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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)



中國山東高速金融集團有限公司
CHINA SHANDONG HI-SPEED FINANCIAL GROUP LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 412)

JOINT ANNOUNCEMENT

**(1) ISSUE AND SUBSCRIPTION
OF NEW BECE SHARES UNDER
SPECIFIC MANDATE;**

**(2) APPLICATION FOR
WHITEWASH WAIVER;**

**(3) APPOINTMENT OF INDEPENDENT
FINANCIAL ADVISER;**

AND

**(4) RESUMPTION OF TRADING
IN BECE SHARES**

**(1) VERY SUBSTANTIAL ACQUISITION
IN RELATION TO THE SUBSCRIPTION
OF NEW BECE SHARES;**

**(2) APPLICATION FOR
WHITEWASH WAIVER;**

AND

**(3) RESUMPTION OF TRADING
IN CSFG SHARES**

Financial Adviser to CSFG



**Independent Financial Adviser to the
Independent BECE Board Committee
and the Independent BECE Shareholders**



ISSUE AND SUBSCRIPTION OF NEW BECE SHARES

On 4 March 2022 (after trading hours), BECE entered into the Subscription Agreement with the Subscriber (an indirect wholly-owned subsidiary of CSFG), pursuant to which BECE has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 48,804,039,247 Subscription Shares at the Subscription Price of HK\$0.096 per Subscription Share for the total Consideration of HK\$4,685,187,768.

As at the date of this joint announcement, BECE had 63,525,397,057 BECE Shares in issue. The 48,804,039,247 Subscription Shares represent:

- (i) approximately 76.83% of the existing total number of BECE Shares in issue; and
- (ii) approximately 43.45% of the total number of BECE Shares in issue as enlarged by the allotment and issuance of the Subscription Shares upon Completion (assuming that there will be no other change in the total number of BECE Shares).

The Subscription Shares will be issued and allotted fully paid and will rank pari passu in all respects among themselves and with the BECE Shares in issue as at the date of allotment and issuance of the Subscription Shares.

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Independent BECE Shareholders at the BECE EGM.

An application will be made by BECE to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this joint announcement, neither the Subscriber, CSFG nor any party acting in concert with them hold or are interested in any BECE Shares or securities of BECE. Immediately upon Completion as well as assuming no other change in the total number of issued BECE Shares, the Subscriber and parties acting in concert with it will be interested in 48,804,039,247 BECE Shares, representing approximately 43.45% of the total number of BECE Shares in issue as enlarged by the allotment and issue of the Subscription Shares.

Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the BECE Shareholders for all the issued BECE Shares and other securities of BECE not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it, unless, among others, the Whitewash Waiver is granted by the Executive. An application will be made by the Subscriber to the Executive for the Whitewash Waiver in respect of the allotment and issuance of the Subscription Shares.

The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of at least 75% votes by the Independent BECE Shareholders present and voting (either in person or by proxy) in respect of the Whitewash Waiver and more than 50% votes of the Independent BECE Shareholders present and voting (either in person or by proxy) in respect of the Subscription (including the Specific Mandate) at the BECE EGM by way of poll.

In accordance with the Listing Rules and Takeovers Code, (i) the Subscriber and parties acting in concert with it; (ii) the Subscriber and its associates; and (iii) any other BECE Shareholders who are involved or interested in the Subscription, the Specific Mandate and/or the Whitewash Waiver (including Fast Top, Mr. Hu Xiaoyong (and his controlled entities) and Mr. Tan Zaixing) shall abstain from voting at the BECE EGM in respect of the resolution(s) approving the Subscription (including the Specific Mandate and Whitewash Waiver).

If the Whitewash Waiver is not granted by the Executive or not approved by the Independent BECE Shareholders, the Subscription will not proceed.

The Whitewash Waiver may or may not be granted by the Executive and if granted, will, among others, be subject to the condition that respective resolutions relating to the Whitewash Waiver on one hand, and the Subscription Agreement and the grant of Specific Mandate on the other hand, being separately approved by at least 75% and more than 50%, respectively, of the votes cast by the Independent BECE Shareholders at the BECE EGM by way of poll. Completion is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent BECE Shareholders.

IMPLICATIONS UNDER THE LISTING RULES FOR CSFG

For CSFG, as the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription is more than 100%, the Subscription constitutes a very substantial acquisition for CSFG under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement and CSFG Shareholders' approval requirements under Chapter 14 of the Listing Rules.

ESTABLISHMENT OF INDEPENDENT BECE BOARD COMMITTEE

The Independent BECE Board Committee, comprising all three independent non-executive BECE Directors, namely Mr. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik, in compliance with Rule 2.8 of the Takeovers Code, has been formed to advise the Independent BECE Shareholders as to whether the terms of the Subscription Agreement, the Specific Mandate and/or the Whitewash Waiver are fair and reasonable and on how to vote at the BECE EGM.

None of the members of the Independent BECE Board Committee has any interest or involvement in the Subscription Agreement, the Specific Mandate and/or the Whitewash Waiver.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser with the Independent BECE Board Committee's approval to advise the Independent BECE Board Committee and the Independent BECE Shareholders in respect of the Subscription Agreement, the Specific Mandate and/or the Whitewash Waiver.

BECE EGM

The BECE EGM will be held to consider and, if thought fit, pass resolutions to approve, among other matters, (a) the Subscription Agreement and the transactions contemplated thereunder; (b) the granting of the Specific Mandate; and (c) the Whitewash Waiver.

A circular containing, among other things, (i) details of the Subscription, the Specific Mandate and the Whitewash Waiver; (ii) a letter of recommendation from the Independent BECE Board Committee to the Independent BECE Shareholders in relation to the Subscription and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent BECE Board Committee and the Independent BECE Shareholders in relation to the Subscription and the Whitewash Waiver; and (iv) a notice of the BECE EGM, will be despatched to the BECE Shareholders as soon as practicable in compliance with the requirements of the Listing Rules and within 21 days from the date of this joint announcement in compliance with Rule 8.2 of the Takeovers Code.

As (i) Mr. Zhang Tiefu, Mr. Hu Xiaoyong, Mr. Yang Guang and Mr. Tan Zaixing are BECE Directors nominated by BEWG; (ii) Mr. Zhang Tiefu holds positions within BEWG and/or its subsidiaries; and (iii) Mr. Yang Guang is an executive BECE Director involved in the negotiation of the Subscription Agreement, Fast Top (being a wholly-owned subsidiary of BEWG), Mr. Hu Xiaoyong (and his controlled entities) and Mr. Tan Zaixing are considered to have been involved in the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder. Accordingly, Fast Top, Mr. Hu Xiaoyong (and his controlled entities) and Mr. Tan Zaixing will be required to abstain from voting on the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the BECE EGM.

