

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

**(Stock Code: 01250)**

## **INSIDE INFORMATION UPDATE ON MATERIAL ASSET REORGANISATION**

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Beijing Enterprises Clean Energy Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 15 March 2021 in relation to the proposed material asset reorganisation involving Beiqing Smart, SEC Electric and Tianjin Fuqing.

### **THE FRAMEWORK AGREEMENT**

On 26 March 2021, SEC Electric, Tianjin Fuqing (a wholly-owned subsidiary of the Company), the Remaining Beiqing Smart Shareholders and the Existing SEC Shareholders entered into the Framework Agreement in relation to, among other things, the Beiqing Smart Reorganisation.

The principal terms of the Framework Agreement are set out below:

## **The Reorganisation**

Pursuant to the Framework Agreement, the Beijing Smart Reorganisation is expected to comprise the following:

**(a) Asset Swap:**

Tianjin Fuqing and SEC Electric propose to undertake a material asset swap transaction, whereby SEC Electric will use all or part of its assets and liabilities (the “**SEC Electric Assets**”) to swap with the equivalent value of the equity interests (the “**Equivalent Beijing Smart Interest**”) held by Tianjin Fuqing in Beijing Smart (the “**Asset Swap**”).

Both the value of the SEC Electric Assets and the value of the Equivalent Beijing Smart Interest will be determined with reference to their respective appraised values as at the Benchmark Date as audited and assessed by independent accounting firms and valuers; and the above values are subject to further negotiation.

**(b) Remaining Beijing Smart Disposal and issuance of Consideration Shares:**

In addition to the Equivalent Beijing Smart Interest to be acquired by SEC Electric through the Asset Swap, each of Tianjin Fuqing and the Remaining Beijing Smart Shareholders propose to sell, and SEC Electric proposes to purchase, the Remaining Beijing Smart Interest, at a consideration to be determined with reference to the appraised value of the Remaining Beijing Smart Interest as at the Benchmark Date as audited and assessed by independent accounting firms and valuers; and the above value is subject to further negotiation.

The consideration for the Remaining Beijing Smart Interest will be satisfied by way of issuance of the Consideration Shares by SEC Electric to each of Tianjin Fuqing and the Remaining Beijing Smart Shareholders at the Issue Price of RMB10.98 per SEC Electric Share. The Issue Price will represent not more than 10% discount of the average price per SEC Electric Share quoted on the SSE for the past 20 trading days immediately preceding the Pricing Date. The aforesaid Issue Price will be subject to adjustments for dividends, bonus issues, capitalisation and issue of new shares during the period from the Pricing Date to the date of issue of the Consideration Shares.

Upon completion of the Asset Swap and the Remaining Beiqing Smart Disposal, SEC Electric will directly hold 100% equity interest of Beiqing Smart.

**(c) SEC Electric Share Transfer:**

The Existing SEC Shareholders propose to transfer part of their SEC Electric Shares to Tianjin Fuqing at the consideration of RMB12.19 (the “**Per Share Consideration**”) per SEC Electric Share (the “**SEC Electric Share Transfer**”). As consideration for the SEC Electric Share Transfer, Tianjin Fuqing proposes to procure the transfer of the equivalent value of equity interest of each of the Excluded Subsidiaries (the “**SEC Electric Transferred Assets**”) by SEC Electric to the Designated Transferee directly. The Per Share Consideration represents the average price per SEC Electric Share quoted on the SSE for the past 20 trading days immediately preceding the Pricing Date.

The number of SEC Electric Shares to be transferred will be determined based on the appraised value of the SEC Electric Transferred Assets divided by the Per Share Consideration.

**Valuation**

As at the date of the Framework Agreement, the audit and valuation of the SEC Electric Assets and the Equivalent Beiqing Smart Interest and the Remaining Beiqing Smart Interest have not been completed, and accordingly the consideration for the aforesaid assets have not yet been determined and are subject to further negotiation.

The financial information and valuation of the aforesaid assets will be audited and assessed by independent accounting firms and valuers that meet the requirements of the PRC Securities Law. Based on the results of the valuation and audit, the parties will negotiate and determine the final consideration for the aforesaid assets. If Tianjin Fuqing and SEC Electric fail to reach an agreement on such consideration, the Framework Agreement will automatically terminate.

