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

**(Stock Code: 01250)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016**

### **HIGHLIGHTS**

- The Group reported revenue of approximately HK\$617.5 million, representing an increase of approximately 446.0% as compared with the corresponding period last year.
- The Group achieved profit for the period of approximately HK\$71.4 million, representing an increase of approximately 1,679.0% as compared with the corresponding period last year.
- Profit attributable to the shareholders of the Company was approximately HK\$65.8 million, representing an increase of approximately 1,538.7% as compared with the corresponding period last year.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016.

## RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Beijing Enterprises Clean Energy Group Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2016 and the unaudited interim condensed consolidated statement of financial position of the Group as at 30 June 2016, together with comparative figures for the corresponding period in 2015, as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2016*

		For the six months ended 30 June	
		2016	2015
		(unaudited)	(unaudited and restated)
	Notes	HK\$'000	HK\$'000
REVENUE	2	617,515	113,088
Cost of sales		<u>(427,257)</u>	<u>(72,486)</u>
Gross profit		190,258	40,602
Other income and gains	2	4,447	496
Selling and distribution expenses		(2,024)	(2,080)
Administrative expenses		(56,504)	(25,840)
Other operating expenses		(5,678)	(110)
Finance costs		<u>(22,136)</u>	<u>(968)</u>
PROFIT BEFORE TAX	3	108,363	12,100
Income tax expense	4	<u>(36,971)</u>	<u>(8,087)</u>
PROFIT FOR THE PERIOD		<u>71,392</u>	<u>4,013</u>
ATTRIBUTABLE TO:			
Owners of the Company		65,760	4,013
Non-controlling interests		<u>5,632</u>	<u>–</u>
		<u>71,392</u>	<u>4,013</u>

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

		For the six months ended 30 June	
		2016	2015
		(unaudited)	(unaudited and restated)
	Note	<b>HK\$'000</b>	<b>HK\$'000</b>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>(74,921)</u>	<u>393</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX		<u>(74,921)</u>	<u>393</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>(3,529)</u>	<u>4,406</u>
ATTRIBUTABLE TO:			
Owners of the Company		<u>(9,047)</u>	4,406
Non-controlling interests		<u>5,518</u>	–
		<u>(3,529)</u>	<u>4,406</u>
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic	6	<u>HK0.22 cents</u>	HK0.05 cents
Diluted		<u>HK0.14 cents</u>	<u>HK0.02 cents</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2016

	30 June 2016 (unaudited) <i>HK\$'000</i>	31 December 2015 (audited) <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,318,824	397,666
Goodwill	29,767	–
Prepaid land lease payments	19,932	20,616
Other intangible assets	96	77
Available-for-sale investment	23,860	24,482
Prepayments, deposits and other receivables	217,408	235,874
Other non-current assets	384,406	250,359
	<hr/>	<hr/>
Total non-current assets	2,994,293	929,074
<b>CURRENT ASSETS</b>		
Inventories	20,278	29,601
Amounts due from contract customers	299,807	–
Trade and bills receivables	296,631	404,963
Prepaid land lease payments	481	494
Prepayments, deposits and other receivables	868,661	167,123
Other tax recoverable	399,336	134,267
Pledged bank deposits	8,857	15,857
Cash and cash equivalents	2,239,717	1,098,040
	<hr/>	<hr/>
Total current assets	4,133,768	1,850,345
<b>CURRENT LIABILITIES</b>		
Trade and bills payables	491,537	185,820
Other payables and accruals	772,665	122,739
Interest-bearing bank borrowings	1,673,400	181,212
Tax payable	37,156	18,456
	<hr/>	<hr/>
Total current liabilities	2,974,758	508,227
<b>NET CURRENT ASSETS</b>	<hr/> <b>1,159,010</b>	<hr/> <b>1,342,118</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<hr/> <b>4,153,303</b>	<hr/> <b>2,271,192</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

30 June 2016

	<b>30 June 2016 (unaudited) HK\$'000</b>	31 December 2015 (audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	1,276,750	147,444
Deferred tax liabilities	<u>5,241</u>	<u>5,241</u>
Total non-current liabilities	<u>1,281,991</u>	<u>152,685</u>
Net assets	<u><u>2,871,312</u></u>	<u><u>2,118,507</u></u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	36,450	26,950
Reserves	<u>2,823,500</u>	<u>2,091,557</u>
Non-controlling interests	<u>2,859,950</u> <u>11,362</u>	<u>2,118,507</u> <u>–</u>
Total equity	<u><u>2,871,312</u></u>	<u><u>2,118,507</u></u>

## NOTES:

### 1.1 CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. During the six months ended 30 June 2016, the Group was 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 People's Republic of China (the "PRC").

### 1.2 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed financial statements are the same as those used in the annual financial statements for the year ended 31 December 2015 except for the changes in accounting policies made thereafter in adopting the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which became effective for the first time for the current period's financial statements, as further detailed in note 1.3 below.

The interim condensed consolidated financial statements have not been audited, but have been reviewed by the Company's audit committee.

### 1.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs, for the first time for the current period's interim condensed consolidated financial statements:

HKFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to HKFRS 10, HKFRS 12, and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to HKAS 1	<i>Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i>
Annual Improvements 2012-2014 Cycle	<i>Amendments to a number of HKFRSs</i>

The adoption of these revised HKFRSs has had no significant financial effect on the unaudited interim condensed financial statements and there have been no significant changes to the accounting policies applied in the unaudited interim condensed financial statements.

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

## 2. REVENUE, OTHER INCOME AND GAINS

Revenue represents the aggregate of (i) the net invoiced value of goods sold, after allowances for returns and trade discounts; (ii) the value of consultancy services rendered from photovoltaic power business, net of value-added tax and government surcharges; (iii) an appropriate proportion of contract revenue of construction contracts relating to photovoltaic power plants, net of value-added tax; (iv) sale of electricity from photovoltaic power generation, net of value-added tax; and (v) entrusted operation of photovoltaic power-related business, net of value-added tax.

