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)**

# FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

## HIGHLIGHTS

- The Group reported revenue of approximately HK$288.9 million, representing an increase of approximately 38.0% as compared with the corresponding period in 2014.
- Profit attributable to the shareholders of the Company was approximately HK$38.5 million, representing an increase of approximately 33.8% as compared with the corresponding period in 2014.
- Basic and diluted earnings per share for the year were HK0.27 cents and HK0.12 cents respectively.
- The Group diversified its business into the investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses during the year.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2015.

## RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Beijing Enterprises Clean Energy Group Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015 and the consolidated statement of financial position of the Group as at 31 December 2015, together with comparative figures for the year ended 31 December 2014, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2015*

| | *Notes* | **2015** <br> ***HK$'000*** | 2014 <br> (Restated) <br> *HK$'000* |
|---|---|---|---|
| REVENUE | *3* | **288,930** | 209,426 |
| Cost of sales | | **(159,837)** | (130,556) |
| Gross profit | | **129,093** | 78,870 |
| Other income and gains | *3* | **21,494** | 803 |
| Selling and distribution expenses | | **(5,299)** | (5,143) |
| Administrative expenses | | **(76,726)** | (25,204) |
| Other operating expenses | | **(85)** | (903) |
| Finance costs | *5* | **(2,514)** | (2,399) |
| PROFIT BEFORE TAX | *4* | **65,963** | 46,024 |
| Income tax expense | *6* | **(27,471)** | (17,255) |
| PROFIT FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE COMPANY | | **38,492** | 28,769 |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

*For the year ended 31 December 2015*

| | Note | 2015<br>HK$'000 | 2014<br>(Restated)<br>HK$'000 |
|---|---|---|---|
| OTHER COMPREHENSIVE INCOME | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | |
| Available-for-sale investment: | | | |
| Changes in fair value | | **492** | – |
| Exchange differences on translation of foreign operations | | **(39,188)** | (563) |
| OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX | | **(38,696)** | (563) |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY | | **(204)** | 28,206 |
| EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY | 8 | | |
| Basic | | **HK0.27 cents** | HK0.90 cents |
| Diluted | | **HK0.12 cents** | HK0.90 cents |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*31 December 2015*

| | Notes | 31 December 2015 HK$'000 | 31 December 2014 (Restated) HK$'000 | 1 January 2014 (Restated) HK$'000 |
|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | |
| Property, plant and equipment | | **397,666** | 71,640 | 74,926 |
| Prepaid land lease payments | | **20,616** | 22,291 | 22,889 |
| Other intangible assets | | **77** | – | – |
| Available-for-sale investment | | **24,482** | 25,353 | – |
| Prepayments, deposits and other receivables | | **235,874** | 278 | 293 |
| Other non-current assets | | **250,359** | – | – |
| Total non-current assets | | **929,074** | 119,562 | 98,108 |
| **CURRENT ASSETS** | | | | |
| Inventories | | **29,601** | 35,111 | 18,666 |
| Trade and bills receivables | 9 | **404,963** | 83,917 | 125,781 |
| Prepaid land lease payments | | **494** | 521 | 523 |
| Prepayments, deposits and other receivables | | **167,123** | 1,765 | 1,145 |
| Other tax recoverable | | **134,267** | – | – |
| Pledged bank deposits | | **15,857** | 32,261 | 17,497 |
| Cash and cash equivalents | | **1,098,040** | 128,501 | 129,845 |
| Total current assets | | **1,850,345** | 282,076 | 293,457 |
| **CURRENT LIABILITIES** | | | | |
| Trade and bills payables | 10 | **185,820** | 95,580 | 82,638 |
| Other payables and accruals | | **122,739** | 6,335 | 14,154 |
| Interest-bearing bank borrowings | | **181,212** | 30,423 | 30,525 |
| Tax payable | | **18,456** | 7,479 | 10,994 |
| Total current liabilities | | **508,227** | 139,817 | 138,311 |
| **NET CURRENT ASSETS** | | **1,342,118** | 142,259 | 155,146 |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **2,271,192** | 261,821 | 253,254 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