### **Proposed Placing by SEC Electric**

Upon completion of the Beiqing Smart Reorganisation, SEC Electric intends to raise funds from no more than 35 specific investors by way of placing of new shares (the “**Proposed Placing**”). The number of new shares (the “**Placing Shares**”) under the Proposed Placing shall not exceed 30% of the total issued shares of SEC Electric (as enlarged by the issue of the Consideration Shares and before the issue of the Placing Shares), and the amount of funds raised under the Proposed Placing shall not exceed 100% of the appraised value of the equity interest of Beiqing Smart as at 31 March 2021. The amount of Placing Shares will be subject to such maximum limit as approved by the CSRC, and will be determined by the board of directors of SEC Electric in accordance with the authority granted by the shareholders of SEC Electric in its general meeting.

### **Lock-up undertaking by Tianjin Fuqing**

The SEC Electric Shares acquired by Tianjin Fuqing under the Transaction may not be transferred within 36 months from the date of listing of the Consideration Shares, and such lock-up period is subject to certain circumstances.

If the lock-up commitment does not conform to the requirements of the applicable securities regulatory authorities, Tianjin Fuqing agrees to make corresponding adjustments in accordance with the statutory requirements.

### **Undertaking by the Existing SEC Shareholders**

The Existing SEC Shareholders undertake to pledge an aggregate of 16% of the total issued SEC Electric Shares held by them to Tianjin Fuqing or its designated third party within 15 working days from the date of the Framework Agreement, in order to ensure that the Existing SEC Shareholders will have sufficient shares for the SEC Electric Share Transfer. The number of pledged SEC Electric Shares may be adjusted once the valuation results of the SEC Electric Transferred Assets and the number of the SEC Electric Shares to be transferred under the SEC Electric Share Transfer are confirmed.

## **Conditions precedent**

The parties agree that, upon the signing of the Framework Agreement and as soon as the consideration for the Transaction is confirmed, the parties shall enter into definitive agreements in respect of the Transaction. Such definitive agreements will come to effect from the date when the following conditions are met:

- (a) the Beiqing Smart Reorganisation having been approved in accordance with the PRC Company Law and other relevant laws, regulations, rules and the articles of association of each party and by the directors and shareholders of the relevant parties (as applicable);
- (b) the Beiqing Smart Reorganisation have been approved by SEC Electric's employee representative assembly or staff assembly;
- (c) the approval of the Beiqing Smart Reorganisation at a general meeting of SEC Electric;
- (d) the waiver in respect of the general offer obligations on the part of Tianjin Fuqing to acquire the SEC Electric Shares having been approved at a general meeting of SEC Electric;
- (e) the approval of the Beiqing Smart Reorganisation at a general meeting of the Company (if applicable) in accordance with the applicable laws and regulations, the Listing Rules, requirements of the securities regulators or the decisions of the Board;
- (f) the Company having obtained the approval of the Proposed Spin-off from the Stock Exchange and the waiver in respect of assured entitlement requirement under Practice Note 15 to the Listing Rules; and
- (g) the Beiqing Smart Reorganisation having been approved by the CSRC and any other competent regulatory authorities.

## **Completion**

The Asset Swap, the Remaining Beiqing Smart Disposal and the SEC Electric Share Transfer are inter-conditional upon one another and completion of the transactions under the Beiqing Smart Reorganisation shall take place simultaneously. The Proposed Placing is conditional upon completion of the Beiqing Smart Reorganisation, but the Beiqing Smart Reorganisation is not conditional upon completion of the Proposed Placing.

Upon completion of the Beiqing Smart Reorganisation and the Proposed Spin-off:

- (i) SEC Electric will directly hold the entire equity interest of Beiqing Smart and the Designated Transferee will hold the SEC Electric Transferred Assets;
- (ii) it is expected that Beiqing Smart will remain as an indirect non-wholly owned subsidiary of the Company through the shareholding held by SEC Electric. As a result, the financial statement of Beiqing Smart will continue to be consolidated into the consolidated financial statements of the Group; and
- (iii) it is expected that SEC Electric will become indirect non-wholly owned subsidiary of the Company. As a result, the financial statement of SEC Electric will be consolidated into the consolidated financial statements of the Group.