The resolutions in relation to the Subscription Agreement, the Specific Mandate and the Whitewash Waiver will be voted on by the Independent BECE Shareholders by way of poll at the BECE EGM.

CSFG SGM

The CSFG SGM will be held to consider and, if thought fit, pass the requisite resolution(s) to approve the Subscription.

A circular containing, inter alia, (i) further details of the Subscription; (ii) financial information of the CSFG Group and the BECE Group; (iii) unaudited pro forma financial information of the Enlarged CSFG Group; (iv) other information as required to be contained in the circular under the Listing Rules; and (v) a notice convening the CSFG SGM will be despatched to the CSFG Shareholders on or before 15 April 2022 as additional time is required for CSFG to prepare and finalise certain information for inclusion in the circular.

No CSFG Shareholders will be required to abstain from voting at CSFG SGM on the resolution(s) relating to the Subscription.

RESUMPTION OF TRADING IN BECE SHARES

At the request of BECE, trading in the BECE Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 7 March 2022 pending the release of this joint announcement. Application has been made by BECE to the Stock Exchange for the resumption of trading in the BECE Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 15 March 2022.

RESUMPTION OF TRADING IN CSFG SHARES

At the request of CSFG, trading in the CSFG Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 7 March 2022 pending the release of this joint announcement. Application has been made by CSFG to the Stock Exchange for the resumption of trading in the CSFG Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 15 March 2022.

Warning: The Subscription is subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent set out under the sub-section headed “The Subscription Agreement – Conditions Precedent” in this joint announcement, including approval at the BECE EGM by the Independent BECE Shareholders of the Subscription and the Whitewash Waiver, approval at the CSFG SGM of the Subscription, and the grant of the Whitewash Waiver by the Executive. As such, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the BECE Shares and the CSFG Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

INTRODUCTION

The BECE Board and the CSFG Board are pleased to jointly announce that on 4 March 2022 (after trading hours), BECE entered into the Subscription Agreement with the Subscriber (an indirect wholly-owned subsidiary of CSFG), pursuant to which BECE has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 48,804,039,247 Subscription Shares at the Subscription Price of HK\$0.096 per Subscription Share for the total Consideration of HK\$4,685,187,768.

THE SUBSCRIPTION AGREEMENT

Date

4 March 2022 (after trading hours)

Parties

Issuer : BECE

Subscriber : Profit Plan Global Investment Limited

As at the date of this joint announcement, the Subscriber and its ultimate beneficial owner(s) (including CSFG) are parties independent of and not connected with BECE and its connected persons.

As at the date of this joint announcement, BECE and its ultimate beneficial owner(s) are parties independent of and not connected with CSFG and its connected persons.

The Subscription Shares

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for, and BECE has conditionally agreed to issue a total of 48,804,039,247 Subscription Shares at the Subscription Price of HK\$0.096 per Subscription Share for the total Consideration of HK\$4,685,187,768.

As at the date of this joint announcement, BECE had 63,525,397,057 BECE Shares in issue. The 48,804,039,247 Subscription Shares represent:

- (i) approximately 76.83% of the existing total number of BECE Shares in issue; and
- (ii) approximately 43.45% of the total number of BECE Shares in issue as enlarged by the allotment and issuance of the Subscription Shares upon Completion (assuming that there will be no other change in the total number of BECE Shares).

The aggregate nominal value of the Subscription Shares under the Subscription will be HK\$48,804,039.247.

The Deposit

The Subscriber has agreed to pay the Deposit in the sum of HK\$200,000,000 (which amounts to approximately 4.27% of the Consideration) to BECE within two Business Days after the date of the Subscription Agreement. The Deposit shall be settled by immediately available fund through bank transfer or wire transfer into a bank account designated by BECE (or such other means as may be agreed in writing between BECE and the Subscriber). Upon Completion, the Deposit will be used to set off a corresponding part of the total Consideration.

As at the date of this joint announcement, the Deposit has been paid by the Subscriber to BECE in accordance with the terms and conditions of the Subscription Agreement.

If, after the payment of the Deposit by the Subscriber to BECE:

- (i) the conditions precedent in connection with the Subscriber (i.e. conditions precedent (c) and (j) as set out in the sub-section headed “The Subscription Agreement - Conditions Precedent” of this joint announcement) not having been fully fulfilled (or waived) on or before 20 May 2022 (or such other date as may be agreed in writing by the Subscriber and BECE); or
- (ii) Completion not having taken place on or before 31 May 2022 (or such other date as may be agreed in writing by the Subscriber and BECE);

whichever is earlier, which is solely caused by the Subscriber (including failure to obtain necessary approval(s) or consent(s) (which include the approval from CSFG Shareholders at the CSFG SGM), but except for the Stock Exchange and/or the SFC not having approved or completed the vetting of relevant announcement(s), circular(s) or waiver application(s) in respect of the Subscription), BECE is entitled to forfeit the Deposit as liquidated damages and full and final settlement of the damages suffered by BECE.

If, after the payment of the Deposit by the Subscriber to BECE:

- (i) the conditions precedent in connection with BECE (i.e. conditions precedent (b) to (h) as set out in the sub-section headed “The Subscription Agreement - Conditions Precedent” of this joint announcement) not having been fully fulfilled (or waived) on or before 20 May 2022 (or such other date as may be agreed in writing by the Subscriber and BECE); or

- (ii) Completion not having taken place on or before 31 May 2022 (or such other date as may be agreed in writing by the Subscriber and BECE);

whichever is earlier, which is solely caused by BECE (including failure to obtain necessary approval(s) or consent(s) (which include the approval from Independent BECE Shareholders at the BECE EGM), but except for default in debts of BECE, matters and information in relation to the BECE Group disclosed in writing by BECE to the Subscriber during its due diligence process or the Stock Exchange and/or the SFC not having approved or completed the vetting of relevant announcement(s), circular(s) or waiver application(s) in respect of the Subscription), BECE shall within two Business Days after receiving the Subscriber's notice in writing (i) refund the Deposit in full; and (ii) pay HK\$200,000,000 as liquidated damages and full and final settlement of the damages suffered by the Subscriber.

Provided that none of the aforementioned events occurs after the payment of the Deposit by the Subscriber to BECE, if (i) the Subscriber and BECE are unable to fulfil (or waive) all conditions precedent on or before 20 May 2022 (or such other date as may be agreed in writing by the Subscriber and BECE); or (ii) Completion not having taken place on or before 31 May 2022 (or such other date as may be agreed in writing by the Subscriber and BECE), whichever is earlier, BECE shall within two Business Days after receiving a notice in writing from the Subscriber refund the Deposit in full to a bank account designated by the Subscriber in such notice.