*31 December 2015*

| | **31 December 2015** | 31 December 2014 (Restated) | 1 January 2014 (Restated) |
|---|---|---|---|
| | ***HK$'000*** | *HK$'000* | *HK$'000* |
| **NON-CURRENT LIABILITIES** | | | |
| Interest-bearing bank borrowings | **147,444** | – | – |
| Deferred tax liabilities | **5,241** | 4,496 | 4,935 |
| Total non-current liabilities | **152,685** | 4,496 | 4,935 |
| Net assets | **2,118,507** | 257,325 | 248,319 |
| EQUITY | | | |
| **Equity attributable to owners of the Company** | | | |
| Share Capital | **26,950** | 3,200 | 3,200 |
| Reserves | **2,091,557** | 254,125 | 245,119 |
| Total equity | **2,118,507** | 257,325 | 248,319 |

# NOTES:

## 1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investment which has been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has, rights, to variable returns, from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group has directly disposed of the related assets or liabilities.

## 1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

### Impact of revised HKFRSs

The Group has adopted the following revised standards for the first time for the current year's financial statements.

*Annual Improvements to HKFRSs 2010-2012 Cycle*
*Annual Improvements to HKFRSs 2011-2013 Cycle*

The changes of *Annual Improvements to HKFRSs 2010-2012 Cycle* and *Annual Improvements to HKFRSs 2011-2013 Cycle* are described below:

(a) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(b) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendment that is effective for the current year are as follows:

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities (the "Listing Rules") issued by the Stock Exchange of Hong Kong Limited (the "Stock Exchange") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

**Changes in functional currency of the Company and presentation currency of the Group**

The Company changed its functional currency from Renminbi ("RMB") to HK$ during the year. The reason for the change in functional currency of the Company was after taking into consideration, inter alia, the share subscriptions on 6 May 2015 which was conducted in HK$. The change in functional currency was prospectively applied.

As the Group's business transactions in terms of investing and financing activities have been mainly in Hong Kong with effect from 2015 onwards, the presentation currency of the Group has been changed from RMB to HK$ for a more appropriate presentation.

The change in presentation currency of the Group has been applied retrospectively, and the comparative figures in these consolidated financial statements have been restated from RMB to HK$ accordingly, using the closing rates for items except for equity items in consolidated statement of financial position, and average rates for the year for items in consolidated profit or loss and other comprehensive income. Such changes in presentation currency has no significant impact on the financial positions of the Group as at 31 December 2015 and 31 December 2014, or the results and cash flows of the Group for years ended 31 December 2015 and 2014.

## 2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related business; and

(b) design, printing and sale of cigarette packages in the People's Republic of China ("PRC")

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that head office and corporate income/(expenses) and finance costs are excluded from this measurement.

Segment assets exclude available-for-sale investment and other unallocated head office and corporate assets as these assets are managed on a group basis.

### Year ended 31 December 2015 and 2014

| | Photovoltaic power business | | Cigarette packaging business | | Total | |
|---|---|---|---|---|---|---|
| | **2015** | 2014 (Restated) | **2015** | 2014 (Restated) | **2015** | 2014 (Restated) |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Segment revenue | **49,243** | – | **239,687** | 209,426 | **288,930** | 209,426 |
| Segment results | **43,128** | – | **46,301** | 54,236 | **89,429** | 54,236 |
| Reconciliation: | | | | | | |
| Unallocated gains | | | | | **11** | 3 |
| Corporate and other unallocated expenses | | | | | **(20,963)** | (5,816) |
| Finance costs | | | | | **(2,514)** | (2,399) |
| Profit before tax | | | | | **65,963** | 46,024 |

### Year ended 31 December 2015 and 2014

| | Photovoltaic power business | | Cigarette packaging business | | Total | |
|---|---|---|---|---|---|---|
| | **2015** | 2014 (Restated) | **2015** | 2014 (Restated) | **2015** | 2014 (Restated) |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Segment assets | **2,395,992** | – | **311,569** | 374,271 | **2,707,561** | 374,271 |
| Reconciliation: | | | | | | |
| Corporate and other unallocated assets | | | | | | |
| – Property, plant and equipment | | | | | **1,220** | – |
| – Available-for-sale investment | | | | | **24,482** | 25,353 |
| – Prepayments, deposits and other receivables | | | | | **21,306** | 144 |
| – Cash and bank balances | | | | | **24,850** | 1,870 |
| Total assets | | | | | **2,779,419** | 401,638 |
| Other segment information: | | | | | | |
| Depreciation and amortisation | | | | | | |
| – Operating segments | **48** | – | **9,472** | 8,958 | **9,520** | 8,958 |
| – Amount unallocated | | | | | **87** | – |
| Capital expenditures* | | | | | | |
| – Operating segments | **347,186** | – | **4,916** | 6,187 | **352,102** | 6,187 |
| – Amount unallocated | | | | | **1,307** | – |
| Addition of other non-current assets | **250,359** | – | **–** | – | **250,359** | – |

* Capital expenditures consist of additions to property, plant and equipment and other intangible assets.