## 2. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of the Group's revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited and restated)
	HK\$'000	HK\$'000
<b>Revenue</b>		
Sales of cigarette packages	79,575	113,088
Photovoltaic power business:		
Consultancy services	31,942	–
Construction services	474,600	–
Sale of electricity	7,425	–
Entrusted operation	23,973	–
	<u>617,515</u>	<u>113,088</u>
	For the six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited and restated)
	HK\$'000	HK\$'000
<b>Other income and gains</b>		
Bank interest income	2,614	7
Sales of scrap materials	159	488
Gains on bargain purchase of subsidiaries (note 7)	1,585	–
Others	89	1
	<u>4,447</u>	<u>496</u>

## 3. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

	For the six months ended 30 June	
	2016	2015
	(unaudited)	(unaudited and restated)
	HK\$'000	HK\$'000
Depreciation	8,531	4,378
Amortisation of prepaid land lease payments	164	261
Amortisation of other intangible assets	11	–
	<u>8,706</u>	<u>4,639</u>

#### 4. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2015: Nil).

The PRC corporate income tax provision in respect of operations in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the period based on the prevailing legislation, interpretations and practices in respect thereof.

	For the six months ended 30 June	
	2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000
Current – Mainland China	36,971	7,092
Deferred	–	995
Total tax expense for the period	<u>36,971</u>	<u>8,087</u>

#### 5. INTERIM DISTRIBUTION

The board of directors of the Company does not recommend the payment of an interim dividend during the period ended 30 June 2016 (six months ended 30 June 2015: Nil). No final dividend was declared in the interim period for the six months ended 30 June 2016.

#### 6. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit attributable to equity holders of the Company for the six months ended 30 June 2016 and 2015, and the weighted average number of ordinary shares and convertible preference shares in issue during the period.

The calculation of the diluted earnings per share amount for the period is based on the profit attributable to equity holders of the Company for the six months ended 30 June 2016 and 2015, and the weighted average number of ordinary shares and convertible preference shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued as a result of the effect from the forward contract of the convertible preference shares.

The calculation of the basic and diluted earnings per share amounts is based on the following data:

	For the six months ended 30 June	
	2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000
<b>Earnings</b>		
Profit for the period attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation	<u>65,760</u>	<u>4,013</u>

6. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY  
(CONTINUED)

	For the six months ended 30 June	
	2016 (unaudited) HK\$'000	2015 (unaudited and restated) HK\$'000
<b>Number of ordinary shares and convertible preference shares</b>		
Weighted average number of ordinary shares and convertible preference shares in issue during the period, used in the basic earnings per share calculation and adjusted for share subdivision ( <i>note</i> )	29,872,705,082	7,608,778,319
Effect of dilution – weighted average number of ordinary shares from forward contract on convertible preference shares	<u>16,834,667,104</u>	<u>9,706,660,257</u>
Weighted average number of ordinary shares and convertible preference shares, used in the diluted earnings per share calculation and adjusted for share subdivision ( <i>note</i> )	<u><u>46,707,372,186</u></u>	<u><u>17,315,438,576</u></u>

*Note:*

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 4 March 2015, each of the issued and unissued shares of HK\$0.010 each in the share capital of the Company was subdivided into ten shares of HK\$0.001 each with effect from 5 March 2015. As at the completion of the share subdivision, the authorised capital of the Company was HK\$20,000,000, divided into 20,000,000,000 ordinary shares of HK\$0.001 each, of which 3,200,000,000 ordinary shares were issued and fully paid or credited as fully paid.

## 7. BUSINESS COMBINATIONS

The provisional fair value of the identifiable assets and liabilities of the subsidiaries acquired during the period as at their respective dates of acquisitions were as follows:

	<b>30 June 2016</b> <b>(unaudited)</b> <b>HK\$'000</b> <b>(notes)</b>	30 June 2015 (unaudited) HK\$'000
Net assets acquired		
Property, plant and equipment	<b>1,760,768</b>	–
Trade receivables	<b>21,812</b>	–
Prepayments, deposits and other receivables	<b>220,726</b>	–
Other tax recoverable	<b>103,172</b>	–
Cash and bank balances	<b>18,113</b>	–
Trade payables	<b>(22,043)</b>	–
Other payables and accruals	<b>(2,000,688)</b>	–
Non-controlling interests	<b>(4,674)</b>	–
	<b>97,186</b>	–
Goodwill	<b>29,767</b>	–
Gains on bargain purchase	<b>(1,585)</b>	–
	<b>125,368</b>	–
Satisfied by cash	<b>125,368</b>	–
Net cash outflow in respect of acquisitions:		
Cash consideration	<b>(125,368)</b>	–
Cash and bank balances acquired	<b>18,113</b>	–
	<b>(107,255)</b>	–

The transaction costs incurred by the Group for these acquisitions had been expensed and also included in administrative expenses in the condensed consolidated statement of profit or loss for the six months ended 30 June 2016.

The gains on bargain purchase arising from the above acquisitions are determined on a provisional basis as the Group is in the process of completing the independent valuations to assess the fair value of the identified assets acquired. It may be adjusted upon the completion of initial accounting year which shall not exceed one year from the respective acquisition dates.

During the period, the acquired business contributed approximately HK\$477,713,000 and approximately HK\$84,619,000 to the Group's revenue and profit for the period between the date of acquisitions and the end of the reporting period, respectively.

Had the above acquisitions been effected at the beginning of the interim period, the total amount of revenue of the Group for the six months ended 30 June 2016 would have been approximately HK\$655,894,000, and the amount of the profit for the interim period would have been approximately HK\$61,021,000.

## **7. BUSINESS COMBINATIONS (CONTINUED)**

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

*Notes:*

Business combination during the six months ended 30 June 2016 mainly included the following transactions:

- (i) in April 2016, the Group completed the acquisition of the entire equity interest and 60% equity interests in two companies which are engaging in the operation of construction of photovoltaic power plants in the PRC, from independent third parties at an aggregate cash consideration of RMB21,000,000 (equivalent to approximately HK\$24,570,000);
- (ii) in May 2016, the Group completed the acquisition of certain companies operating in the photovoltaic power business in Henan Province, the PRC, from independent third parties at no consideration;
- (iii) in June 2016, the Group completed the acquisition of a company operating in the photovoltaic power business in Shandong Province, the PRC, from an independent third party at a cash consideration of RMB834,000 (equivalent to approximately HK\$976,000);
- (iv) in June 2016, the Group completed the acquisition of a company operating in the photovoltaic power business in Hebei Province, the PRC, from an independent third party at no consideration;
- (v) in June 2016, the Group completed the acquisition of a company operating in the photovoltaic power business in Hubei Province, the PRC, from an independent third party at a cash consideration of RMB33,418,000 (equivalent to approximately HK\$39,100,000); and
- (vi) in June 2016, the Group completed the acquisition of a company operating in the photovoltaic power business in Anhui Province, the PRC, from independent third parties at a cash consideration of RMB51,900,000 (equivalent to approximately HK\$60,722,000).