The Subscription Price

The Subscription Price of HK\$0.096 per Subscription Share represents:

- (i) a discount of approximately 7.69% to the closing price of HK\$0.104 per BECE Share as quoted on the Stock Exchange on 4 March 2022, being the Last Trading Day;
- (ii) a discount of approximately 8.57% to the average of the closing price of the BECE Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.105 per BECE Share;
- (iii) a discount of approximately 6.80% over the average of the closing price of the BECE Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$0.103 per BECE Share;

- (iv) a discount of approximately 53.62% over the audited consolidated net asset value per BECE Share of approximately HK\$0.207 per BECE Share as at 31 December 2020, calculated based on the BECE Group's audited consolidated net assets of approximately HK\$13,124,890,000 as at 31 December 2020 and 63,525,397,057 BECE Shares in issue as at the date of this joint announcement; and
- (v) a discount of approximately 55.35% over the unaudited consolidated net asset value per BECE Share of approximately HK\$0.215 per BECE Share as at 30 June 2021, calculated based on the BECE Group's unaudited consolidated net assets of approximately HK\$13,650,110,000 as at 30 June 2021 and 63,525,397,057 BECE Shares in issue as at the date of this joint announcement.

The net price per Subscription Share is estimated to be approximately HK\$0.096.

Based on the expected cash level and financial condition of the CSFG Group around the time of Completion, (i) approximately 50% of the Consideration could be settled by the available cash of the CSFG Group; (ii) approximately 17% of the Consideration could be settled by the amount recovered from receivables; and (iii) approximately 33% of the Consideration could be settled by proceeds from realizations of high liquidity financial assets in open market to independent third parties who are not BECE Shareholders or parties acting in concert with them. The Subscriber and CSFG are of the view that the CSFG Group would have sufficient cash from its internal resources to settle the Consideration upon Completion. However, the Subscriber and CSFG are open to obtain acquisition financing and/or bond issue to settle around half of the Consideration if the financing costs are within a reasonable range which is acceptable to CSFG and lower than the return on equity of approximately 6.58% of the BECE Group for the year ended 31 December 2020. In the event that the CSFG Group fails to achieve (ii) and/or (iii) above causing insufficient fund to fully settle the Consideration, the Subscriber and the CSFG Group will obtain financing with the above mentioned financing costs to settle the shortfall of the Consideration. If the Subscriber and CSFG settle part of the Consideration through the above financing arrangement and given that the financing costs are within a reasonable range, such financing could enhance the cash liquidity and investment return of the CSFG Group and is in the interests of the CSFG and its shareholders as a whole.

The Subscription Price was determined after arm's length negotiations between BECE and the Subscriber, and with reference to the recent and historic price of the BECE Shares and the financial condition of the BECE Group. The Subscription Price of HK\$0.096 per Subscription Share represents (a) a discount of approximately 7.69% over the average closing price of approximately HK\$0.104 per BECE Share as quoted on the Stock Exchange for five consecutive trading days up to and including the last trading day before the date of the Subscription Agreement; and (b) a discount of approximately 5.88% over the average closing price of approximately HK\$0.102 per BECE Share as quoted on the Stock Exchange for 30 consecutive trading days with no trading halt up to and including the last trading day before the date of the Subscription Agreement.

The BECE Directors (excluding the members of the Independent BECE Board Committee who will express their opinion in the circular after considering the advice of the Independent Financial Adviser) consider that the basis in determining the Subscription Price and the Consideration is fair and reasonable and on normal commercial terms, and entering into the Subscription Agreement is in the interest of BECE and the BECE Shareholders as a whole.

The CSFG Directors consider that the basis for determining the Subscription Price and the Consideration is fair and reasonable and on normal commercial terms, and entering into the Subscription Agreement is in the interest of CSFG and the CSFG Shareholders as a whole.

Conditions precedent

Completion is conditional upon the satisfaction (or waiver) (if applicable) of the following conditions precedent on or before the Long Stop Date:

- (a) the passing of resolutions by the Independent BECE Shareholders at the BECE EGM convened in accordance with the Listing Rules and the Takeovers Code approving the Subscription and all transactions contemplated under the Subscription Agreement (including the Whitewash Waiver);

- (b) the listing status of BECE on the Stock Exchange not having been revoked or cancelled at any time before Completion, and the BECE Shares remaining trading on the Stock Exchange at any time before Completion (except for trading halt(s) not exceeding 10 consecutive trading days (or such other relevant period as may be agreed by the Subscriber in writing) or trading halt(s) in relation to the Subscription and all transactions contemplated under the Subscription Agreement); and the Stock Exchange or the Executive not having indicated that the listing status of BECE will be suspended, cancelled or revoked at any time after Completion;
- (c) the Executive having granted the Whitewash Waiver to the Subscriber, all conditions attached thereto having been fulfilled, and the Whitewash Waiver remaining in force;
- (d) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares;
- (e) BECE and its affiliates having obtained all necessary approval(s) in respect of the Subscription and all transactions contemplated under the Subscription Agreement, including but not limited to all approval(s), consent(s), authorisation(s), registration(s) and filing(s) from the BECE Board, relevant government department(s) (including but not limited to the Stock Exchange, the SFC and necessary approvals under applicable national laws), authority(ies), organisation(s) or any other third parties (including banks or creditors), and such approvals not having been revoked or cancelled before Completion;
- (f) Except as disclosed in writing to the Subscriber (including the debt conditions of the BECE Group^(Note)), the business of the BECE Group remaining in normal operation, there being no events or circumstances that may have a material adverse effect on the business of the BECE Group which have not been disclosed to the Subscriber;
- (g) the representations, warranties and/or undertakings given by BECE under the Subscription Agreement remaining true, accurate, complete and not misleading in all material respects from the date of the Subscription Agreement to the Completion Date; and there having been no material breach of the Subscription Agreement committed by any of the parties to the Subscription Agreement;
- (h) there having been no change of controlling shareholder in respect of BECE;

- (i) the passing of resolution(s) by the CSFG Shareholders at the CSFG SGM convened in accordance with the Listing Rules approving the Subscription and all transactions contemplated under the Subscription Agreement; and
- (j) the Subscriber and CSFG having obtained all necessary approvals in respect of the Subscription, including but not limited to all approval(s), consent(s), authorisation(s), registration(s) and filing(s) from the board of directors of the Subscriber and the CSFG Board, relevant government department(s) (including but not limited to the Stock Exchange, the SFC and necessary approvals under applicable national laws), authority(ies), organisation(s) or any other third parties (including banks or creditors), and such approvals not having been revoked or cancelled before Completion.