**Geographical information**

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the assets of the Group are located in Mainland China. Accordingly, in the opinion of the Directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

## 3. 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) trading agency income from photovoltaic power business; and (iii) the value of consultancy services rendered from photovoltaic power business, net of value-added tax and government surcharges.

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

| | **2015** | 2014 |
|---|---|---|
| | | (Restated) |
| | ***HK$'000*** | *HK$'000* |
| **Revenue** | | |
| Sales of cigarette packages | **239,687** | 209,426 |
| Photovoltaic power business: | | |
| Trading agency income | **22,828** | – |
| Consultancy services | **26,415** | – |
| | **288,930** | 209,426 |

| | **2015** | 2014 |
|---|---|---|
| | | (Restated) |
| | ***HK$'000*** | *HK$'000* |
| **Other income and gains** | | |
| Bank interest income | **1,592** | 399 |
| Sale of scrap materials | **73** | 79 |
| Gain on disposal of items of property, plant and equipment, net | **–** | 50 |
| Reversal of write-down of inventories to net realisable value | **72** | 275 |
| Foreign exchange gains, net | **19,454** | – |
| Others | **303** | – |
| | **21,494** | 803 |

## 4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

| | 2015 | 2014 (Restated) |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Cost of inventories sold in relation to cigarette packaging business | **128,558** | 105,507 |
| Cost of consultancy services in relation to photovoltaic power business | **3,202** | – |
| Depreciation | **9,087** | 8,437 |
| Amortisation of prepaid land lease payments | **514** | 521 |
| Amortisation of other intangible assets* | **6** | – |
| Minimum lease payments under operating leases | **3,406** | 2,790 |
| Auditors' remuneration | **1,700** | 1,112 |
| Employee benefit expenses (excluding directors' remuneration): | | |
| Wages and salaries | **45,366** | 20,792 |
| Pension scheme contributions | **4,911** | 2,823 |
| Welfare and other expenses | **4,535** | 2,137 |
| | **54,812** | 25,752 |
| Foreign exchange differences, net | **(19,454)** | 814 |
| Loss/(gain) on disposal of items of property, plant and equipment | **84** | (50) |
| Reversal of write-down of inventories to net realisable value | **(72)** | (275) |

* The amortisation of other intangible assets for the year is included in "Administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

## 5. FINANCE COSTS

The finance costs recognised during the year represented interest on bank loans.

## 6. 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 year (2014: 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 year based on the prevailing legislation, interpretations and practices in respect thereof.

| | 2015 | 2014 (Restated) |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Current – Mainland China | **25,568** | 15,151 |
| Current – Withholding tax | **889** | 2,526 |
| Deferred | **1,014** | (422) |
| Total tax expense for the year | **27,471** | 17,255 |

## 7. DIVIDENDS

The 2013 final dividend of HK6 cents per share totally HK$19,200,000 was declared and distributed by the Company during the year ended 31 December 2014. The Directors do not recommend the payment of any dividend during year ended 31 December 2015.

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares and convertible preference shares in issue during the year.

The calculation of the diluted earnings per share amount for the year is based on the profit for the year attributable to equity holders of the Company, and the weighted average number of ordinary shares and convertible preference shares in issue during the year, 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:

| | **2015** | 2014 |
|---|---|---|
| | | (Restated) |
| | ***HK$'000*** | *HK$'000* |
| **Earnings** | | |
| Profit for the year attributable to shareholders of the Company, used in the basic and diluted earnings per share calculation | **38,492** | 28,769 |

| | **2015** | 2014 |
|---|---|---|
| | | (Restated) |
| **Number of ordinary shares** | | |
| Weighted average number of ordinary shares and convertible preference shares in issue during the year, used in the basic earnings per share calculation and adjusted for share subdivision *(note)* | **14,053,273,355** | 3,200,000,000 |
| Effect of dilution – weighted average number of ordinary shares from forward contract on convertible preference shares | **18,854,225,211** | – |
| Weighted average number of ordinary shares and convertible preference shares, used in the diluted earnings per share calculation and adjusted for share subdivision *(note)* | **32,907,498,566** | 3,200,000,000 |

| | **2015** | 2014 |
|---|---|---|
| | | (Restated) |
| Basic earnings per share | **HK0.27cents** | HK0.90cents |
| Diluted earnings per share | **HK0.12cents** | HK0.90cents |

## 8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (CONTINUED)

*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 (the "Share Subdivision"). 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.