## **8. COMPARATIVE AMOUNTS**

The presentation currency of the Group has been changed from RMB to HK\$ since the year ended 31 December 2015, further details for the change in presentation currency, please refer to the Annual Report 2015 of the Company dated 29 March 2016. The comparative figures in the condensed consolidated financial statements have been restated from RMB to HK\$ accordingly to conform to the current period's presentation. Besides, certain comparative amounts have been reclassified to conform to current period's presentation.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. SHAREHOLDER PROFILE

During 2016, we are pleased to introduce a new shareholder, 啟迪控股股份有限公司 (Tus-Holdings Co., Ltd.\*) (“Tus-Holdings”), to the Company. Tus-Holdings has become the third largest shareholder of the Company through subscription for 4,045 million shares of the Company. This not only represents the high recognition and endorsement of Tus-Holdings in various areas of the Group, including the Group’s core value, development strategy, organisational management and intrinsic value, but also starts a new beginning of the powerful combination. Tus-Holdings is a large-scale integrated enterprise which has integrated high-tech and growing industries in area of environmental, new energy, health, and digital information etc. and has successfully established more than 130 innovation bases nationwide and worldwide, with total assets under management over RMB100 billion. In reliance on strong scientific research capability and advanced technology of Tus-Holdings and Tsinghua, the Group will fully cooperate with in various aspects, including energy internet, micro-grid energy storage and sales of electricity to leverage on strength of each other and develop with synergy.

## 2. BUSINESS REVIEW

During 2016, the Group has successfully transformed its principal businesses from the design, printing and sale of cigarette packages in the PRC (the “Cigarette Packaging Business”) to investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses (the “Photovoltaic Power Business”).

For the six months ended 30 June 2016, the Group achieved a net profit of approximately HK\$71.4 million, representing an increase of approximately 1,679.0% when compared with the corresponding period last year. The Group also achieved a profit attributable to the shareholders of the Company of approximately HK\$65.8 million, representing an increase of approximately 1,538.7% when compared with the corresponding period last year. The increase is mainly attributable to the increase in revenue and profit from the development of the Photovoltaic Power Business, including the relevant provision of engineering, procurement and construction services, consultancy services, entrusted operation services and sales of electricity.

### **Photovoltaic Power Business**

#### ***Centralised Photovoltaic Power Plant***

The Group operates the Photovoltaic Power Business and obtains assets of photovoltaic power plants by undertaking projects for electricity generation and sales that will either be developed on its own or jointly with other parties or by acquiring other photovoltaic power plants. The Group also provides photovoltaic power-related services by provision of engineering, procurement and construction services, consultancy services and entrusted operation services.

After a year of continuous accumulation, the Company gradually shows a trend of rapid development. During the first half year, there was an increase in an aggregate grid-connected capacity of photovoltaic power plants of approximately 510MW, located in Hebei, Henan, Yunnan, Shandong, Anhui, Jiangxi, Hubei and other provinces and cities. The Group's first project developed on its own is 50MW Yu County\* (蔚縣) project at Hebei, which was successfully connected to grid in first quarter of 2016. The Group's first monomer 100MW power plant at Qi County\* (淇縣), Henan was successfully connected to the grid in April 2016. Besides developing projects on its own, the Group is also looking into opportunities continuously in relation to acquisition of quality power plants meanwhile. The Group has signed cooperation agreements with various parties to invest and potentially gain control over photovoltaic power plants. During the period under review, the Group acquired (i) the entire equity interest of 河南旭光商貿有限公司 (Henan Xuguang Commerce Co., Ltd.\*), which holds two photovoltaic power plant projects with aggregate installed capacity of 200MW located in Qi County\* (淇縣) and Anyang County\* (安陽縣) respectively in Henan Province, the PRC, (ii) the entire equity interest of 濟南中晟新能源開發有限公司 (Jinan Zhongcheng New Energy Development Company Limited\*) which holds a 40MW photovoltaic power plant located in Shandong Province, the PRC, (iii) the entire equity interest of 曲陽綠谷能源科技有限公司 (Quyang Lvgu Energy Technologies Company Limited\*), which holds a 32.2MW photovoltaic power plant located in Hebei Province, the PRC, (iv) the entire equity interest of 潤峰電力(鄭西)有限公司 (Runfeng Power (Yunxi) Company Limited\*), which holds a 26.655MW photovoltaic power plant located in Hubei Province, the PRC, and (v) the entire equity interest of 巢湖睿閣光伏發電有限公司 (Chaohu Ruige Photovoltaic Power Generation Company Limited\*), which holds a 20MW photovoltaic power plant in Anhui Province, the PRC. These will significantly increase the Group's revenue from sales of electricity in second half of 2016.

As at the date of this announcement, the Group has planned to develop over 2GW projects, including poverty alleviation power plants, commercial power plants and base project power plants in second half year, in which approximately 750MW of these projects have started or will soon start construction, including the 200MW large-scale ground centralised photovoltaic power plant project in Jinzhai County\* (金寨縣), Anhui Province, the PRC; approximately 1GW grid-connected projects are intended to be acquired. In second half of 2016, it is expected the grid connected capacity of centralised photovoltaic power plant will surge, and the electricity generation and electricity generation revenue will also show explosive growth.

### ***Distributed Photovoltaic Power Business***

In addition, during the period under review, the Group proactively develops the distributed rooftop resources of water treatment plants held by its shareholders, Beijing Enterprises Water Group Limited (“BEWG”) and CITIC Private Equity Funds Management Co., Ltd., (“CITIC PE Funds”) as well as distributed rooftop resources owned by Beijing Enterprises Group and CITIC Group. The Group also entered into strategic cooperation framework agreements with various partners namely BEWG, Beijing Properties (Holdings) Limited (“Beijing Properties”) and 中國南山開發(集團)股份有限公司 (China Nanshan Development (Group) Incorporation\*) (“Nanshan Group”) respectively pursuant to which the Company and the partners agreed to have strategic cooperation in relation to the development, construction and operation of distributed photovoltaic power stations. As at the date of this announcement, the Group’s individual projects have completed successively, the Company’s distributed photovoltaic business is fully under way.

