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

**(Stock Code: 01250)**

## **MAJOR TRANSACTION**

On 21 June 2016, the Company and Jinzhai Government entered into the Cooperation Agreement in relation to the construction of a 200MW large-scale ground centralized photovoltaic power plant in Jinzhai County, Anhui Province, the PRC.

As the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Cooperation Agreement and the transactions contemplated thereunder are more than 25% and all of such ratios are below 100%, the Cooperation Agreement and the transactions contemplated thereunder constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders nor any of their respective associates has any material interest in the transaction contemplated under the Cooperation Agreement and therefore none of them is required to abstain from voting if an extraordinary general meeting is to be convened for the approval of the Cooperation Agreement and the transactions contemplated thereunder. The Company has obtained a written approval for the Cooperation Agreement and the transactions contemplated thereunder in lieu of holding an extraordinary general meeting in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising Fast Top, Green Power and New Energy, which together hold an aggregate of 13,339,184,540 Shares, representing approximately 53.33% of the

issued ordinary share capital of the Company as at the date of this announcement. Each of Fast Top, Green Power and New Energy has the right to vote at the extraordinary general meeting (if convened) to approve the Cooperation Agreement and the transactions contemplated thereunder. As such, the Company is not required to convene an extraordinary general meeting for the purpose of approving the Cooperation Agreement and the transactions contemplated thereunder under Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Cooperation Agreement and other information as required by the Listing Rules will be despatched to the Shareholders. The circular is expected to be despatched to the Shareholders on or before 13 July 2016.

On 21 June 2016, the Company and Jinzhai Government entered into the Cooperation Agreement in relation to the construction of a 200MW large-scale ground centralized photovoltaic power plant in Jinzhai County, Anhui Province, the PRC.

Details of the Cooperation Agreement are set out below.

## **COOPERATION AGREEMENT**

**Date:** 21 June 2016

**Parties:** The Company

Jinzhai Government

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Jinzhai Government and its ultimate beneficial owners are parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

## Details of the Project

Power plant to be constructed: 200MW large-scale ground centralized photovoltaic power plant

Pursuant to the terms of the Cooperation Agreement, Jinzhai Government undertook to allocate a quota of 100MW to the Company in development of the first phase and the timing of granting the quota of the remaining 100MW will depend on the progress of the first phase.

Location: Jinzhai County, Anhui Province, the PRC

Total investment: Approximately RMB1,600,000,000

The investment shall be made between July 2016 and 30 June 2018.

The Company is responsible for the funding of the Project.

Pursuant to the terms of the Cooperation Agreement, if the Company has not formulated a processing and manufacturing project with fixed assets investment of over RMB200,000,000 before the grid connection of the Project, the Company shall make a one-time poverty alleviation payment of RMB0.3 per watt of installed capacity to Jinzhai Government before the grid connection of the Project. If the Company has done so, it does not need to make such one-time payment. Rather, it shall make poverty alleviation payments of RMB0.01 per kWh (kilowatt hour) to Jinzhai Government after grid-connected power generation of the Project.

The amount of total investment in the Project was determined on an arm length's basis between the Company and Jinzhai Government with reference to the planned installed capacity of the Power Plant and the corresponding estimated cost of construction. The amount of poverty alleviation payments under the Cooperation Agreement was determined on an arm's length basis between the Company and Jinzhai Government with reference to the recent policies of the People's Government of the PRC, details of which are set out in the paragraph headed "REASONS FOR AND BENEFITS OF THE COOPERATION AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER" below.

The Company intends to finance the total investment in the Project and the poverty alleviation payments under the Cooperation Agreement using the internal resources of the Group.

Pursuant to the terms of the Cooperation Agreement, Jinzhai Government shall provide investment incentives and other preferential policies for the Company's investment in the processing and manufacturing projects in Jinzhai County, Anhui Province, the PRC. The land for the Power Plant of 7000 Mu shall be obtained by way of land circulation in the form of a lease for a term of 25 years. The annual lease payment shall be RMB700 per Mu, which shall be increased by 5% in each five years thereafter. Jinzhai Government is responsible for arranging the completion of land acquisition, relocation and demolition, land circulation and crop compensation and other related tasks before 31 July 2016, and shall provide the land to the Company for the construction of the Project. The Company shall bear the related expenses actually incurred, subject to the terms of the Cooperation Agreement.

Furthermore, Jinzhai Government shall support the construction of the Project by the Company and shall assist the Company in the relevant filings, environment assessment, approvals and grid connection of the Power Plant, etc. The distance between the Power Plant and the transformer substation shall be within 10 kilometers. Jinzhai Government shall proactively procure State Grid Corporation of China to construct or repurchase the transmission line facilities of the Power Plant. If State Grid Corporation of China does not bear the costs of the construction of the transmission line facilities, the Company shall construct the transmission line facilities on its own. On the other hand, the Company and Jinzhai Government shall be entitled to the carbon emission trading income of the Project in equal shares.

For the purposes of the construction of the Power Plant, EPC contractor(s) will be engaged to provide EPC services in respect of the Project and/or materials purchase and supply contracts will be entered into.