Note:

As of the date of this joint announcement, the BECE Group has the following major debts which will be due by mid-2022:

- (i) a bond with principal amount of RMB900,000,000 issued by BECE on 29 April 2020 which will be due on 29 April 2022; and*
- (ii) the Syndicated Loan in the amount of approximately HK\$3,000 million which will be due in June 2022.*

BECE and the Subscriber confirm that Completion will be subject to the public float requirements and will only take place if sufficient BECE Shares are held by the public (as defined in the Listing Rules) in compliance with the Listing Rules. In order to ensure that there will be sufficient public float upon Completion, Mr. Hu Xiaoyong and Mr. Tan Zaixing, being BECE Directors who hold BECE Shares as at the date of this joint announcement, are expected to resign as BECE Directors after the BECE EGM but before Completion in full compliance with Rule 7 of the Takeovers Code and the Listing Rules. For the avoidance of doubt, BECE and the Subscriber confirm that Completion will not take place if insufficient BECE Shares are held by the public (as defined under the Listing Rules) and BECE is not in compliance with the relevant minimum public float requirements under the Listing Rules.

BECE has undertaken to use its reasonable endeavour to the extent possible to procure the fulfilment of the conditions set out in (b) to (h) above on or before the Long Stop Date. The conditions set out in (b), (f) to (h) above may be waived by the Subscriber from time to time by notice in writing signed and delivered to BECE.

The Subscriber has undertaken to use its reasonable endeavour to the extent possible to procure the fulfilment of the conditions set out in (c) and (j) above on or before the Long Stop Date.

For the avoidance of doubt, save for the conditions set out in (b), (f) to (h) above (which may be waived by the Subscriber), no other conditions precedent are waivable by the Subscriber or BECE.

In respect of BECE, the Whitewash Waiver and the listing approval for the Subscription Shares to be granted by the SFC and the Stock Exchange, respectively, are outstanding specific consents or approvals required under the condition set out (e) above.

Save as disclosed above, BECE is not aware of any other approvals or consents required for the purpose of the Subscription, the Specific Mandate and the Whitewash Waiver.

In respect of the Subscriber and CSFG, (i) the Whitewash Waiver to be granted by the SFC; (ii) the approval on the Subscription by CSFG Shareholders at the CSFG SGM; (iii) the approval on the Subscription issued by Shandong Provincial State-owned Assets Supervision and Administration Commission* (山東省人民政府國有資產監督管理委員會); (iv) the completion of filling with or report to National Development and Reform Commission* (國家發展和改革委員會) in respect of the Subscription (if applicable, subject to the type of funding obtained by the Subscriber); and (v) the approval of antitrust merger filing review issued by Anti-monopoly Bureau of State Administration for Market Regulation* (國家市場監督管理總局反壟斷局) are outstanding specific consents, approvals or filings required under condition precedent set out in (j) above.

Save as disclosed above, CSFG and the Subscriber are not aware of any other approvals or consents required for the purpose of the Subscription, the Specific Mandate and the Whitewash Waiver.

If the conditions set out above are not satisfied or waived (if applicable) on or before the Long Stop Date, the Subscription Agreement shall automatically lapse with immediate effect, save for any antecedent rights and obligations and the Surviving Provisions.

As at the date of this joint announcement, none of the conditions set out above has been fully satisfied.

Completion

Completion shall take place on the Completion Date subject to the satisfaction or waiver (if applicable) of all the above conditions precedent.

Upon Completion, the Subscriber shall pay to a bank account designated by BECE by immediately available funds through bank transfer or wiring transfer (or such other way as may be agreed between BECE and the Subscriber) the net balance of the Subscription Price after deducting the Deposit (i.e. HK\$4,485,187,768).

In the event that Completion does not take place on the Completion Date as a result of the non-performance of any of the obligations in respect of the Completion procedures (whether or not constituting a repudiatory breach) specified in the Subscription Agreement, the conforming party may by notice in writing to the breaching party elect to (i) proceed with Completion to the extent possible; (ii) delay Completion to another date; or (iii) terminate the Subscription Agreement.

If the Subscriber or BECE elects to delay Completion to another date, the terms of the Subscription Agreement shall remain effective and such date shall be deemed to be the Completion Date. If the Subscriber or BECE elects to terminate the Subscription Agreement, the further rights and obligations of each of the Subscriber and BECE shall lapse immediately upon such termination, save for any antecedent rights and obligations and the Surviving Provisions.

Immediately after Completion, (i) the Subscriber will be interested in approximately 43.45% of the issued share capital of BECE as enlarged by the allotment and issue of the Subscription Shares (assuming there is no other change in the total number of BECE Shares); and (ii) BECE will not become a subsidiary of CSFG and the financial results of the BECE Group will not be consolidated into the financial statements of the CSFG Group. After the composition of the BECE Board is changed in the manner as described in the section headed “Proposed Change to the BECE Board Composition” of this joint announcement, BECE will become a subsidiary of CSFG and the financial results of the BECE Group will be consolidated into the financial statements of the CSFG Group.

Ranking

The Subscription Shares will be issued and allotted fully paid and will rank *pari passu* in all respects among themselves and with the BECE Shares in issue as at the date of allotment and issuance of the Subscription Shares.

Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Independent BECE Shareholders at the BECE EGM.

Application for listing

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

PROPOSED CHANGE TO THE BECE BOARD COMPOSITION

As at the date of this joint announcement, the BECE Board comprises six executive BECE Directors, namely Mr. Zhang Tiefu, Mr. Hu Xiaoyong, Mr. Yang Guang, Mr. Shi Xiaobei, Mr. Tan Zaixing and Ms. Huang Danxia; and three independent non-executive BECE Directors, namely Mr. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik.

It is intended that eight candidates will be nominated by the Subscriber for appointment as eight new BECE Directors of a BECE Board comprising 12 BECE Directors. The composition of the BECE Board (i.e. the number of executive BECE Directors, non-executive BECE Directors or independent non-executive BECE Directors) will be provided and confirmed by the Subscriber after Completion. The Subscriber will, upon Completion, be a BECE Shareholder entitled to propose resolutions at general meeting(s) of BECE under the articles of association of BECE. The suitability of the candidates nominated by the Subscriber after Completion will be subject to the approval of the BECE Board and the review of the nomination committee of BECE with reference to an array of factors in compliance with BECE's articles of association and the Listing Rules. For the purpose of optimizing corporate governance of BECE, the Subscriber and BECE may subsequently agree to other BECE Board compositions.

As at the date of this joint announcement, subject to the Listing Rules and the Takeovers Code, it is expected that other than Mr. Yang Guang, Mr. Shi Xiaobei, Ms. Huang Danxia and Mr. Chiu Kung Chik, all other BECE Directors will resign as BECE Directors.