### ***Diversified Businesses***

During the period under review, the Group also engaged in provision of engineering, procurement and construction services, consultancy services and entrusted operation services in relation to photovoltaic power business, representing approximately 76.9%, 5.2% and 3.9% of the Group’s revenue, respectively, for the period under review.

In addition, the Group actively formulated its layout in micro-grid energy storage and has started smart energy water projects with Tsinghua University, and joint research of national energy projects, including Fuzhou and Jiaxing projects. The Group intends to set up joint innovation center with Huawei, which is dedicated to develop photovoltaic, micro-grid energy storage and other fields. Beijing Aquarium and other energy storage projects have entered into the phase of detailed design, and are planned to have construction completed and be put into trial operation during the year. The Group supports the call for national electricity reform and has established a company for sales of electricity in Shenzhen, and set up a professional team to coordinate resources of shareholders to rapidly foster a large customer base for business of sales of electricity. The Group has also been exploring other emerging clean energy generation businesses such as geothermal power, and will actively develop wind power and hydropower businesses, seize international opportunities for policy development and diversification. On 16 August 2016, the Group entered into an equity transfer agreement to acquire the entire equity interest of a company operating a 48MW wind power plant in Shandong Province, the PRC. The Group’s strategic layout in the clean energy sector has been a breakthrough and will continuously deliver pleasant surprise.

Photovoltaic power plant construction and development is capital intensive in nature and requires significant funding to carry out the construction and development plans. Financing capability is crucial to the fast development of the Group's Photovoltaic Power Business. The Company raised approximately HK\$1,861.4 million and approximately HK\$750.5 million in net proceeds by issuing ordinary shares of the Company ("Ordinary Shares") and/or convertible preference shares of the Company ("Convertible Preference Shares") through share subscriptions by various subscribers in 2015 and 2016, respectively. The subscribers also conditionally agreed to further subscribe for shares of the Company and the gross proceeds from such share subscriptions shall be approximately HK\$750.5 million and approximately HK\$375.2 million in 2016 and 2017, respectively. In addition, on 20 July 2016, the Company entered into the subscription agreement with Tuspark Technology Innovation Ltd. ("Tuspark Technology") pursuant to which the Tuspark Technology conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 4,045,000,000 Ordinary Shares of the Company ("Tuspark Share Subscription"). The subscription was completed on 22 August 2016, which further provides the gross proceeds of approximately HK\$687.7 million for development of the photovoltaic business of the Group. As at the date of this announcement, the Group has also obtained bank facilities of approximately HK\$4.36 billion for the development. The Group will continue to explore sources of funding from time to time on commercially reasonable terms for the future development.

### **Cigarette Packaging Business**

Products of the Group in the Cigarette Packaging Business mainly consist of paper cigarette packages for three cigarette brands. The products are primarily sold to provincial tobacco industrial companies (省級中煙工業公司) which are state-owned cigarette manufacturers in the PRC. During the period under review, the revenue and gross profit of the Cigarette Packaging Business decreased by approximately 29.6% and approximately 48.9%, respectively, when compared with corresponding period last year. The decrease is mainly due to keen competitive environment and increasing labour costs and cost of production materials.

## **3. FINANCIAL PERFORMANCE**

### **Segmental Information, Revenue and Gross Profit Margin**

For the six months ended 30 June 2016, the Group recorded a revenue of approximately HK\$617.5 million and gross profit was approximately HK\$190.3 million. For the six months ended 30 June 2015, approximately 87.1% and approximately 12.9% of the Group's revenue was contributed by the Photovoltaic Power Business and the Cigarette Packaging Business, respectively.

During the period under review, the Group's revenue experienced an increase of approximately HK\$504.4 million when compared with the corresponding period last year primarily due to the increase in the revenue from the Photovoltaic Power Business. Gross profit margin was approximately 30.8%, representing a decrease of approximately 5.1% as compared with the corresponding period last year, which is mainly due to the decrease in gross profit margin from the Cigarette Packaging Business.

### **Other income and gains**

Other income and gains of the Group mainly comprise interest income and gains on bargain purchase in respect of acquisition of subsidiaries. Other income and gains of the Group increased by approximately HK\$4.0 million when compared with the corresponding period last year, which was mainly attributable to increase in interest income of approximately HK\$2.6 million and gains on bargain purchase of approximately HK\$1.6 million during the six months ended 30 June 2016.

### **Selling and distribution expenses**

Selling and distribution expenses of the Group mainly comprise delivery expenses, staff costs and travelling expenses. Selling and distribution expenses of the Group remained at similar level and decreased slightly by approximately HK\$56,000 when compared with the corresponding period last year.

### **Administrative expenses**

Administrative expenses of the Group increased by approximately HK\$30.7 million when compared with the corresponding period last year. The increase was mainly attributable to increase in expenses as a result of the development of the Photovoltaic Power Business and increase in staff costs and other administrative expenses.

### **Other operating expenses**

Other operating expenses of the Group mainly comprise exchange losses. Other operating expenses increased by approximately HK\$5.6 million when compared with the corresponding period last year. The increase was mainly attributable to increase in exchange losses.

### **Finance costs**

Finance costs of the Group increased by approximately HK\$21.2 million when compared with the corresponding period last year. The increase was due to increase in the average balances of bank borrowings of the Group during the period.

### **Income tax**

The income tax of the Group increased by approximately HK\$28.9 million when compared with the corresponding period last year. The increase in income tax of the Group was mainly due to the increase in taxable profit from the Photovoltaic Power Business.

### **Property, plant and equipment**

Property, plant and equipment amounted to approximately HK\$2,318.8 million, increased by approximately HK\$1,921.2 million for the six months ended 30 June 2016 which was mainly due to increase in property, plant and equipment acquired through acquisition of subsidiaries.