## 9. TRADE AND BILLS RECEIVABLES

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

| | **2015** | 2014 (Restated) |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Within 3 months | **397,912** | 83,914 |
| 4 to 6 months | **4,955** | 3 |
| 7 to 12 months | **2,094** | – |
| Over 1 year | **2** | – |
| | **404,963** | 83,917 |

The aged analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

| | **2015** | 2014 (Restated) |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Neither past due nor impaired | **317,770** | 62,213 |
| Less than 1 month past due | **27,813** | 15,310 |
| 1 to 3 months past due | **52,328** | 6,391 |
| 4 to 6 months past due | **5,991** | 3 |
| 7 months to 1 year past due | **1,059** | – |
| Over 1 year past due | **2** | – |
| | **404,963** | 83,917 |

## 10. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

| | 2015 | 2014 |
|---|---|---|
| | | (Restated) |
| | HK$'000 | HK$'000 |
| Within 3 months | **178,881** | 66,140 |
| 3 to 6 months | **6,698** | 28,985 |
| 6 to 12 months | **–** | – |
| 1 to 2 years | **–** | 455 |
| 2 to 3 years | **241** | – |
| | **185,820** | 95,580 |

## 11. COMPARATIVE AMOUNTS

The presentation currency of the Group has been changed from RMB to HK$, further details for the change in presentation currency have been set out in note 1.2. The change in presentation currency of the Group has been applied retrospectively, and the comparative figures in these consolidated financial statements have been restated from RMB to HK$ accordingly to conform to the current year's presentation and accounting treatment. Besides, certain comparative amounts have been reclassified to conform to current year's presentation.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. Business Review

The principal businesses of the Group include investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses (the "Photovoltaic Power Business") and the design, printing and sale of cigarette packages in the PRC (the "Cigarette Packaging Business"). In previous years, the Group was principally engaged in the Cigarette Packaging Business. During the year under review, the Group has expanded into the Photovoltaic Power Business.

### *1.1 Photovoltaic Power Business*

The central government of the PRC has been actively promoting renewable energy in recent years in order to mitigate China's reliance on traditional energy sources and to better protect the environment. Since photovoltaic power is one of the important sources of renewable energy in China, the PRC government has devised and refined the core regulations regarding photovoltaic power project approval, grid connection, and subsidies to accelerate the development of photovoltaic power. According to the 能源發展戰略行動計劃 (2014-2020) (Strategic Action Plan for Energy Development (2014-2020)*) issued by the State Council of the PRC in 2014, the installed gross capacity of photovoltaic power generation shall reach 100 gigawatt ("GW") by year 2020. According to the latest statistics released by National Energy Administration as at the date of this announcement, China has the largest installed capacity of photovoltaic power generation in the world. It is expected that China will become the largest market of investment and operation of photovoltaic power stations in the world.

On 27 December 2015, National Development and Reform Commission issued 關於降低燃煤發電上網電價和一般工商業用電價格的通知 (the Notice on the Reduction of On-grid Tariffs for Coal-fired Power Generation and Electricity Prices for General Industrial and Commercial Use*). Pursuant to which, the tariff for renewable energy collected from electricity consumption (other than for the private domestic use and agricultural production) shall be increased by approximately 27% to RMB1.9 cents per kilowatt hour with effect from year 2016. This reaffirms the PRC government's commitment to support the renewable energy and also improves the sustainability of the subsidies to renewable energy including photovoltaic power.

Seeing the growth prospects in the photovoltaic power generation business with policy encouragement from the PRC government, the Group considers that the photovoltaic power generation is a sector with great potential in the PRC. To capitalize on the growth opportunities in the fast-growing photovoltaic power generation industry, the Group strategically expands into the photovoltaic power generation business in different regions of the PRC by developing grid-connected photovoltaic power plants and distributed photovoltaic power generation facilities, which will be the core focus of the Group in coming years.