The Subscriber may further review the composition of the BECE Board and the senior management of BECE after Completion. Details of the actual change of the BECE Board composition and biographical information of new BECE Directors to be appointed will be further announced by BECE as and when appropriate in accordance with the Takeovers Code and the Listing Rules.

INFORMATION ON BECE AND THE BECE GROUP

BECE is a company incorporated in the Cayman Islands with limited liability and the principal activity of BECE is investment holding. The BECE 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.

Set out below is a summary of the audited consolidated financial results of the BECE Group for the years ended 31 December 2019 and 2020 and the unaudited consolidated financial results of the BECE Group for the six months ended 30 June 2020 and 2021, prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the six months		For the year ended	
	ended 30 June		31 December	
	2021	2020	2020	2019
	(unaudited)	(unaudited)	(audited)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3,019,152	2,285,001	5,551,791	6,335,620
Net profit before tax	604,232	470,246	1,018,410	1,031,631
Net profit after tax	504,332	406,715	886,440	842,086

The audited net assets of the BECE Group as at 31 December 2019 and 2020 were HK\$11,005,769,000 and HK\$13,124,890,000, respectively; and the unaudited net assets of the BECE Group as at 30 June 2020 and 2021 were HK\$10,920,316,000 and HK\$13,650,110,000, respectively.

INFORMATION ON THE SUBSCRIBER AND THE CSFG GROUP

The Subscriber is a company incorporated under the laws of the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of CSFG. It is principally engaged in investment holding.

CSFG is an investment holding company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (Stock Code: 412). The CSFG Group is principally engaged in various kinds of financial services, including financial leasing, operation of an asset trading platform, investments in securities, money lending, investment holding and assets management. As at the date of this joint announcement, Shandong Hi-Speed (Hong Kong) International Capital Limited and Shandong International (Hong Kong) Limited (both being indirect wholly-owned subsidiaries of SDHS Group) holds 5,459,648,350 CSFG Shares (representing approximately 22.66% of the CSFG Shares in issue) and 5,000,000,000 CSFG Shares (representing approximately 20.76% of the CSFG Shares in issue), respectively. SDHS Group is therefore deemed to be interested in an aggregate of 10,459,648,350 CSFG Shares, representing approximately 43.42% of the CSFG Shares in issue. SDHS Group is (i) directly and indirectly held as to 90% by the State-owned Assets Supervision and Administration Commission of Shandong Provincial Government; and (ii) directly held as to 10% by Shandong Provincial Council for Social Security Fund, a governmental institution set up by the Shandong Provincial People's Government* (山東省人民政府).

FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING BECE AND THE BECE GROUP

Upon Completion, the Subscriber will become a controlling shareholder of BECE. The Subscriber considers and confirms that it is intended that the BECE Group will continue with its existing business following Completion. It is expected that BECE will become a new energy flagship enterprise of CSFG and its parent group.

The Subscriber has no intention to introduce any major changes to the existing business of the BECE Group or redeploy the fixed assets of the BECE Group other than in its ordinary course of business.

In addition to the proposed change as mentioned in the section headed "Proposed Change to the BECE Board Composition" in this joint announcement, the Subscriber may further review the composition of the BECE Board and senior management of BECE after Completion. As at the date of this joint announcement, the Subscriber has no intention to discontinue the employment of any of the BECE Group's employees.

Considering the global climate change trends and the Chinese government's active policies to promote the development and use of renewable clean energy, clean energy-related businesses have good prospects and growth trends, and Shandong Province has also issued a new energy development planning guide, clarifying new energy is a global strategic and leading emerging industry. Shandong Province has become the China's leading province in the installed capacity of wind and solar power generation, with wind and solar power generation accounting for approximately 29.69% of the province's installed capacity.

In mid-2021, CSFG internally formulated a business strategy to transform and increase industrial investment, focusing on the industries with good growth prospects including the new energy industry as one of its main investment directions. BECE is engaged in photovoltaic power generation, wind power generation and clean heat supply businesses. CSFG's strategic investment in BECE will be a breakthrough in its grasp of industry opportunities and policy orientation. Through this strategic investment, it opens the future strategic cooperation between CSFG and BECE. CSFG could effectively take advantage of its local resources to assist BECE to acquire high-quality photovoltaic or wind power projects, expand its layout, and improve BECE's installed photovoltaic power project capacity and wind power project capacity.

If Completion takes place, BECE will receive the Consideration (i.e. approximately HK\$4.69 billion) from the Subscriber for, among others, refinancing and investment. Please refer to the section headed "Use of Proceeds for the BECE Group" of this joint announcement for details on how the Consideration will be applied by BECE. In the long run, CSFG expects that BECE shall maintain its business and operation through its own generated revenue and cashflow and external financing. When CSFG becomes a controlling shareholder of BECE, CSFG would consider to provide suitable guarantees for external financing of BECE to lower its financing costs when appropriate.

Despite the CSFG Directors and the senior management of CSFG lack experience and expertise in relation to the principal business of the BECE Group, CSFG intends to (i) retain certain BECE Directors, including Mr. Yang Guang, Mr. Shi Xiaobei and Ms. Huang Danxia who are existing executive BECE Directors (please refer to the 2020 annual report of BECE and the announcement dated 21 May 2021 of BECE for their respective biographies), and the majority of the members of the senior management of the BECE Group to continue to manage and operate the business of the BECE Group; and (ii) recruit experts and consultants with relevant experience and expertise in relation to the principal business of the BECE Group as members of CSFG's senior management to manage and supervise the business and operation of the BECE Group at the CSFG level.

Pursuant to the Subscription Agreement, subject to the Listing Rules and the Takeovers Code, the Subscriber and BECE have agreed that, within one month after Completion, BECE shall initiate applicable procedures in relation to a change of name of BECE (including issuing relevant announcement(s) and despatching circular(s) to the BECE Shareholders so as to convene a general meeting of BECE for the BECE Shareholders' consideration and approval of the relevant resolutions(s); and the Subscriber shall cooperate reasonably with BECE to complete the change of name of BECE.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION FOR BECE

According to the “14th Five-Year Plan for National Economic and Social Development of the People’s Republic of China and the Outline of Vision in 2035*” (《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》), it is an important direction “to promote energy revolution, build a clean, low-carbon, safe and efficient energy system, and improve the ability to guarantee energy supply”. Facing the development opportunities brought by the “double carbon” targets – “Carbon Dioxide Emissions Peak, Carbon Neutrality”, the BECE Group bears in mind its aspiration of “promoting the revolution in energy production and consumption, building a clean, low-carbon, safe and efficient energy system”.

As such, the BECE Group intends to continue focusing on the business development of sales of electricity and actively expands its power operation business, committed to building an operating brand and gradually completed its asset optimization strategy. The BECE Board considers that the Subscription represents a good opportunity to introduce new funds to enhance its capabilities in business development, and further expand the scale of operations and improve operating efficiency.