### **Prepayments, deposits and other receivables**

Prepayments, deposits and other receivables amounted to approximately HK\$1,086.1 million, increased by HK\$683.0 million (non-current portion decreased by approximately HK\$18.5 million and current portion increased by approximately HK\$701.5 million) for the six months ended 30 June 2016. The increase was mainly due to the increase in prepayments to suppliers.

### **Other non-current assets**

Other non-current assets amounted to approximately HK\$384.4 million, increased by approximately HK\$134.0 million for the six months ended 30 June 2016, which was mainly due to the increase in materials and equipment sold and delivered to third-party project companies for development of photovoltaic power plants.

### **Amounts due from contract customers**

Amounts due from contract customers amounted to approximately HK\$299.8 million, increased by approximately HK\$299.8 million for the six months ended 30 June 2016, which was due to increase in receivables in relation to provision of construction services.

### **Trade and bill receivables**

Trade and bill receivables amounted to approximately HK\$296.6 million, decreased by approximately HK\$108.3 million for the six months ended 30 June 2016, which was mainly due to decrease in trade receivables from trading in relation to Photovoltaic Power Business.

### **Cash and cash equivalents**

Cash and cash equivalents amounted to approximately HK\$2,239.7 million, increased by approximately HK\$1,141.7 million for the six months ended 30 June 2016, which was mainly due to net effect of increase in bank borrowings, cash inflow from net proceeds from issue of convertible preference shares of the Company and cash outflow in development of the Photovoltaic Power Business, including relevant construction costs and material costs.

### **Trade and bill payables**

Trade and bills payables amounted to approximately HK\$491.5 million, increased by approximately HK\$305.7 million for the six months ended 30 June 2016, which was mainly due to increase in trade payables in relation to provision of construction services of Photovoltaic Power Business.

## **Other payables and accruals**

Other payables and accruals amounted to approximately HK\$772.7 million, increased by approximately HK\$649.9 million for the six months ended 30 June 2016, which was mainly due to the increase in payables to contractors and suppliers in relation to development of photovoltaic power plants.

## **Interest-bearing bank borrowings**

Interest-bearing bank borrowings amounted to approximately HK\$2,950.2 million, increased by approximately HK\$2,621.5 million (non-current portion increased by approximately HK\$1,129.3 million and current portion increased by approximately HK\$1,492.2 million) for the six months ended 30 June 2016, which was mainly due to the drawdown of bank loans of HK\$2,650 million for development of the Photovoltaic Power Business.

## **4. LIQUIDITY AND FINANCIAL RESOURCES**

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group's cash and cash equivalents are mainly denominated in Hong Kong dollars ("HK\$"), Renminbi ("RMB") and United States dollars ("US\$"). Surplus cash is generally placed in short term deposits denominated in HK\$, RMB and US\$.

As at 30 June 2016, the Group's cash and cash equivalents amounted to approximately HK\$2,239.7 million (31 December 2015: approximately HK\$1,098.0 million).

As at 30 June 2016, the Group recorded net current assets of approximately HK\$1,159.0 million, as compared with net current assets of approximately HK\$1,342.1 million as at 31 December 2015. The decrease in net current assets was primarily due to increase in bank borrowings.

Development of the Photovoltaic Power Business requires material investments, which the Group funds by means of internal resources of the Group (mainly from the net proceeds received from the issuance of Ordinary Shares and Convertible Preference Shares as detailed in the paragraph headed "Share Subscriptions" under the subsection "Capital Structure" below) and bank borrowings.

As at 30 June 2016, the Group's total borrowings amounted to approximately HK\$2.95 billion (31 December 2015: approximately HK\$328.7 million) comprised of bank borrowings of approximately HK\$2.95 billion (31 December 2015: approximately HK\$328.7 million). All bank borrowings bear interest at floating rates. As at 30 June 2016, the Group had banking facilities amounting to approximately HK\$3.1 billion, of which approximately HK\$75.9 million has not been utilised. The banking facilities are of the terms of 1-2 years.

As at 30 June 2016, the Group's total equity amounted to approximately HK\$2,871.3 million (31 December 2015: HK\$2,118.5 million). The increase was mainly due to the issuance of Convertible Preference Shares during the year. During the period under review, the Company issued 9,499,867,560 Convertible Preference Shares to various subscribers and raised approximately HK\$750.5 million. For further details, please refer to the paragraph headed "Share Subscriptions" under "CAPITAL STRUCTURE" below.

The Group's gearing ratio (defined as bank borrowings, net of cash and cash equivalents, divided by the total equity) was 1:4 as at 30 June 2016 (31 December 2015: Nil). The increase in gearing ratio was mainly due to the increase in bank borrowings. As at 31 December 2015, no gearing ratio was presented as the Group's cash and cash equivalents can fully cover its bank borrowings. The corresponding proceeds are utilised for acquisition and construction of various projects in the PRC.

## **5. CAPITAL STRUCTURE**

### **Share Subscriptions**

The Company and four subscribers (collectively, the "Subscribers") entered into the principal subscription agreement on 9 December 2014, as supplemented by the first supplemental agreement on 29 December 2014, the second supplemental agreement on 31 January 2015 and the third supplemental agreement on 30 April 2015 (collectively, the "Subscription Agreements") to raise funds for investment, development, construction and management of photovoltaic power plants and photovoltaic power-related businesses.

The Subscribers had conditionally agreed to subscribe for, or procure subscribers to subscribe for, and the Company has conditionally agreed to allot and issue:

- (i) 14,136,452,910 Ordinary Shares and an aggregate of 113,348,440 Convertible Preference Shares at the completion date of 6 May 2015 (the "Completion Date");
- (ii) an aggregate of 9,499,867,560 Convertible Preference Shares on 5 November 2015 (being the 183rd day after the Completion Date);
- (iii) an aggregate of 9,499,867,560 Convertible Preference Shares on 6 May 2016 (being the first anniversary of the Completion Date);
- (iv) an aggregate of 9,499,867,560 Convertible Preference Shares on the 183rd day after the first anniversary of the Completion Date; and
- (v) an aggregate of 4,749,933,780 Convertible Preference Shares on the second anniversary of the Completion Date.