## **INFORMATION OF THE COMPANY, THE GROUP, TIANJIN FUQING AND BEIQING SMART**

### **The Company and the Group**

The principal activity of the Company is investment holding. The Group is principally engaged in the investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC.

### **Tianjin Fuqing**

Tianjin Fuqing is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. The principal activity of Tianjin Fuqing is investment holding.

## Beiqing Smart

Beiqing Smart is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the investment and development of photovoltaic power businesses and wind power businesses in the PRC. As at the date of this announcement, Beiqing Smart is held as to approximately 88.31% interest by Tianjin Fuqing and approximately 11.69% interest by the Remaining Beiqing Smart Shareholders.

Certain pro forma financial information of Beiqing Smart for each of the two years ended 31 December 2018 and 2019 and for the six months ended 30 June 2020 prepared under the PRC GAAP is as follows:

	<b>For the six months ended 30 June 2020 (unaudited) RMB' million</b>	<b>For the year ended 31 December 2019 (unaudited) RMB' million</b>	<b>For the year ended 31 December 2018 (unaudited) RMB' million</b>
Operating Income	1,700.2	3,293.6	3,036.4
Net profit before tax	435.4	780.9	732.2
Net cash flows from operating activities	418.2	772.7	747.1

The unaudited pro forma net asset value of Beiqing Smart as at 30 June 2020 was RMB10,867.5 million.

## INFORMATION OF SEC ELECTRIC

SEC Electric is a company established in the PRC with limited liability whose shares are listed on the SSE (Stock Code: 603988.SH). It is principally engaged in the research and development, design, manufacturing, processing, sales and provision of services related to AC and DC motors, generators and units, transformers, frequency converters and electrical control systems; sales of wooden packaging boxes; general freight; and import and export businesses for self-operated and agency of products and technology.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, SEC Electric and its ultimate beneficial owner(s) are Independent Third Parties.

Certain financial information of SEC Electric for each of the two years ended 31 December 2018 and 2019 and for the nine months ended 30 September 2020 is as follows:

	<b>For the nine months ended 30 September 2020 (unaudited) <i>RMB' million</i></b>	<b>For the year ended 31 December 2019 (audited) <i>RMB' million</i></b>	<b>For the year ended 31 December 2018 (audited) <i>RMB' million</i></b>
Operating Income	612.97	608.00	428.54
Total profit	206.76	132.48	54.88
Net profit after tax	172.33	113.47	48.23

The unaudited net asset value of SEC Electric as at 30 September 2020 was RMB757.80 million.

## **INFORMATION OF THE OTHER PARTIES**

Great First, one of the Remaining Beiqing Smart Shareholders, is ultimately owned by Mr. Hu Xiaoyong, an executive Director of the Company.

Save as disclosed above and the Remaining Beiqing Smart Shareholders' non-controlling interest in Beiqing Smart, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the Existing SEC Shareholders, the Remaining Beiqing Smart Shareholders and its ultimate beneficial owner(s) (if applicable) are Independent Third Parties.

## THE PROPOSED SPIN-OFF

As set out in the Company's announcements dated 27 December 2019 and 30 July 2020, it is the plan of the Company to seek a separate listing of the shares of Beiqing Smart in a qualified securities exchange in the PRC in the future. The Directors believe that the proposed A-Share listing of Beiqing Smart will enable the market to assess the intrinsic value of the Company positively, reflect the true value of Beiqing Smart as well as providing an additional fund-raising platform.

If materialised, it is expected that the Beiqing Smart Reorganisation will constitute a notifiable transaction of the Company and will be subject to, among other things, the approval of the Shareholders. The transactions contemplated under Beiqing Smart Reorganisation are also expected to constitute a spin-off pursuant to the applicable requirements under Practice Note 15 to the Listing Rules. As of the date of this announcement, no formal application has been made by the Company to any securities exchange. The proposed A-Share listing of Beiqing Smart would need to be consulted and approved by Beijing Enterprises Water Group Limited, the single largest shareholder of the Company, and the Board of the Company. The Company will comply with the requirements under paragraph 3(e)(1) of Practice Note 15 and the applicable requirements of Chapter 14 of the Listing Rules in relation to the Beiqing Smart Reorganisation and the Proposed Spin-off as and when necessary.