The net proceeds raised through the Subscription may be utilized towards fulfilling the BECE Group’s existing commitments in various photovoltaic and wind power projects, with an aim of replenishing funds to maintain normal and stable business operation of the BECE Group. The BECE Group will also utilize the Subscription funds as development cost in pilot projects involving the development of agricultural or fishery and photovoltaic complementary power stations and integrated power stations. These pilot projects are consistent with the national and regional governmental policies in the PRC, including “Carbon Dioxide Emissions Peak, Carbon Neutrality”, and are supported by the local governments. The funds raised from the Subscription would also provide additional capital for the BECE Group’s geographical expansion into other regions in the PRC, such as Jiangxi Province, Shanxi Province and Hubei Province. The BECE Group is also aware that land resources have been or will be released

in areas adjacent to the development sites for the BECE Group's projects, the successful investments of the BECE Group are expected to offer the BECE Group with the benefit of grasping an opportune window to lay a solid foundation for the BECE Group's further exploration of more business opportunities in such regions. The potential further development and expansion would be a driver for the growth of the BECE Group in the future.

The net proceeds of the Subscription would also be used to repay short-term indebtedness of the BECE Group, in particular, the HK\$3,000 million indebtedness under the Syndicated Loan. The Banks are (i) third parties independent of and not connected with BECE and its connected persons; and (ii) third parties independent of and not connected with the Subscriber, CSFG, parties acting in concert with them and their connected persons. As at the date of this joint announcement, none of the Banks is a BECE Shareholder. This would relieve pressure on liquidity and improve the financial condition of the BECE Group. BECE considers that it is in the interest of the BECE Group to proceed with the Subscription as it would improve the indebtedness position and gearing ratio and reduce the financial risks of the BECE Group.

The BECE Group is in the process of seeking and negotiating the Re-financing. Should the Re-financing materialize, the net proceeds from the Subscription would enable the BECE Group to fulfil its existing contractual obligations under the Options, so as to avoid compensation risks arising from any breach of contract as a result of any failure to repurchase the equity interest in Beiqing Smart under the Capital Contribution Agreements.

The Subscription would also provide additional funds to fuel the BECE Group's business expansion as well as replenish its general working capital for operation in its ordinary course of business.

For more details on the use of proceeds from the Subscription for the BECE Group, please refer to the section headed "Use of Proceeds for the BECE Group" of this joint announcement.

Based on the above, the BECE Directors (excluding the members of the Independent BECE Board Committee who will express their opinion in the circular after considering the advice of the Independent Financial Adviser) are of the view that the terms of the Subscription Agreement are negotiated after arm's length negotiation, on normal commercial terms and the Subscription is fair and reasonable and in the interests of BECE and the BECE Shareholders as a whole.

Options under the Capital Contribution Agreements

References are made to the announcements of BECE dated 27 December 2019, 30 July 2020, 26 March 2021 and 17 September 2021 and the circular dated 24 December 2020 in relation to a total of four rounds of capital contributions made by the Investors as registered capital of Beiqing Smart, a subsidiary of BECE.

Under the Capital Contribution Agreements:

- (i) an option has been granted to the First Round Investors pursuant to which the First Round Investors shall have the right to request BENE or Beiqing Smart to repurchase the equity interests in Beiqing Smart held by the First Round Investors at any time after Beiqing Smart is unable to, or could not be expected to, complete a qualified listing of its shares within 36 months of completion of the capital increase (i.e. on or before 30 December 2022);
- (ii) an option has been granted to the Second Round Investors pursuant to which the Second Round Investors shall have the right to request BENE or Beiqing Smart to repurchase the equity interests in Beiqing Smart held by the Second Round Investors at any time after Beiqing Smart is unable to, or could not reasonably be expected to, complete a qualified listing of its shares on or before 31 December 2022; and
- (iii) an option has been granted to the Third Round Investor pursuant to which the Third Round Investor shall have the right to request BENE or Beiqing Smart to repurchase the equity interests in Beiqing Smart held by the Third Round Investor at any time after Beiqing Smart is unable to, or could not reasonably be expected to, complete a qualified listing of its shares on or before 31 December 2022.

Pursuant to the Capital Contribution Agreements, the parties have agreed that, amongst others, in respect of the First Round Investors, the Second Round Investors and the Third Round Investor, the formula for determining the repurchase price of the equities under the Options shall be as follows:

Repurchase price = aggregate investment amount x (1 + 10% x investment period (*Note*)/365 days) – profit distribution received by the Investors (if any)

Note:

Investment period refers to the number of days from the date of completion of respective capital increases to the date when BENE or Beijing Smart paid the repurchase price to the respective Investors in full.

The First Round Investors, the Second Round Investors and the Third Round Investor are (i) third parties independent of and not connected with BECE and its connected persons; and (ii) third parties independent of and not connected with the Subscriber, CSFG, parties acting in concert with them and their connected persons. As at the date of this joint announcement, none of the First Round Investors, the Second Round Investors and the Third Round Investor is a BECE Shareholder.

As at the date of this joint announcement, based on the assessment of the BECE Group on the progress of a qualified listing of Beijing Smart's shares, the BECE Group considers that it is appropriate to allocate adequate funds for the upcoming potential repurchase of equity interests in Beijing Smart from the First Round Investors, the Second Round Investors and the Third Round Investor under the Options. The total funds allocated to repurchase the equity interests held by the First Round Investors, the Second Round Investors and the Third Round Investor under the Options is approximately HK\$1,707 million.

USE OF PROCEEDS FOR THE BECE GROUP

The gross proceeds from the Subscription will be in aggregate approximately HK\$4,685.19 million. The net proceeds after deducting all relevant costs and expenses of the Subscription are estimated to be approximately HK\$4,677 million. The net price per Subscription Share is estimated to be approximately HK\$0.096.

Depending on whether the Re-financing will materialise, the BECE Group has formulated two plans for the use of net proceeds raised from the Subscription.

