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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)

**(1) SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE; AND
(2) MEMORANDUM OF UNDERSTANDING**

(1) THE SUBSCRIPTION AGREEMENT

On 20 July 2016, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 4,045,000,000 new Shares at the Subscription Price of HK\$0.17 per Share.

The Subscription Shares in aggregate represent (i) approximately 16.17% of the issued Share capital of the Company as at the date of this announcement, and (ii) approximately 13.92% of the issued Share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there is no other change in the issued Share capital of the Company).

The Subscription Shares will be allotted and issued pursuant to the General Mandate.

The gross proceeds of the Subscription will be HK\$687,650,000. The net proceeds of the Subscription, after deducting related expenses, are estimated to be approximately HK\$687,150,000, representing a net Subscription Price of approximately HK\$0.1699 per Share. The net proceeds of the Subscription are intended to be used by the Company for the development of its photovoltaic power-related businesses and for general working capital purposes.

Completion of the Subscription is subject to the fulfillment of the Condition Precedent. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares or other securities of the Company.

(2) THE MEMORANDUM OF UNDERSTANDING

On 20 July 2016, the Company and Tus-Holdings entered into the Memorandum of Understanding pursuant to which Tus-Holdings agreed to grant to the Company the exclusive right to acquire the Beijing Tsingyun Equity Interest on the terms and subject to the conditions set out in the Memorandum of Understanding.

(1) THE SUBSCRIPTION AGREEMENT

On 20 July 2016, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, 4,045,000,000 new Shares at the Subscription Price of HK\$0.17 per Share. The principal terms of the Subscription Agreement are set out below.

Date

20 July 2016

Parties

- (a) the Company; and
- (b) the Subscriber.

To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed in this announcement, the Subscriber and its ultimate beneficial owners are independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

The Subscription Shares

The Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 4,045,000,000 new Shares.

The Subscription Shares represent:

- (a) approximately 16.17% of the issued Share capital of the Company as at the date of this announcement; and
- (b) approximately 13.92% of the issued Share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming there is no other change in the issued Share capital of the Company.

The aggregate nominal value of the Subscription Shares is HK\$4,045,000.

Ranking of the Subscription Shares

The Subscription Shares, when allotted, issued and credited as fully paid up, will rank pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Subscription Shares, including the right to receive all future dividends and distributions which may be declared, made or paid by the Company on or after the date of allotment and issue of the Subscription Shares.

The Subscription Price

The Subscription Price of HK\$0.17 per Share represents:

- (a) a discount of approximately 15.84% to the closing price of HK\$0.202 per Share as quoted on the Stock Exchange on 20 July 2016, being the date of the Subscription Agreement; and

- (b) a discount of approximately 14.4% to the average of the closing prices of HK\$0.1986 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

The net Subscription Price, after deducting related expenses, is expected to be approximately HK\$0.1699 per Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the liquidity and the recent trading performance of the Shares as well as future development prospect of the Company's business. The Board considers that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Deposit

The Subscriber agreed to pay the Deposit in the amount of HK\$50,000,000 to the Company within two Business Days of the date of the Subscription Agreement. If the Company cannot obtain the approval for the grant of the listing of, and permission to deal in, the Subscription Shares and the Subscription Agreement is terminated automatically pursuant to the terms of the Subscription Agreement, the Company shall return all the Deposit to the Subscriber within two Business Days of the date of such termination.

Condition Precedent

Pursuant to the Subscription Agreement, completion of the Subscription is conditional upon the listing committee of the Stock Exchange granting the listing of, and the permission to deal in, the Subscription Shares.

If the Condition Precedent is not satisfied on or before 2 September 2016 or such other date as may be agreed by the Company and the Subscriber in writing, the Subscription Agreement shall cease and determine automatically save for certain surviving clauses and all rights and obligations under the Subscription Agreement will be terminated save for any rights and obligations accrued before the termination.

Completion of the Subscription

Subject to the fulfillment of the Condition Precedent, completion of the Subscription will take place on the Completion Date. The Subscriber shall pay to the Company the consideration for the Subscription Shares in the amount of HK\$687,650,000 minus the Deposit.