The par value of each of the Ordinary Share and the Convertible Preference Share is HK\$0.001 and the issue price of each of the Ordinary Share and the Convertible Preference Share is HK\$0.079 (as adjusted by the share subdivision of the Company's share capital into ten shares of HK\$0.001 each with effect from 5 March 2015). Pursuant to the Subscription Agreements, the consideration for the Convertible Preference Shares would be payable on the date of issue of the relevant Convertible Preference Shares.

The net proceeds from the share subscriptions upon the issue of all the Ordinary Shares and the Convertible Preference Shares above, after deduction of all related expenses, is approximately HK\$3,737.6 million which translated to net price of approximately HK\$0.0787 per Ordinary Share and per Convertible Preference Share. The subscription of 14,136,452,910 Ordinary Shares and aggregate of 19,113,083,560 Convertible Preference Shares was completed in 2015 and the first half of 2016 and the net proceeds of approximately HK\$2,611.9 million were received:

- (i) The subscription of 14,136,452,910 Ordinary Shares and 113,348,440 Convertible Preference Shares was completed on 6 May 2015 and the net proceeds of approximately HK\$1,110.9 million were received;
- (ii) The subscription of 9,499,867,560 Convertible Preference Shares was completed on 5 November 2015 and the net proceeds of approximately HK\$750.5 million were received, and
- (iii) The subscription of 9,499,867,560 Convertible Preference Shares was completed on 6 May 2016 and the net proceeds of approximately HK\$750.5 million were received.

The Subscribers shall conditionally further subscribe for Convertible Preference Shares and the gross proceeds from such share subscriptions shall be approximately HK\$750.5 million and HK\$375.2 million in the second half of 2016 and in 2017, respectively, totaling approximately HK\$1,125.7 million. Further details of the subscriptions are set out in the Company's circular dated 20 April 2015 issued by the Company.

As at 30 June 2016, approximately HK\$1,322.2 million of the net proceeds from the share subscriptions received has been utilised for the investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses which is consistent with the intended use of proceeds as disclosed in the Company's circular dated 10 April 2015. The unutilised portion of the net proceeds (i.e. approximately HK\$1,289.7 million) is held in cash and cash equivalents and is intended to be applied in a manner consistent with the intended use of proceeds.

### **Conversion of Convertible Preference Shares**

As at 30 June 2016, an aggregate of 7,677,730,410 Convertible Preference Shares has been converted into Ordinary Shares by holders of the Convertible Preference Shares, including 7,306,472,150 Convertible Preference Shares which had been converted into 7,306,472,150 Ordinary Shares during the period under review and 371,258,260 Convertible Preference Shares which had been converted into 371,258,260 Ordinary Shares during the year ended 31 December 2015.

## **FUTURE OUTLOOK**

During the 13th Five-Year Plan period, China has significantly raised its initial goal for planned scale of installed capacity of photovoltaic power. It is expected that the installed capacity of photovoltaic power in China will hit another record high in 2016, becoming the largest photovoltaic market in the world once again with stronger investor sentiment in line with the gradual implementation of the state's photovoltaic policy.

According to the development of photovoltaic industry in China, the Group will spare no effort to rapidly develop its ground centralised photovoltaic power plants in the near to medium term, and strengthen the development and utilisation of distributed photovoltaic power generation, micro-grid energy storage and other clean energy by leveraging on shareholders' advantages. At the same time, by leveraging its professional edges in development, construction and operation, the Group will continue to make great efforts to promote the use of green energy and regional energy economic restructuring, under the business principles of "government's trust, corporate's profitability, employees' rewarding life and win-win for all partners".

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2016, the Group employed 517 employees (as compared with 343 employees as at 30 June 2015) with total staff cost of approximately HK\$38.8 million incurred for the six months ended 30 June 2016 (as compared with approximately HK\$21.1 million for the corresponding period of 2015). The Group's remuneration packages are generally structured with reference to market terms and individual merits. The Company has also adopted a share option scheme as incentives to the Directors and eligible employees. From the adoption date of the share option scheme on 11 June 2013 to 30 June 2016, no share option was granted, exercised, cancelled or lapsed, and there was no outstanding option under the share option scheme of the Company as at 30 June 2016.

## **CHARGE ON THE GROUP'S ASSETS**

As at 30 June 2016, the Group had pledged deposits of approximately HK\$8.9 million (as at 31 December 2015: approximately HK\$15.9 million) to a bank in the PRC to secure bills issued under banking facilities granted to the Group.

## **CONTINGENT LIABILITIES**

As at 30 June 2016, the Group did not have any significant contingent liabilities (as at 31 December 2015: Nil).

## **FOREIGN EXCHANGE EXPOSURE**

Majority of the subsidiaries of the Company operate in the PRC, with most of the transactions denominated and settled in RMB. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to shareholders outside of the PRC. As at 30 June 2016, the Group had not used any derivative financial instruments to hedge its foreign currency risk.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

- (a) On 16 February 2016, 北清清潔能源投資有限公司 (Beiqing Clean Energy Investment Company Limited\*) (“Beiqing Clean Energy”), an indirect wholly-owned subsidiary of the Company, 江蘇迪盛四聯新能源投資有限公司 (Jiangsu Disheng Silian New Energy Investment Company Limited\*) (“JDSNE”), 武小華 (Wu Xiaohua\*), 張鑫 (Zhang Xin\*) (together the “Owners”), 唐縣東昊新能源開發有限公司 (Tangxian Donghao New Energy Development Company Limited\*) (“TDNE”) and 江蘇溧陽建設集團有限公司 (Jiangsu Liyang Construction Group Company Limited\*) (“JLCG”) entered into a cooperation framework agreement pursuant to which the parties agreed to collaborate in relation to the construction of a 30MW photovoltaic power plant in the Hebei Province, the PRC. Beiqing Clean Energy and the Owners subject to, among other things, full completion of the construction of the power plant with successful grid-connected power generation, shall enter into a sale and purchase agreement for the transfer of entire equity interest in TDNE from the Owners to Beiqing Clean Energy, and Beiqing Clean Energy will make the first prepayment of RMB68,250,000 to JDSNE and JLCG after signing of the cooperation framework agreement, and will make the second prepayment of RMB40,950,000 to JDSNE and JLCG upon successful grid-connected power generation of the power plant up to 15MW. On 28 April 2016, Beiqing Clean Energy, the Owners, TDNE, JLCG and 中國能源建設集團西北電力建設甘肅工程有限公司 (China Energy Engineering Group Northwest Power Construction Gansu Engineering Corporation\*) (“CEEG”) entered into a deed of novation pursuant to which all of the rights, benefits and obligations of JLCG under the cooperation framework agreement would be assumed by CEEG in substitution for JLCG. On 8 June 2016, the parties entered into a supplemental agreement to amend certain terms of the cooperation framework agreement. Further details are set out in the Company’s announcements dated 16 February 2016, 28 April 2016 and 8 June 2016.
- (b) On 12 May 2016, 天津富歡企業管理諮詢有限公司 (Tianjin Clean Energy Investment Company Limited\*) (“Tianjin Clean Energy”), an indirect wholly-owned subsidiary of the Company, 趙紅英 (Zhao Hongying\*) and 杜愛麗 (Du Aili\*) (the “Owners of Qixian Target Company”) and 河南旭光商貿有限公司 (Henan Xuguang Commerce Co., Ltd.\*) (the “Qixian Target Company”) entered into the cooperation framework agreement in relation to the arrangement regarding the transfer of the entire equity interest of the Qixian Target Company and the arrangement regarding the developments of two photovoltaic power plant projects, Henan province, the PRC which are held by the Qixian Target Company.