- A. If the Re-financing does not materialise, BECE intends to apply the net proceeds to be raised from the Subscription in the following manner:

Repayment of indebtedness and improvement of gearing ratio

- (i) as to approximately HK\$3,000 million (representing approximately 64.14% of the net proceeds) for repayment of indebtedness under the Syndicated Loan due June 2022;

- (ii) as to approximately HK\$469 million (representing approximately 10.03% of the net proceeds) for repayment of various indebtedness of the BECE Group due in the second half of 2022;

Investments in development of projects of the BECE Group

- (iii) as to approximately HK\$854 million (representing approximately 18.26% of the net proceeds) for investments in the development of new projects of the BECE Group, the details of which are set out as follows;

- (a) as to approximately HK\$158 million for payment of investment sum for the development of the following existing power stations and ancillary facilities projects:

- 50-megawatt photovoltaic power stations and ancillary facilities located in 邯鄲市 (Handan City*), Hebei Province, the PRC;
- 30-megawatt photovoltaic power stations and ancillary facilities located in 南宮市 (Nangong City*), Hebei Province, the PRC;
- Phase one 100-megawatt agricultural and photovoltaic complementary power station pilot project and phase two 50-megawatt fisheries and photovoltaic complementary power station pilot project located in 開平市 (Kaiping City*), Guangdong Province, the PRC; and

- (b) as to approximately HK\$696 million for payment of investment costs arising from the following upcoming power stations and ancillary facilities projects, which are expected to be conducive to the expansion in terms of market share enjoyed by the BECE Group in other geographical regions in the PRC:

- 200-megawatt agricultural and photovoltaic complementary power station pilot project located in 萬年縣 (Wannian County*), Jiangxi Province, the PRC;
- 100-megawatt agricultural, photovoltaic and storage integrated power station project located in 武鄉縣 (Wuxiang County*), Shanxi Province, the PRC;

- 205-megawatt agricultural and photovoltaic complementary power station project located in 通山縣 (Tongshan County*), Hubei Province, the PRC;

Settlement of outstanding project sums

- (iv) as to approximately HK\$60 million (representing approximately 1.28% of the net proceeds) for settlement of final outstanding sums for completed and fully on-grid power projects; and

General working capital

- (v) as to approximately HK\$294 million (representing approximately 6.29% of the net proceeds) for general working capital of the BECE Group (including but not limited to regular management expenses, salary expenses, tax payments and ordinary operating expenses for power stations).

- B. If the Re-financing materialises, BECE intends to apply the net proceeds to be raised from the Subscription in the following manner:

Repurchase of equity interest pursuant to contractual obligations

- (i) as to approximately HK\$1,707 million (representing approximately 36.50% of the net proceeds) for the repurchase of equity interest in Beiqing Smart pursuant to obligations under the Options;

Repayment of indebtedness and improvement of gearing ratio

- (ii) as to approximately HK\$1,820 million (representing approximately 38.91% of the net proceeds) for repayment of various indebtedness of the BECE Group due in the second half of 2022;

Investments in development of projects of the BECE Group

- (iii) as to approximately HK\$843 million (representing approximately 18.03% of the net proceeds) for investments in the development of new projects of the BECE Group, the details of which are set out as follows:

(a) as to approximately HK\$146 million for payment of investment sum for the development of the following existing power stations and ancillary facilities projects:

- 50-megawatt photovoltaic power stations and ancillary facilities located in 邯鄲市 (Handan City*), Hebei Province, the PRC;
- 30-megawatt photovoltaic power stations and ancillary facilities located in 南宮市 (Nangong City*), Hebei Province, the PRC;
- Phase one 100-megawatt agricultural and photovoltaic complementary power station pilot project and phase two 50-megawatt fisheries and photovoltaic complementary power station pilot project located in 開平市 (Kaiping City*), Guangdong Province, the PRC; and

(b) as to approximately HK\$697 million for payment of investment costs arising from the following upcoming power stations and ancillary facilities projects, which are expected to be conducive to the expansion in terms of market share enjoyed by the BECE Group in other geographical regions in the PRC:

- 200-megawatt agricultural and photovoltaic complementary power station pilot project located in 萬年縣 (Wannian County*), Jiangxi Province, the PRC;
- 100-megawatt agricultural, photovoltaic and storage integrated power station project located in 武鄉縣 (Wuxiang County*), Shanxi Province, the PRC;
- 205-megawatt agricultural and photovoltaic complementary power station project located in 通山縣 (Tongshan County*), Hubei Province, the PRC;

Settlement of outstanding project sums

(iv) as to approximately HK\$60 million (representing approximately 1.28% of the net proceeds) for settlement of final outstanding sums for completed and fully on-grid power projects; and

General working capital

- (v) as to approximately HK\$247 million (representing approximately 5.28% of the net proceeds) for general working capital of the BECE Group (including but not limited to regular management expenses, salary expenses, tax payments and ordinary operating expenses for power stations).

BECE confirms that the utilization of the net proceeds from the Subscription as set out above will not involve payment of funds to BECE Shareholders. With respect to utilization of the funds raised from the Subscription, none of the counterparties in the investments and projects or creditors as regards the indebtedness of the BECE Group as mentioned above are BECE Shareholders.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION FOR CSFG

Fighting against climate change is a global trend and mission. In September 2020, the top Chinese leader stated in the General Assembly of the United Nation that China will strive to achieve the goals of carbon peak by 2030 and carbon neutral by 2060. The PRC government has been actively adopting various measures to promote the development and use of renewable and clean energy. China's wind and photovoltaic power capacity is estimated to experience tremendous growth, with total installed power capacity reaching five billion kilowatts by 2050, of which wind and photovoltaic power capacity will account for more than 50% *(Note)*. The CSFG Board considers that the business relating to clean energy has a promising prospect and visible growth trend.

The BECE Group is committed to the investment, development, construction, operation and management of photovoltaic power businesses, wind power businesses and clean heat supply businesses in the PRC. It has also been exploring other clean energy businesses and international opportunities for strategic development and diversification, with an aim to become a leading integrated clean energy service provider.

The Subscription will be advantageous to both strategic development and financial performance of the CSFG Group. As result of the Subscription, the BECE Group will become the new energy flagship platform of the CSFG Group, which provides the CSFG Group with effective and efficient access to the renewable and clean energy market, and also serves as another growth engine of CSFG Group and helps achieve further diversification of its business portfolio.

In view of the above, the CSFG Directors are of the view that terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of CSFG and the CSFG Shareholders as a whole.

The Subscriber entered into the SP Agreement with the Vendors in relation to the acquisition of 14,470,000,000 BECE Shares at the consideration of HK\$1,273,360,000 (i.e. HK\$0.088 per BECE Share) by the Subscriber from the Vendors. On 1 March 2022, the Subscriber and the Vendors entered into a termination agreement to terminate the SP Agreement. Please refer to the CSFG 2021 Circular for details. The main reason for terminating the SP Agreement was that the Vendors continued to delay the fulfilment of Conditions Precedent (F) and (G) (as defined in the CSFG 2021 Circular) and it was unlikely that such conditions precedent could be fulfilled by the Vendors. As a result, the SP Agreement was terminated accordingly. When CSFG was aware of that it was unlikely that such conditions precedent could be fulfilled by the Vendors in around late January 2022, CSFG explored the possibility to invest in BECE directly in form of share subscription. After rounds of discussions and negotiations with BECE, CSFG and BECE agreed to entered into the Subscription Agreement.