General Mandate

The Subscription Shares will be allotted and issued pursuant to the General Mandate and is not subject to Shareholders' approval. The maximum number of Shares that can be issued under the General Mandate is 5,002,836,664 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate and the Subscription Shares amount to approximately 80.85% of the General Mandate.

Application for Listing

Application will be made by the Company to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

INFORMATION ON THE SUBSCRIBER

To the best of the Directors' knowledge and information, the Subscriber is a wholly-owned subsidiary of Tus-Holdings. Established in 2000, Tus-Holdings is a large-scale integrated enterprise established in reliance on Tsinghua University. Currently, Tus-Holdings 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. The total assets under management by Tus-Holdings exceeds Renminbi 100 billion.

REASONS FOR THE SUBSCRIPTION

The Company is principally engaged in the investment, development, construction, operation and management of photovoltaic power plants and photovoltaic power-related businesses and the design, printing and sale of cigarette packages in the PRC.

Upon completion of the Subscription, the gross proceeds of the Subscription will be HK\$687,650,000. The net proceeds of the Subscription, after deducting related expenses, are estimated to be approximately HK\$687,150,000, which would be used by the Company for the development of its photovoltaic power-related businesses and for general working capital purposes. The net proceeds raised per Subscription Share upon completion of the Subscription are approximately HK\$0.1699.

The Board considers that the Subscription represents a valuable opportunity for the Company to raise additional funds to facilitate its business development especially in its photovoltaic power-related businesses, as well as to introduce the Subscriber as a strategic Shareholder and to strengthen the capital base and the financial position of the Company.

Tus-Holdings and its associated companies own 158 water treatment facilities with a daily design capacity of six million tons. Meanwhile, Tus-Holdings is planning to develop distributed photovoltaic power plants in the science parks, industrial parks and incubator facilities throughout the country. The Company and Tus-Holdings will leverage on strength of each other and develop the distributed resources with synergy.

The Company is actively exploring new businesses including smart energy etc. In the future, the Company will leverage on the strong scientific research capability and advanced technology of Tus-Holdings and Tsinghua, and fully cooperate with Tus-Holdings in various aspects including energy internet, micro-grid energy storage and sales of electricity.

In view of the above, the Board considers the terms of the Subscription Agreement, which were negotiated on an arm's length basis and agreed on normal commercial terms between the parties involved, are fair and reasonable, and the Subscription is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any other equity fund raising activities during the 12 months immediately preceding the date of this announcement.

Date of announcement/circular	Fund raising activity	Net proceeds	Proposed use of proceeds	Actual use of proceeds
2 February 2015, 6 May 2015, 5 November 2015 and 6 May 2016 (announcement)	subscription of 14,136,452,910 new Shares and 33,362,884,900 convertible preference shares of the Company	upon the allotment and issue of all the new Shares and preference shares of the Company, approximately HK\$3,737.6 million (as at the date of this announcement, completion of the subscription of the Tranche C Preference Shares and the Tranche D Preference Shares (each as defined in the circular of the Company dated 10 April 2015) have not taken place. The Company will receive approximately HK\$1,125.7 million in aggregate for those remaining two tranches.	To finance the investments in and/ or development of photovoltaic power businesses	approximately HK\$1,451 million have been used as intended and remaining balance will be used as intended
10 April 2015 (circular)				

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief, the shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately upon completion of the Subscription (assuming there is no other change in the issued Share capital of the Company from the date of this announcement to the Completion Date) are as follows:

Shareholders	As at the date of this announcement		Immediately upon completion of the Subscription (assuming there is no other change in the issued Share capital of the Company from the date of this announcement to the Completion Date)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Fast Top Investment Limited (<i>Note 1</i>)	8,818,470,350	35.25	8,818,470,350	30.35
CTSL Green Power Investment Limited (<i>Note 2</i>)	2,260,357,100	9.04	2,260,357,100	7.78
CTSL New Energy Investment Limited (<i>Note 3</i>)	2,260,357,090	9.04	2,260,357,090	7.78
Zihua Investments Limited (<i>Note 4</i>)	995,227,370	3.98	995,227,370	3.42
北京倍思泰科新能源科技開發有限公司 (Beijing Bestech New Energy Technology Development Co., Ltd.*) (<i>Note 5</i>)	398,955,700	1.59	398,955,700	1.37
Ocean Ahead International Limited (<i>Note 6</i>)	2,279,580,000	9.11	2,279,580,000	7.84
The Subscriber	0	0	4,045,000,000	13.92
Public Shareholders	8,001,235,710	31.99	8,001,235,710	27.54
Total	25,014,183,320	100.00	29,059,183,320	100.00