The Group operates the Photovoltaic Power Business by undertaking projects that will either be developed on its own or jointly with other parties or that the Group may acquire other photovoltaic power plants. As of 31 December 2015, the Group has been developing the photovoltaic power plants with an aggregate installed capacity of approximately 500 megawatt ("MW"). The projects are mainly located in Hebei, Henan, Shandong and Yunnan etc. and the projects will be connected to the grid successively in 2016. During the year under review, for projects developed on its own, the Group commenced construction of a 50 MW photovoltaic power plant in Yuxian, Hebei, and the power plant was successfully connected to the grid in first quarter of 2016. For projects jointly developed with other parties, the Group is developing three photovoltaic power plants in regions of Hebei and Yunnan and the construction is expected to be completed by first half of year 2016. The Group is also looking into opportunities in relation to acquisition of quality power plants. The Group has signed cooperation agreements with various parties to invest and potentially gain control over photovoltaic power plants. The Group's potential projects for development is more than two GW covering different regions in the PRC including Shandong, Anhui, Hebei, Henan, Hubei, Shanxi, Shaanxi, Sichuan, Yunnan, Guangxi, Guangdong and Inner Monogolia. In addition, as at the date of this announcement, the Group has commenced construction of a 1.5 MW photovoltaic power plant in a water treatment plant in Jiaozhou, Shandong, which is the first distributed photovoltaic power plant project of the Group. Looking ahead, the Group will accelerate the development of distributed power plant business and proactively develop 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. During the year under review, the segment revenue of approximately HK$49.2 million is from trading and consultancy services of the Photovoltaic Power Business.

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. During the year under review, the Company raised approximately HK$1,861.4 million in net proceeds by issuing ordinary shares of the Company ("Ordinary Shares") and convertible preference shares of the Company ("Convertible Preference Shares") through share subscriptions by various subscribers. The subscribers also conditionally agreed to further subscribe shares of the Company and the gross proceeds from such share subscriptions shall be approximately HK$1,501.0 million and HK$375.2 million in year 2016 and 2017, respectively. The Group has also obtained bank facilities of HK$3 billion as at the date of this announcement for the development. The Company will continue to explore sources of funding from time to time on commercially reasonable terms for the future development.

The PRC government has promulgated a series of laws and regulations to promote and support the development of photovoltaic power business. The development of the business is also subject to oversight and regulation relating to electricity pricing, tariff, building codes, safety, and environmental protection. As the regulatory framework in the PRC for photovoltaic power is still evolving, the Group has been closely monitoring the evolvement to capitalize on the opportunities and mitigate the effect.

In addition, the Group has been exploring other emerging clean energy power generation businesses such as geothermal power generation, proactively develop business areas such as wind power and hydropower, and seize international opportunities for strategic development and diversification.

### *1.2 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 year under review, Cigarette Packaging Business and relevant industry and market environment remained stable. For the year ended 31 December 2015, the revenue from Cigarette Packaging Business increased by approximately 14.4% to approximately HK$239.7 million, and the segment's gross profit margin decreased from approximately 37.7% to approximately 34.7%. The Group expects that that the business environment of the Cigarette Packaging Business will remain stable and the business segment will contribute steadily to the Group's revenue and profit.

## 2. Financial Analysis

### *2.1 Revenue and Gross Profit Margin*

For the year ended 31 December 2015, the Group recorded a revenue of approximately HK$288.9 million and gross profit was approximately HK$129.1 million. For the year ended 31 December 2015, majority of the Group's revenue was contributed by the Cigarette Packaging Business, as the Photovoltaic Power Business was still at its initial development stage. The Group's revenue experienced an increase of approximately 38.0% when compared with the corresponding period in 2014 primarily due to the increase in the placing of orders for cigarette packages and the increase in revenue from trading and consultancy services of photovoltaic power-related businesses during the year under review. Gross profit margin was approximately 44.7%, representing an increase of approximately 7.0% as compared with the corresponding period in 2014, which is mainly contributed by Photovoltaic Power Business.

### *2.2 Other income and gains*

Other income and gains of the Group mainly comprise interest income and foreign exchange gains. Other income and gains of the Group increased by approximately HK$20.7 million when compared with the corresponding period in 2014, which was mainly attributable to foreign exchange gains of approximately HK$19.5 million during the year ended 31 December 2015.

