ii) upon initial successful grid-connected power generation of the Project, the Subsidiary will make the second prepayment in the amount of RMB108,600,000 to the EPC Contractor.

The Subsidiary will only make the above prepayments after the EPC Contractor has provided a Letter of Guarantee in the same amount of the first prepayment and the second prepayment (as the case may be) to the Subsidiary. Such Letter of Guarantee is exercisable by the Subsidiary when the Owner and the EPC Contractor fail to return to the Subsidiary the amount already paid by the Subsidiary when they are obliged to do so pursuant to the terms of the Cooperation Framework Agreement or when (i) the purpose of the Cooperation Framework Agreement cannot be fulfilled for reasons attributable to any of the Counterparties; (ii) the Equity Transfer has not occurred before the expiry date of the relevant Letter of Guarantee for reasons attributable to any of the Counterparties; or (iii) the Power Plant cannot fulfill the agreed standards and requirements based on the Subsidiary's technical check results before the signing of the sale and purchase agreement for the Equity Transfer.

The amount of the Prepayment has been determined after arm's length negotiations between the Subsidiary and the Counterparties with reference to prevailing market rates. The Prepayment will be financed by the internal resources of the Group.

Equity Transfer:

As at the date of this announcement, the Owner has pledged the entire equity interest of the Project Company in favour of the EPC Contractor to secure the obligations owed by the Project Company to the EPC Contractor in connection with the construction of the Power Plant. After Construction Completion and upon payment of the Escrow Money by the Subsidiary into the Escrow Account (see below), the EPC Contractor shall release such equity pledge.

Subject to, among other things, Construction Completion, the Owner and the Subsidiary shall enter into a sale and purchase agreement for the Equity Transfer. After the sale and purchase agreement for the Equity Transfer is entered into, the Subsidiary will make payments or procure payments to be made as follows:

Within 5 business days after the sale and purchase agreement for the Equity Transfer is entered into, the Subsidiary shall pay or procure to be paid an amount equal to 90% of the Project Price minus the Prepayment (the “**Escrow Money**”) to an escrow account jointly controlled by the Subsidiary and the EPC Contractor (the “**Escrow Account**”). Such amount may be withdrawn by the EPC Contractor upon execution of certain procedural documents and grant of certain approvals set out in the Cooperation Framework Agreement and completion of the Equity Transfer pursuant to the terms of the Cooperation Framework Agreement.

After the registration of the Equity Transfer is completed, the Project is checked and accepted by the Subsidiary, the Subsidiary shall pay or procure to be paid an amount equal to 10% of the Project Price to the EPC Contractor within 5 business days of receipt of a Letter of Guarantee of the same amount from the EPC Contractor. The purpose of such Letter of Guarantee from the EPC Contractor is to guarantee in favour of the Subsidiary the quality of the Project for two years upon check and acceptance of the Project by the Subsidiary. Such Letter of Guarantee shall be effective for one year from the date of issue unless extended pursuant to the terms of the Cooperation Framework Agreement.

The consideration for the Equity Transfer payable to the Owner and the liabilities owed by the Project Company to the Owner and the EPC Contractor during the course of construction of the Power Plant will be offset against the payments made by the Subsidiary to the EPC Contractor.

Upon execution of the sale and purchase agreement for the Equity Transfer, the Company will comply with the requirement of the Listing Rules with respect to the Equity Transfer.

Termination and breaches:

In the occurrence of certain events set out in the Cooperation Framework Agreement and/or in the event of certain breaches by the Counterparties of the Cooperation Framework Agreement, the Subsidiary may unilaterally terminate the Cooperation Framework Agreement in which case the Owner and the EPC Contractor shall pay to the Subsidiary the amount already paid by the Subsidiary within 10 business days of the date of termination and the Subsidiary shall return the relevant Letter(s) of Guarantee. Alternatively, the Subsidiary may exercise the relevant Letter(s) of Guarantee and the Owner and the EPC Contractor shall pay the cost of capital borne by the Subsidiary, being 6% of the amount of payments that have been made by the Subsidiary.

In the event that the Owner or the EPC Contractor transfers any equity interest in the Project Company to other third parties without the consent of the Subsidiary (save for the circumstances set out in the next paragraph) or fails to transfer the equity interest in the Project Company to the Subsidiary when it is in a position to do so, the Counterparties shall pay to the Subsidiary an amount of RMB20,000,000 as liquidated damages, unless it is preceded by reasons attributable to the Subsidiary.

In the event that the Subsidiary does not make payments or procure payments to be made in accordance with the terms of the Cooperation Framework Agreement and the delay exceeds the relevant time period set out in the Cooperation Framework Agreement, or the Subsidiary does not proceed with the Equity Transfer in accordance with the terms of the Cooperation Framework Agreement and the delay exceeds 5 business days, the Owner and the EPC Contractor may unilaterally terminate the Cooperation Framework Agreement in which case the Owner and the EPC Contractor shall return to the Subsidiary 94% of the amount already paid by the Subsidiary within 10 business days of the date of termination and the Subsidiary shall return the relevant Letter(s) of Guarantee.