Notes:

As at the date of this announcement:

- (1) Fast Top Investment Limited is a wholly-owned subsidiary of Beijing Enterprises Water Group Limited ("BEWG"). Beijing Enterprises Water Group Limited is directly held as to approximately 43.93% (representing 3,842,361,831 shares of BEWG) by Beijing Enterprises Environmental Construction Limited. Beijing Enterprises Environmental Construction Limited is a wholly-owned subsidiary of Beijing Enterprises Holdings Limited, which is in turn held as to approximately 61.96% by Beijing Enterprises Group (BVI) Company Limited (by itself and through its subsidiaries), and which is in turn wholly owned by Beijing Enterprises Group Company Limited. Beijing Enterprises Group (BVI) Company Limited also directly holds 3,010,000 shares in the share capital of BEWG;

- (2) CTSL Green Power Investment Limited is a company jointly controlled by CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P.. CPEChina Fund II L.P. and CPEChina Fund IIA, L.P. are two exempted limited partnerships registered under the laws of the Cayman Islands. The general partner of the CPEChina Fund II L.P. and CPEChina Fund IIA, L.P. is CITIC PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of CITIC PE Associates II, L.P. is CITIC PE Funds II Limited. CITIC PE Funds II Limited is wholly owned by CITICPE Holdings Limited, which is owned as to 35% by CITIC Securities International Asset Management Limited. CITIC Securities International Asset Management Limited is wholly owned by CITIC Securities International Co. Ltd., which is in turn wholly owned by CITIC Securities Company Limited, a company listed on the Stock Exchange and Shanghai Stock Exchange;
- (3) CTSL New Energy Investment Limited is a wholly-owned subsidiary of 北京中信投資中心(有限合夥)(CITIC Private Equity Fund III (RMB)*) (“CITIC PEF III”). CITIC PEF III is a limited partnership registered under the laws of the PRC. The general partner of CITIC PEF III is 北京宥德投資管理中心(有限合夥)(Beijing Youde Investment Management Center (Limited Partnership)*), a limited partnership registered under the laws of the PRC whose general partner is 上海磐諾企業管理有限公司(Shanghai Pannuo Enterprise Management Service Company Limited *), a limited liability company incorporated in the PRC. 上海磐諾企業管理有限公司(Shanghai Pannuo Enterprise Management Service Company Limited *) is wholly owned by 中信產業投資基金管理有限公司(CITIC Private Equity Funds Management Co., Ltd *), which is in turn owned as to 35% by CITIC Securities Company Limited, a company listed on the Stock Exchange and Shanghai Stock Exchange;
- (4) Zhihua Investments Limited is a company wholly and beneficially owned by Mr. Hu Xiaoyong, an executive Director;
- (5) 北京倍思泰科新能源科技開發有限公司(Beijing Bestech New Energy Technology Development Co., Ltd.*) is a company incorporated in the PRC of which Mr. Wang Ye, an executive Director, is its controlling shareholder (as defined under the Listing Rules); and
- (6) Ocean Ahead International Limited is wholly and beneficially owned by Ms. Huang Li, directors of subsidiaries of the Company.

Based on the above table, it is expected that the Subscriber will become a substantial shareholder of the Company immediately upon completion of the Subscription (assuming there is no other change in the issued Share capital of the Company from the date of this announcement to the Completion Date).

WARNING OF THE RISK OF DEALING IN THE SHARES

Completion of the Subscription is subject to the fulfillment of the Condition Precedent. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares or other securities of the Company.

(2) THE MEMORANDUM OF UNDERSTANDING

On 20 July 2016, the Company entered into the Memorandum of Understanding in relation to the grant of the Right.

The principal terms of the Memorandum of Understanding are set out below.

Date

20 July 2016

Parties

- (a) the Company; and
- (b) Tus-Holdings.