### *2.3 Selling and distribution expenses*

Selling and distribution expenses of the Group for the year ended 31 December 2015 amounted to approximately HK$5.3 million, mainly comprise delivery expenses, staff costs and travelling expenses. Selling and distribution expenses of the Group increased by approximately HK$156,000 when compared with the corresponding period in 2014, which was mainly attributable to the increase in delivery expenses.

### *2.4 Administrative expenses*

Administrative expenses of the Group for the year ended 31 December 2015 amounted to approximately HK$76.7 million, increased by approximately HK$51.5 million when compared with the corresponding period in 2014. 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.

### *2.5 Finance costs*

Finance costs of the Group for the year ended 31 December 2015 amounted to approximately HK$2.5 million, increased slightly by approximately HK$115,000 when compared with last year. The increase was due to increase in the average balances of bank borrowings of the Group during the year under review.

### 2.6 Income tax expense

The income tax expense of the Group for the year ended 31 December 2015 amounted to approximately HK$27.5 million, increased by approximately HK$10.2 million when compared with the corresponding period in 2014. The increase in income tax expense of the Group was mainly due to the increase in taxable profit from operations.

### 2.7 Property, plant and equipment

Property, plant and equipment amounted to approximately HK$397.7 million, increased by approximately HK$326.0 million for the year ended 31 December 2015 which was mainly due to the construction in progress of HK$345.6 million in relation to a 50MW photovoltaic power plant in Yuxian, Hebei during the year under review.

### 2.8 Prepayments, deposits and other receivables

Prepayments, deposits and other receivables amounted to HK$403.0 million, increased by HK$401.0 million (non-current portion increased by approximately HK$235.6 million and current portion increased by approximately HK$165.4 million), the increase was mainly due to the net effect of increase in prepayment of approximately HK$100.8 million as compared with the corresponding period in 2014 for acquisition of equity interest of a company holding a photovoltaic power plant and prepayments to suppliers of approximately HK$273.8 million.

### 2.9 Other non-current assets

Other non-current assets amounted to approximately HK$250.4 million, increased by approximately HK$250.4 million as compared with the corresponding period in 2014, which consisted of materials and equipment sold and delivered to third-party project companies for development of photovoltaic power plants.

### 2.10 Trade and bill receivables

Trade and bill receivables amounted to approximately HK$405.0 million, increased by approximately HK$321.0 million as compared with the corresponding period in 2014, which was mainly due to increase in trade receivables of trading and consultancy services from the newly developed Photovoltaic Power Business of approximately HK$270.2 million.

### 2.11 Cash and cash equivalents

Cash and cash equivalents amounted to approximately HK$1,098.0 million, increased by approximately HK$969.5 million as compared with the corresponding period in 2014, which was mainly due to net cash inflow from net proceeds of HK$1,861.4 million from issue of shares of the Company, cash inflow from drawdown of a new bank loan of approximately HK$300 million and cash outflow in development of the Photovoltaic Power Business, including relevant construction costs and material costs.

### 2.12 *Trade payables*

Trade payables amounted to approximately HK$185.8 million, increased by approximately HK$90.2 million as compared with the corresponding period in 2014, which was mainly due to the increase in trade payables from purchase of materials and equipment for Photovoltaic Power Business.

### 2.13 *Other payables and accruals*

Other payables and accruals amounted to approximately HK$122.7 million, increased by approximately HK$116.4 million as compared with the corresponding period in 2014, which was mainly due to the increase in payables to a contractor and suppliers in relation to development of a photovoltaic power plant.

### 2.14 *Interest bearing bank borrowings*

Interest bearing bank borrowings amounted to approximately HK$328.7 million, increased by approximately HK$298.2 million (non-current portion increased by approximately HK$147.4 million and current portion increased by approximately HK$150.8 million) as compared with the corresponding period in 2014, which was mainly due to the drawdown of a new bank loan of HK$300 million for development of the Photovoltaic Power Business.

### 2.15 *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 HK$, RMB and United States dollars ("US$"). Surplus cash is generally placed in short term deposits denominated in HK$, RMB and US$.

As at 31 December 2015, the Group's cash and cash equivalents amounted to HK$1,098.0 million (31 December 2014: HK$128.5 million). The increase was mainly due to cash inflow from the net proceeds of approximately HK$1,861.4 million received from the issuance of Ordinary Shares and Convertible Preference Shares through share subscriptions by various subscribers during the year under review.