## GENERAL

The Framework Agreement only demonstrates the framework of the Beiqing Smart Reorganisation and detailed arrangements will be subject to the definitive agreements to be executed by the parties.

**The Board wishes to emphasize that the Framework Agreement does not constitute legally-binding commitment on Tianjin Fuqing in respect of the Transaction, which is subject to further negotiation between the parties. As such, there is no assurance that the Transaction will be materialised. The abovementioned proposed Transaction is subject to the approval of the relevant regulatory authorities and may not materialise due to various reasons. The Company will make further announcement(s) pursuant to the Listing Rules as and when appropriate. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

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

“Beiqing Smart”	天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Co., Ltd.*), an indirect non-wholly owned subsidiary of the Company
“Beiqing Smart Reorganisation”	collectively, the Asset Swap, the Remaining Beiqing Smart Disposal and the SEC Electric Share Transfer
“Benchmark Date”	31 March 2021, being the valuation benchmark date
“Board”	the board of the Company
“Company”	Beijing Enterprises Clean Energy Group Limited (北控清潔能源集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 01250)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	new SEC Electric Shares to be issued to Tianjin Fuqing and the Remaining Beiqing Smart Shareholders to satisfy the consideration payable by SEC Electric to Tianjin Fuqing and the Remaining Beiqing Smart Shareholders under the Remaining Beiqing Smart Disposal
“CSRC”	China Securities Regulatory Commission
“Designated Transferee”	the Existing SEC Shareholders or such other third party designated by the Existing SEC Shareholders

“Director(s)”	the director(s) of the Company
“Excluded Subsidiaries”	new or existing wholly-owned subsidiaries of SEC Electric which holds the SEC Electric Transferred Assets
“Existing SEC Shareholders”	王建裕先生 (Mr. Wang Jianyu*) and 王建凯先生 (Mr. Wang Jiankai*), each being a shareholder of SEC Electric (owned as to approximately 22.50% interest and 15.45% interest, respectively, therein) as at the date of this announcement
“Framework Agreement”	the material asset Framework Agreement dated 26 March 2021 entered into by, among others, Tianjin Fuqing, SEC Electric, the Existing SEC Shareholders and the Remaining Beiqing Smart Shareholders in relation to, among other things, the Beiqing Smart Reorganisation
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	an individual or a company who is not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associates
“Issue Price”	RMB10.98 per SEC Electric Share (subject to adjustment)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Pricing Date”	26 March 2021

“Proposed Spin-off”	the disposal of the equity interest of Beiqing Smart held by the Company (through Tianjin Fuqing) to SEC Electric under the Beiqing Smart Reorganisation
“Remaining Beiqing Smart Interest”	all remaining equity interest of Beiqing Smart (other than the Equivalent Beiqing Smart Interest) held by Tianjin Fuqin and the Remaining Beiqing Smart Shareholders
“Remaining Beiqing Smart Shareholders”	all the shareholders of Beiqing Smart (other than Tianjin Fuqing) as at the date of this announcement
“Remaining Beiqing Smart Disposal”	the disposal of the Remaining Beiqing Smart Interest by Tianjin Fuqing and the Remaining Beiqing Smart Shareholders to SEC Electric and the issue of Consideration Shares by SEC Electric in connection therewith
“RMB”	Renminbi, the lawful currency of the PRC
“SEC Electric”	中電電機股份有限公司 (SEC Electric Machinery Co., Ltd.*), a limited liability company established in the PRC and the issued shares of which are listed on the SSE (Stock Code: 603988.SH)
“SEC Electric Share(s)”	RMB ordinary share(s) (A Share(s)) with a nominal value of RMB1.00 each in the share capital of SEC Electric
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholders”	holders of the Shares

“SSE”	Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianjin Fuqing”	天津富清投資有限公司 (Tianjin Fuqing Investment Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company and one of the direct shareholders of Beiqing Smart as at the date of this announcement
“Transaction”	transactions contemplated under the Framework Agreement, including the Beiqing Smart Reorganisation
“%”	per cent.

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

Hong Kong, 26 March 2021

*As at the date of this announcement, the Board comprises seven Directors, namely Mr. Hu Xiaoyong, Mr. Shi Xiaobei, Mr. Tan Zaixing and Ms. Huang Danxia as executive Directors; and Mr. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik as independent non-executive Directors.*

\* *For identification purposes only*