On 12 May 2016, Tianjin Clean Energy and the Owners of Qixian Target Company entered into the equity transfer agreement pursuant to which Tianjin Clean Energy agreed to purchase, and the Owners of Qixian Target Company agreed to sell, the entire equity interest of the Qixian Target Company. The equity transfer was completed during the period under review and the Qixian Target Company has become an indirect wholly-owned subsidiary of the Company. Further details are set out in the Company’s announcements dated 15 October 2015, 16 October 2015 and 12 May 2016.

- (c) On 27 May 2016, 蔚縣北控新能源開發有限公司 (Yuxian Beijing Enterprises New Energy Development Company Limited\*) (“YBENE”), an indirect wholly-owned subsidiary of the Company, and 蔚縣人民政府 (Yu County People’s Government\*) entered into the cooperation agreement in relation to the construction of a 25MW centralised poverty alleviation photovoltaic power plant in 蔚縣 (Yu County\*), Hebei Province, the PRC, with total investment of RMB215,000,000, and in relation to certain photovoltaic poverty alleviation arrangement. Further details are set out in the Company’s announcement dated 27 May 2016.
- (d) On 30 May 2016, 高青創贏農牧科技有限公司 (Gaoqing Chuangying Farming Technology Company Limited\*), an indirect wholly-owned subsidiary of the Company, and 高青縣人民政府 (Gaoqing County People’s Government\*) entered into the cooperation agreement in relation to the construction of a 30MW centralised poverty alleviation photovoltaic power plant in 高青縣 (Gaoqing County\*), Shandong Province, the PRC, with total investment of RMB324,000,000, and in relation to certain photovoltaic poverty alleviation arrangement. Further details are set out in the Company’s announcement dated 30 May 2016.
- (e) On 21 June 2016, the Company and 金寨縣人民政府 (Jinzhai County People’s Government\*) entered into the cooperation agreement in relation to the construction of a 200MW large-scale ground centralised photovoltaic power plant in 金寨縣 (Jinzhai County\*), Anhui Province, the PRC, with total investment of approximately RMB1,600,000,000. Further details are set out in the Company’s announcements dated 21 June 2016 and 27 June 2016 and Company’s circular dated 15 August 2016.
- (f) On 16 November 2015, 北京北控光伏科技發展有限公司 (Beijing Enterprises Photovoltaic Development Company Limited\*) (“BENE”) an indirect wholly owned subsidiary of the Company, 山東國之晟能源有限公司 (Shandong Guozhicheng Energy Company Limited\*) (“SGEC”), 濟南中晟新能源開發有限公司 (Jinan Zhongcheng New Energy Development Company Limited\*) (“JZNE”) and 中機國能電力工程有限公司 (Zhongji Guoneng Electricity Project Company Limited\*) (“Zhongji Guoneng”) entered into a cooperation agreement pursuant to which it was conditionally agreed, among other things, that SGEC and BENE (or its nominee) shall enter into a sale and purchase agreement for the transfer of the entire equity interest in JZNE from SGEC to BENE.

On 22 June 2016, BENE, Tianjin Clean Energy, SGEC, JZNE and Zhongji Guoneng entered into the supplemental agreement to amend and supplement certain terms of the cooperation agreement and the relevant engineering, procurement and construction contract.

On 22 June 2016, SGEC, BENE and Tianjin Clean Energy, the nominee of BENE, entered into the equity transfer agreement pursuant to which SGEC agreed to dispose of, and Tianjin Clean Energy agreed to acquire, the entire equity interest in JZNE. JZNE holds a 40MW photovoltaic power plant in Shandong Province, the PRC. The equity transfer was completed and JZNE has become an indirect wholly-owned subsidiary of the Company. Further details are set out in the Company’s announcements dated 16 November 2015 and 22 June 2016.

- (g) On 16 February 2016, Beiqing Clean Energy, 天津中興能源綠谷科技有限公司 (Tianjin Zhongxing Energy Lvgu Technologies Company Limited\*) (“TZEL”), 曲陽綠谷能源科技有限公司 (Quyang Lvgu Energy Technologies Company Limited\*) (“Quyang Lvgu”) and 重慶四聯新能源有限公司 (Chongqing Silian New Energy Company Limited\*) (“CSNE”) entered into a cooperation framework agreement pursuant to which the parties agreed to collaborate in relation to the construction of a 30MW photovoltaic power plant in Hebei Province, the PRC, and, subject to, among other things, full completion of the construction of the power plant with successful grid-connected power generation, Beiqing Clean Energy and TZEL shall enter into a sale and purchase agreement for the transfer of entire equity interest in the Quyang Lvgu from TZEL to Beiqing Clean Energy.