The Group recorded net current assets of approximately HK$1,342.1 million as at 31 December 2015, as compared with net current assets of approximately HK$142.3 million as at 31 December 2014. The increase in net current assets was primarily due to net effect of increase in cash and cash equivalents, trade receivables, prepayments and payables of the Photovoltaic Power Business.

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) and bank borrowings.

The Group's total borrowings amounted to HK$328.7 million (31 December 2014: HK$30.4 million) comprised of bank borrowings of HK$328.7 million (31 December 2014: HK$30.4 million). All bank borrowings bear interest at floating rates. As at 31 December 2015, the Group had banking facilities amounting to HK$2.0 billion and RMB100 million, of which HK$1.7 billion and RMB47.8 million have not been utilised respectively. The banking facilities are of 2 years term and 1 year term respectively.

The Group's total equity amounted to HK$2,118.5 million (31 December 2014: HK$257.3 million). The increase was mainly due to the issuance of Ordinary Shares and Convertible Preference Shares during the year. During the year, the Company issued 14,136,452,910 Ordinary Shares and 9,613,216,000 Convertible Preference Shares to various subscribers and raised approximately HK$1,861.4 million as mentioned above.

The Group's gearing ratio is defined as bank borrowings, net of cash and cash equivalents, divided by the total equity. No gearing ratio is presented as the Group's cash and cash equivalents can fully cover its bank borrowings as at 31 December 2015 and 31 December 2014.

### *2.16 Capital expenditures*

During the year, the Group's total capital expenditure amounted to approximately HK$353.4 million (as compared to the corresponding period in 2014 of approximately HK$6.2 million), of which approximately HK$345.6 million was spent on construction of photovoltaic power plants; approximately HK$7.8 million was paid for the acquisition of other property, plant and equipment.

## 3. Future Outlook

### *3.1 Development Strategy*

The Group has positioned itself strategically as a leading corporate in China and abroad with electricity generation and sales from photovoltaic power as its core business. The Group will rapidly develop its grid-connected and ground-mounted photovoltaic power plants, proactively develop its businesses of distributed photovoltaic power plant and micro-grid/off-grid energy storage, and focus on seizing opportunities from carbon emission trading scheme and power sector reform in time. In addition, the Group will explore other emerging clean energy power generation business such as geothermal power generation, proactively develop business areas such as wind power and hydropower, and seize international opportunities for strategic development and diversification. The Group will make the most of its funding advantages to strengthen the function of capital operation and to improve the overall competitiveness of its core business with respect to the investment, construction and operation. In addition, the Group will proactively explore investment opportunities in related businesses, seek rapid growth through diversified cooperation models such as acquisition, equity participation and strategic cooperation, and endeavour to create an environment embraced by value of "being valued, being dedicated and being generous in sharing its success".

### *3.2 Future Development*

2016 is the beginning year of the thirteen Five-Year-Plans for China and will offer both challenges and opportunities to the photovoltaic power industry.

Despite of issues such as high costs, curtailment, delayed subsidies and land use issue hindering the development of photovoltaic industry and affecting the return of power plants, the photovoltaic industry is expected to face unprecedented development opportunities ahead in view of the strong determination of the governments with long term perspective around the world on energy revolution and development of clean energy, including photovoltaic power, the introduction of Chinese government favorable policies, the increasing demand of clean energy in energy consumption structure, decreasing costs of photovoltaic facilities and less reliance on government subsidies. The installed capacity of photovoltaic power industry is believed to hit another record high in 2016.

In 2016, the Group will put more efforts in developing projects on its own and is gradually switching its development mode to developing projects on its own with projects jointly developed with other parties or by acquisition as complementary development modes. The Group will accelerate the development of distributed power plant business and proactively develop the distributed rooftop resources of water treatment plants held by its shareholders, BEWG and CITIC PE Funds, as well as distributed rooftop resources owned by Beijing Enterprises Group and CITIC Group.

In summary the Company strongly believes there will be more opportunities than threats in the forthcoming year and it will be a year of rapid growth and good harvest for the Group in 2016.

## EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group employed 425 employees (as compared with 299 employees as at 31 December 2014) with total staff cost of approximately HK$54.8 million incurred for the year ended 31 December 2015 (as compared with approximately HK$25.8 million in last year). 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 up till 31 December 2015, 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 31 December 2015.