In the event that the Subsidiary does not proceed with the Equity Transfer in accordance with the terms of the Cooperation Framework Agreement, the Subsidiary shall pay to the Owner and the EPC Contractor an amount of RMB20,000,000 as liquidated damages, unless it is preceded by reasons attributable to any of the Counterparties.

If the Owner and the EPC Contractor fail to construct the Power Plant in accordance with the requirements set out in the Cooperation Framework Agreement and fail to remedy the situation within 30 business days of the Subsidiary giving notice to the Owner and the EPC Contractor, the Subsidiary is entitled to (i) the refund of the total amount already paid by the Subsidiary (alternatively, the Subsidiary may exercise its rights under the relevant Letter(s) of Guarantee) and (ii) 6% of such paid amount as liquidated damages.

If Construction Completion does not occur by the end of March 2016 and the delay exceeds 10 business days, the Subsidiary is entitled to (i) terminate the Cooperation Framework Agreement, obtain refund of the total amount already paid by the Subsidiary and 6% of such paid amount as liquidated damages or (ii) proceed with the Equity Transfer pursuant to the terms of the Cooperation Framework Agreement. If Construction Completion occurs after 30 June 2016 for reasons attributable to the Subsidiary, the Subsidiary shall bear the relevant losses in relation to the electricity fees.

In the event that the transactions contemplated under the Cooperation Framework Agreement are not approved by the relevant governmental authorities, the Cooperation Framework Agreement shall terminate without liabilities to any party and the Counterparties shall return the amount already paid by the Subsidiary with interest accrued thereon within 5 business days of the date of the disapproval, and the Subsidiary shall pay to the Owner and the EPC Contractor the finance fees incurred by the banks in issuing the Letters of Guarantee, unless the disapproval of the relevant governmental authorities is caused by the breach on the part of any parties to the Cooperation Framework Agreement in which case the defaulting party shall be held responsible.

INFORMATION ON THE COUNTERPARTIES

The Owner

The Owner is a company incorporated in the PRC and the sole shareholder of the Project Company. As at the date of this announcement, the Owner has pledged the entire equity interest of the Project Company in favour of the EPC Contractor to secure the obligations owed by the Project Company to the EPC Contractor in connection with the construction of the Power Plant.

The Owner is involved in the businesses of advisory on the use of photovoltaic power and solar thermal energy and the research and development and sales of photovoltaic and solar thermal equipment.

The Project Company

The Project Company is a company incorporated in the PRC. It is involved in the businesses of technical development, advisory and services of new energy, energy performance contracting, research and development, sales and installation of photovoltaic equipment and solar power generation.

The EPC Contractor

The EPC Contractor is a company incorporated in the PRC. It is involved in the businesses of the development, system design, integration and installation of solar power station, technical advisory, services and transfer in relation to power station system, maintenance and management of power station, new energy power generation engineering design, research and development on new energy technology, sales of new energy power generation equipment, energy performance contracting, construction-related businesses and import and export of goods and technologies.

INFORMATION ON THE COMPANY AND REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE COOPERATION FRAMEWORK AGREEMENT

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 Cooperation Framework Agreement provide the Company with an opportunity to invest in and potentially gain ultimate control of, a photovoltaic power plant in the Hebei 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 Board considers that the terms of the Cooperation Framework Agreement 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 Cooperation Framework Agreement and the transactions contemplated thereunder are more than 5% and all of such ratios are below 25%, the Cooperation Framework Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are 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:

“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
“Construction Completion”	full completion of the construction of the Power Plant with successful grid-connected power generation which is expected to occur by the end of March 2016
“Cooperation Framework Agreement”	the cooperation framework agreement entered into among the Subsidiary and the Counterparties dated 16 February 2016 in relation to the collaboration on the Project
“Counterparties”	the Owner, the Project Company and the EPC Contractor
“Director(s)”	the director(s) of the Company
“EPC Contractor”	重慶四聯新能源有限公司(Chongqing Silian New Energy Company Limited*), a company incorporated in the PRC
“Equity Transfer”	the transfer of the entire equity interest in the Project Company from the Owner to 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 People’s Republic of China

“Letter(s) of Guarantee”	the letter(s) of guarantee issued by a bank to be provided in favour of the Subsidiary pursuant to the terms of the Cooperation Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	Megawatts, which is equal to 1,000,000 watts
“Owner”	天津中興能源綠谷科技有限公司(Tianjin Zhongxing Energy Lvgu Technologies Company Limited*), a company incorporated in the PRC
“Power Plant”	a 30MW photovoltaic power plant in the Hebei Province, the PRC
“PRC”	The People’s Republic of China, which, for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prepayment”	the prepayment in the aggregate amount of RMB149,325,000 to be paid by the Subsidiary to the EPC Contractor pursuant to the terms of the Cooperation Framework Agreement
“Project”	the construction of the Power Plant, targeted to be fully completed by the end of March 2016
“Project Company”	曲陽綠谷能源科技有限公司(Quyang Lvgu Energy Technologies Company Limited*), a company incorporated in the PRC
“Project Price”	the total construction price of the Project

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.001 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	北清清潔能源投資有限公司 (Beiqing Clean Energy Investment 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 February 2016

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; and Mr. Tam Tak Kei Raymond, Professor Lam Sing Kwong Simon and Mr. Xu Honghua as independent non-executive Directors.