On 23 June 2016, Beiqing Clean Energy, TZEL, Quyang Lvgu and CSNE entered into the supplemental agreement pursuant to which the parties agreed to amend and supplement certain terms of the cooperation framework agreement. On 23 June 2016, TZEL and Tianjin Clean Energy, the nominee of Beiqing Clean Energy, entered into the equity transfer agreement pursuant to which TZEL agreed to dispose of, and Tianjin Clean Energy agreed to acquire, the entire equity interest in Quyang Lvgu. Quyang Lvgu holds a 32.2MW photovoltaic power plant in the Hebei Province, the PRC. The equity transfer was completed during the period under review and Quyang Lvgu has become an indirect wholly-owned subsidiary of the Company. Further details are set out in the Company’s announcement dated 16 February 2016 and 23 June 2016.

- (h) On 1 February 2016, Beiqing Clean Energy, 廣東猛獅新能源科技股份有限公司 (Guangdong Dynavolt Renewable Energy Technology Co., Ltd.\*) (“Guangdong Dynavolt”) and 潤峰電力(鄖西)有限公司 (Runfeng Power (Yunxi) Company Limited\*) (“Runfeng Power”) entered into the investment framework agreement, which was further amended and supplemented by the supplemental agreement dated 29 June 2016 entered into by Tianjin Clean Energy, Beiqing Clean Energy, Guangdong Dynavolt and Runfeng Power. Pursuant to the terms of the investment framework agreement, as amended and supplemented by the supplemental agreement, Tianjin Clean Energy, shall, subject to the entering into of the definitive sale and purchase agreement, acquire the entire equity interest in Runfeng Power from Guangdong Dynavolt. Runfeng Power holds a 26.655MW photovoltaic power plant in 上津鎮 (Shangjinzhen\*) of Hubei Province, the PRC.

On 29 June 2016, Tianjin Clean Energy and Guangdong Dynavolt entered into the equity transfer agreement which was further amended and supplemented by the supplemental agreement mentioned above, pursuant to which the Tianjin Clean Energy agreed to acquire, and Guangdong Dynavolt agreed to dispose of, the entire equity interest in the Runfeng Power. The equity transfer was completed during the period under review and Runfeng Power has become an indirect wholly-owned subsidiary of the Company. Further details are set out in the Company’s announcement dated 29 June 2016.

Save as disclosed above, there were no significant investments, material acquisition and disposal of subsidiaries and associated companies by the Group for the six months ended 30 June 2016.

## SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- (a) On 20 July 2016, the Company entered into the subscription agreement with Tuspark Technology pursuant to which Tuspark Technology conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 4,045,000,000 Ordinary Shares (the “Tuspark Subscription Agreement”).

The par value of each of the Ordinary Shares is HK\$0.001 and the issue price of each of the Ordinary Shares is HK\$0.17. The subscription price of HK\$0.17 represents a discount of approximately 15.84% to the closing price of HK\$0.202 per Share as quoted on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 July 2016, being the date of the Tuspark Subscription Agreement.

The net proceeds of the subscription were approximately HK\$687.2 million which translated to net price of approximately HK\$0.1699 per Ordinary Share. The net proceeds of the subscription are intended to be used for the development of photovoltaic power-related businesses and for general working capital purposes. The subscription was completed on 22 August 2016.

Further details are set out in the Company’s announcements dated 20 July 2016 and 22 August 2016.

- (b) On 20 July 2016, the Company and Tus-Holdings also entered into the memorandum of understanding pursuant to which Tus-Holdings agreed to grant to the Company the exclusive right within 365 days of the date of the memorandum of understanding to acquire equity interests of 北京清芸陽光能源科技有限公司 (Beijing Tsingyun Solar Energy Technology Co., Limited\*) (“Beijing Tsingyun”) on the terms and subject to the conditions set out in the memorandum of understanding. Beijing Tsingyun is a company established in the PRC and is principally engaged in the main contractor related work, technology development, technology consultation and technology services in relation to the solar photovoltaic systems and equipment. Further details are set out in the Company’s announcement dated 20 July 2016.
- (c) On 16 August 2016, Tianjin Clean Energy, 南京創能電力科技開發有限公司 (Nanjing Chuangneng Electrical Technology Development Limited\*) (“Nanjing Chuangneng”), 湖南博發新能源投資開發有限公司 (Hunan Bofa New Energy Investment Development Limited\*) (“Hunan Bofa”) and 山東魯薩風電有限公司 (Shandong Lusa Wind Power Limited\*) (“Shandong Lusa”) entered into the equity transfer agreement (as amended by supplemental agreement), pursuant to which Tianjin Clean Energy shall, subject to the fulfilment of certain conditions precedent, acquire 60% and 40% of equity interest in Shandong Lusa from Nanjing Chuangneng and the Hunan Bofa, respectively. Shandong Lusa owns a 48MW wind power plant in Shandong Province, the PRC. Further details are set out in the Company’s announcement dated 16 August 2016.

## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2016.

## **INTERIM DISTRIBUTION**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016.

## **CORPORATE GOVERNANCE CODE**

Throughout the six months ended 30 June 2016, the Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Listing Rules of the Stock Exchange (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors, the Company confirms that, during the six months ended 30 June 2016, all of the Directors have complied with the required standard set out in the Model Code.

## **AUDIT COMMITTEE**

The audit committee of the Company ("Audit Committee") comprises three independent non-executive directors of the Company, namely Mr. Li Fujun (the chairman of the Audit Committee), Mr. Xu Honghua and Mr. Chiu Kung Chik. In accordance with Appendix 14 of the Listing Rules, the Audit Committee is primarily responsible for reviewing and providing supervision over the financial reporting procedure and internal controls of the Company. The unaudited interim results for the six months ended 30 June 2016 have been reviewed and approved by the Audit Committee. The Audit Committee considers that appropriate accounting policies have been adopted, and the applicable requirements of the Listing Rules have been complied with, in the preparation of relevant results, and sufficient disclosures have been made for the purposes of this announcement.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This announcement is published on the Company's website ([www.bece.com.hk](http://www.bece.com.hk)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2016 interim report will be dispatched to Shareholders in September 2016 and will be published on the websites of the Company and the Stock Exchange, respectively, in due course.

## APPRECIATION

The Board would like to express its sincere thanks to all the employees of the Group for their continuous support and dedicated service.

By order of the Board  
**Beijing Enterprises Clean Energy Group Limited**  
**Mr. Hu Xiaoyong**  
*Chairman*

Hong Kong, 29 August 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. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik as independent non-executive Directors.*

\* *for identification purpose only*