## CHARGE ON THE GROUP'S ASSETS

As at 31 December 2015, the Group had pledged deposits of approximately HK$15.9 million (as at 31 December 2014: approximately HK$32.3 million) to a bank in the PRC to secure bills issued under banking facilities granted to the Group.

## CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any significant contingent liabilities (as at 31 December 2014: 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 31 December 2015, the Group has not used any derivative financial instruments to hedge its foreign currency risk.

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

In order to facilitate the development and construction of a 50MW photovoltaic power plant in Yuxian, Hebei Province that the Group is undertaking, the Group entered into the following agreements during the year under review:

(a) on 17 July 2015, 北京北控光伏科技發展有限公司 (Beijing Enterprises New Energy Company Limited*) ("BENE"), an indirect wholly-owned subsidiary of the Company, and 光為綠色新能源股份有限公司 (Guangwei Green New Energy Co., Ltd.*) ("GGNE") entered into a purchase contract for the supply of, among other things, the 50MW polysilicon modules and related accessories by GGNE to BENE, at a consideration in an amount of RMB194 million. Further details are set out in the Company's announcement dated 17 September 2015;

(b) on 8 September 2015, 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, entered into an engineering, procurement and construction agreement with 河北省電力勘測設計研究院 (Hebei Electric Power Design and Research Institute*) ("HEPDR") for the provision of engineering, procurement and construction services by HEPDR to YBENE at the aggregate consideration of RMB126.7 million. Further details are set out in the Company's announcement dated 8 September 2015.

In order to invest in and potentially gain control of photovoltaic power plants, the Group entered into the following agreements during the year under review:

(a) on 15 October 2015, BENE, 河南旭光商貿有限公司 (Henan Xuguang Commerce Company Limited*) ("HXCC"), 淇縣中光太陽能有限公司 (Qixian Zhongguang Solar Energy Co., Ltd.*), 東方日升(寧波)電力開發有限公司 (Dongfang Risheng (Ningbo) Power Development Company Limited*) ("DRPD") and 江蘇新電投資管理有限公司 (Jiangsu New Power Investment Management Co., Ltd.*) ("JNPIM") entered into a cooperation agreement pursuant to which, among other things, BENE conditionally agreed to enter into a sale and purchase agreement to acquire the entire equity interest in the project company (the "Acquisition"), and to make the payment of RMB84 million to HXCC or, as designated by HXCC, to DRPD or JNPIM as prepayment for the Acquisition. On 15 October 2015, BENE also entered into the two product sale agreements pursuant to which BENE agreed to purchase certain equipment at a price of RMB50 million each for onward sale to JNPIM for use in the construction of the project. Further details are set out in the Company's announcement dated 15 October 2015;

(b) on 16 November 2015, BENE, 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*) 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 the project company from SGEC to BENE, and BENE shall purchase and provide certain materials required for the project to JZNE at an aggregate price of RMB228 million. Further details are set out in the Company's announcement dated 16 November 2015.

Save as otherwise, there were no significant investments, material acquisition and disposal of subsidiaries and associated companies by the Group for the year ended 31 December 2015.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2015.

## FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil)

## CLOSURES OF REGISTER OF MEMBERS

To determine who shall be eligible to attend and vote at the forthcoming annual general meeting to be held on Tuesday, 24 May 2016 (the "AGM"), the register of members of the Company will be closed from Thursday, 19 May 2016 to Tuesday, 24 May 2016 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the forthcoming AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 18 May 2016.

## CORPORATE GOVERNANCE CODE

During the year ended 31 December 2015, in the opinion of the Board, 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 of the Stock Exchange.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all of the Directors, the Company confirms that, during the year ended 31 December 2015, 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. Tam Tak Kei Raymond (the chairman of the Audit Committee), Professor Lam Sing Kwong Simon and Mr. Xu Honghua. 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 final results for the year ended 31 December 2015 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.

## SCOPE OF WORK OF THE COMPANY'S AUDITORS IN RESPECT OF THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Company's auditors, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

## PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the Company's website (www.bece.com.hk) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2015 will be dispatched to shareholders of the Company in April 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 March 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 of the Company; and Mr. Tam Tak Kei Raymond, Professor Lam Sing Kwong Simon and Mr. Xu Honghua as independent non-executive directors of the Company.*

* *for identification purpose only*