Subject matter

Pursuant to the terms of the Memorandum of Understanding, the Company intended to acquire the Beijing Tsingyun Equity Interest and Tus-Holdings agreed to grant to the Company the exclusive right to acquire the Beijing Tsingyun Equity Interest within 365 days of the date of the Memorandum of Understanding. During the aforementioned period, Tus-Holdings agreed not to, and shall procure its holding company, associates and joint ventures not to, enter into any agreement or other arrangement to sell, transfer or otherwise dispose of the Beijing Tsingyun Equity Interest to parties other than the Company.

Pursuant to the terms of the Memorandum of Understanding, in the event that the Company exercises the Right:

- (a) Tus-Holdings shall, and shall procure its holding company, associates and joint ventures to, sell the Beijing Tsingyun Equity Interest to the Company or its designated subsidiary, subject to compliance with the relevant PRC laws and regulations with respect to state-owned assets;
- (b) subject to the further discussion between the parties, the consideration for the Beijing Tsingyun Equity Interest payable by the Company shall be satisfied in any of the following manner: (i) in cash; (ii) the allotment and issue of new Shares to Tus-Holdings at the issue price of HK\$0.17 per Share; or (iii) a combination of (i) and (ii). In the event the parties agree that any or all of the aforesaid consideration shall be satisfied in cash (the “Cash Consideration”), the Company agreed that, subject to its compliance with the Listing Rules, Tus-Holdings will have a right to subscribe such number of the Company’s Shares in the amount of the Cash Consideration at HK\$0.17 per Share.

INFORMATION ON BEIJING TSINGYUN

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.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the meanings below:

“Beijing Tsingyun”	Beijing Tsingyun Solar Energy Technology Co., Limited* (北京清芸陽光能源科技有限公司), a company established in the PRC
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“Beijing Tsingyun Equity Interest”	all the equity interest in Beijing Tsingyun, then owned, whether directly or indirectly, by Tus-Holdings, its holding company, associates and joint ventures (including the 45% equity interest now indirectly controlled by Tus-Holdings and any equity interest that may be acquired from time to time)
“Board”	the board of directors of the Company
“Business Day”	a day on which licensed banks in Hong Kong are generally open for banking business (other than a Saturday, Sunday, public holiday or a day on which a typhoon signal 8 or above is hoisted or a black rainstorm warning is given at any time between 9:00 a.m. and 5:00 p.m.)
“Cash Consideration”	the cash consideration payable by the Company for the acquisition of the Beijing Tsingyun Equity Interest under the Memorandum of Understanding
“Company”	Beijing Enterprises Clean Energy Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion Date”	the day on which completion of the Subscription takes place, which shall be on 22 August 2016 (if the Condition Precedent is satisfied before 22 August 2016), on or before 2 September 2016 (if the Condition Precedent is satisfied on or after 22 August 2016 but before 2 September 2016) or such other date as the Company and the Subscriber may agree in writing
“Condition Precedent”	the condition precedent to completion of the Subscription Agreement
“Deposit”	the HK\$50,000,000 deposit payable by the Subscriber pursuant to the terms of the Subscription Agreement

“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company on 24 May 2016
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Understanding”	the memorandum of understanding dated 20 July 2016 entered into by and between the Company and Tus-Holdings in relation to the grant of the Right
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Right”	the exclusive right granted by Tus-Holdings to the Company to acquire the Beijing Tsingyun Equity Interest subject to the terms of the Memorandum of Understanding
“Share(s)”	ordinary shares of HK\$0.001 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	Tuspark Technology Innovation Ltd. (啟迪科創有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Tus-Holdings as at the date of this announcement
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the agreement dated 20 July 2016 entered into by and between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	HK\$0.17 per Share
“Subscription Shares”	4,045,000,000 new Shares
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“Tus-Holdings”	Tus-Holdings Co., Ltd.* (啟迪控股股份有限公司), a company established in the PRC, the holding company of the Subscriber as at the date of this announcement
“%”	per cent

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

Hong Kong, 20 July 2016

As at the date of this announcement, the Board comprises seven Directors, namely Mr. Hu Xiaoyong, Mr. Shi Xiaobei, Mr. Liang Yongfeng and Mr. Wang Ye as executive Directors; and Mr. Tam Tak Kei Raymond, Professor Lam Sing Kwong and Mr. Xu Honghua as independent non-executive Directors.