## **INFORMATION ON THE PARTIES TO THE COOPERATION 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.

Jinzhai Government is the People's Government of the PRC in Jinzhai County\* (金寨縣), Anhui Province, the PRC.

## **REASONS FOR AND BENEFITS OF THE COOPERATION AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER**

In October 2014, the National Energy Administration\* (國家能源局) and the State Council Leading Group Office of Poverty Alleviation and Development\* (國務院扶貧開發領導小組辦公室) jointly issued the Notice regarding the Publication of the Program on the Implementation of Photovoltaic Poverty Alleviation Project (Guo Neng Xin Neng [2014] No.447)\* (《國家能源局國務院扶貧開發領導小組辦公室關於印發實施光伏扶貧工程工作方案的通知》(國能新能[2014]447號)) pursuant to which planning was made with respect to photovoltaic poverty alleviation for six years until 2020. This project was aimed to increase income of the population in poverty.

This year, several governmental departments including the National Development and Reform Commission\* (國家發展和改革委員會) issued the Opinion on the Implementation of the Work on Photovoltaic Poverty Alleviation (Fa Gai Neng Yuan [2016] No. 621)\* (《關於實施光伏發電扶貧工作的意見》(發改能源[2016]621號)) which states that before 2020, the focus would be to increase the income of each household by at least RMB3,000 each year for 2 million households in approximately 35,000 recorded poor villages, 471 counties and 16 provinces where the photovoltaic conditions are more favorable. Jinzhai County\* (金寨縣), Anhui Province, the PRC is one of the core districts for the implementation of photovoltaic poverty alleviation projects (光伏扶貧工程重點實施範圍).

The transactions contemplated under the Cooperation Agreement provide the Company with an opportunity to develop a photovoltaic power plant in the Anhui Province, the PRC, a location considered by the Company to be favourable for development of its photovoltaic business in the PRC.

The transactions contemplated under the Cooperation Agreement are also in line with the policies of the PRC People's Government and the Group would be able to contribute to the poor in the PRC while expanding its portfolio of photovoltaic power plants in the PRC and broadening its sources of income, ultimately enhancing value to the Shareholders.

The Board considers that the terms of the Cooperation Agreement are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Cooperation Agreement and the transactions contemplated thereunder are more than 25% and all of such ratios are below 100%, the Cooperation Agreement and the transactions contemplated thereunder constitute a major transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders nor any of their respective associates has any material interest in the transaction contemplated under the Cooperation Agreement and therefore none of them is required to abstain from voting if an extraordinary general meeting is to be convened for the approval of the Cooperation Agreement and the transactions contemplated thereunder. The Company has obtained a written approval for the Cooperation Agreement and the transactions contemplated thereunder in lieu of holding an extraordinary general meeting in accordance with Rule 14.44 of the Listing Rules from a closely allied group of Shareholders comprising Fast Top, Green Power and New Energy, which together hold an aggregate of 13,339,184,540 Shares, representing approximately 53.33% of the issued ordinary share capital of the Company as at the date of this announcement. Each of Fast Top, Green Power and New Energy has the right to vote at the extraordinary general meeting (if convened) to approve the Cooperation Agreement and the transactions contemplated thereunder. As such, the Company is not required to convene an extraordinary general meeting for the purpose of approving the Cooperation Agreement and the transactions contemplated thereunder under Rule 14.44 of the Listing Rules.

A circular containing, among other things, further details of the Cooperation Agreement and other information as required by the Listing Rules will be despatched to the Shareholders. The circular is expected to be despatched to the Shareholders on or before 13 July 2016.

## DEFINITIONS

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

“associates”	has the meaning ascribed thereto under the Listing Rules
“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
“Cooperation Agreement”	the cooperation agreement entered into between the Company and Jinzhai Government dated 21 June 2016 in relation to the cooperation between the Company and Jinzhai Government in the Project
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“Fast Top”	Fast Top Investment Limited, a company incorporated under the laws of the British Virgin Islands and a Shareholder
“Green Power”	CTSL Green Power Investment Limited, a company incorporated under the laws of the British Virgin Islands and a Shareholder
“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
“Jinzhai Government”	Jinzhai County People’s Government* (金寨縣人民政府)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mu”	mu (畝) , a Chinese unit of measurement in terms of area, equivalent to 666 <sup>2</sup> / <sub>3</sub> square metre
“MW”	Megawatts, which is equal to 1,000,000 watts
“New Energy”	CTSL New Energy Investment Limited, a company incorporated under the laws of the British Virgin Islands and a Shareholder
“Power Plant”	the 200MW large-scale ground centralized photovoltaic power plant to be constructed in Jinzhai County* (金寨縣) , Anhui 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
“Project”	the project on the construction of the Power Plant
“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

“%”

per cent.

By Order of the Board

**Beijing Enterprises Clean Energy Group Limited**

**Hu Xiaoyong**

*Chairman*

Hong Kong, 21 June 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.*

\* *for identification purposes only.*