The Subscriber and CSFG confirm that there is no other understanding, arrangement, agreement or otherwise between them and the Vendors with respect to the Vendors' interests in BECE, including but not limited to any disposal of the Vendors' interests in BECE and/or the voting rights to the BECE Shares held by the Vendors.

Note:

According to the "China Energy and Electric Power Development Outlook 2019" released by the State Grid Energy Research Institute.

EFFECT ON THE SHAREHOLDING STRUCTURE OF BECE

As at the date of this joint announcement, BECE has a total of 63,525,397,057 BECE Shares in issue and 1,010,000,000 outstanding BECE Share Options entitling the holders thereof to subscribe for a total of 1,010,000,000 BECE Shares (representing approximately 1.59% of the total number of BECE Shares in issue). Save for the above, BECE does not have any other BECE Shares, outstanding warrants, options, derivatives or other securities carrying conversion or subscription rights into BECE Shares.

Set out below is the shareholding structure of BECE (i) as at the date of this joint announcement; (ii) immediately upon issuance and allotment of the Subscription Shares upon Completion (assuming there is no other change in the total number of BECE Shares); and (iii) immediately upon Completion (assuming there is no other change in the total number of BECE Shares other than the exercise of all the outstanding BECE Share Options):

Name of BECE Shareholder	As at the date of this joint announcement		Immediately upon Completion (assuming there is no other change in the total number of BECE Shares)		Immediately upon Completion (assuming there is no other change in the total number of BECE Shares other than the exercise of all the outstanding BECE Share Options) (Note 5)	
	Number of BECE Shares	Approximate %	Number of BECE Shares	Approximate %	Number of BECE Shares	Approximate %
The Subscriber and parties acting in concert with it	–	–	48,804,039,247	43.45	48,804,039,247	43.06
Fast Top (Note 1)	20,253,164,571	31.88	20,253,164,571	18.03	20,253,164,571	17.87
CTSL Green Power (Note 2)	7,594,936,710	11.96	7,594,936,710	6.76	7,594,936,710	6.70
CTSL New Energy (Note 2)	7,594,936,700	11.96	7,594,936,700	6.76	7,594,936,700	6.70
Tuspark Technology Innovation Ltd. (啟迪科創有限公司) (Note 4)	4,045,000,000	6.37	4,045,000,000	3.60	4,045,000,000	3.57
BECE Directors						
– Mr. Hu Xiaoyong and his controlled companies (Notes 1, 3, 5 and 6)	2,424,234,285	3.82	2,424,234,285	2.16	2,824,234,285	2.49
– Mr. Tan Zaixing (Notes 1, 5 and 6)	60,000,000	0.09	60,000,000	0.05	400,000,000	0.35
– Mr. Li Fujun (Note 5)	–	–	–	–	10,000,000	0.01
– Mr. Xu Honghua (Note 5)	–	–	–	–	10,000,000	0.01
– Mr. Chiu Kung Chik (Note 5)	–	–	–	–	10,000,000	0.01
Other Public BECE Shareholders	21,553,124,791	33.92	21,553,124,791	19.19	21,793,124,791	19.23
Total	63,525,397,057	100	112,329,436,304	100	113,339,436,304	100

Notes:

1. BE Group is deemed to be interested in an aggregate of 20,253,164,571 BECE Shares as a result of its indirect holding of such shares through the following entities:

Name	Number of BECE Shares interested
Fast Top	20,253,164,571
BEWG	20,253,164,571
BE Environmental	20,253,164,571
BEHL	20,253,164,571
BE BVI	20,253,164,571

Fast Top, a wholly-owned subsidiary of BEWG, beneficially holds 20,253,164,571 BECE Shares. BEWG is directly held as to approximately 40.66% by BE Environmental, approximately 0.32% by BHL and approximately 15.67% by China Three Gorges Corporation and its subsidiaries as at the date of this joint announcement. The remaining shares of BEWG are held by public shareholders. BE Environmental is a wholly-owned subsidiary of BEHL, which is in turn held as to approximately 61.96% by BE BVI (by itself and through its subsidiaries) and approximately 0.35% by BHL. The remaining shares of BEHL are held by public shareholders. Both BE BVI and BHL are wholly-owned by BE Group.

Furthermore, (i) Mr. Zhang Tiefu, Mr. Hu Xiaoyong, Mr. Yang Guang and Mr. Tan Zaixing are BECE Directors nominated by BEWG; (ii) Mr. Zhang Tiefu holds positions within BEWG and/or its subsidiaries; and (iii) Mr. Yang Guang is an executive BECE Director involved in the negotiation of the Subscription Agreement.

2. CITIC Securities Company Limited (a company listed on the Stock Exchange and the Shanghai Stock Exchange) is deemed to be interested in an aggregate of 15,189,873,410 BECE Shares as a result of its indirect holding of such BECE Shares through the following entities:

(i) Name	Number of BECE Shares interested
CTSL Green Power	7,594,936,710
CPEChina Fund II, L.P	7,594,936,710
CPEChina Fund IIA, L.P.	7,594,936,710
Citron PE Associates II, L.P.	7,594,936,710
Citron PE Funds II Limited	7,594,936,710
Citron PE Holdings Limited	7,594,936,710
CLSA Global	7,594,936,710
CLSA B.V.	7,594,936,710
CITIC Securities International	7,594,936,710

CTSL Green Power, a company jointly-controlled by CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P., beneficially holds 7,594,936,710 BECE Shares. 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 CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P. is Citron PE Associates II, L.P., an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of Citron PE Associates II, L.P. is Citron PE Funds II Limited. Citron PE Funds II Limited is wholly-owned by Citron PE Holdings Limited, which is owned as to 35% by CLSA Global. CLSA Global is wholly-owned by CLSA B.V., which is wholly-owned by CITIC Securities International, which is in turn wholly-owned by CITIC Securities Company Limited.

(ii) Name	Number of BECE Shares interested
CTSL New Energy	7,594,936,700
Beijing Xinyu Investment	7,594,936,700
Beijing Youde Investment	7,594,936,700
Shanghai Pannuo	7,594,936,700
CITIC Private Equity Funds	7,594,936,700

CTSL New Energy, a wholly-owned subsidiary of Beijing Xinyu Investment, beneficially holds 7,594,936,700 BECE Shares. Beijing Xinyu Investment is a limited partnership registered under the laws of the PRC. The general partner of Beijing Xinyu Investment is Beijing Youde Investment, a limited partnership registered under the laws of the PRC whose general partner is Shanghai Pannuo, a limited liability company incorporated in the PRC. Shanghai Pannuo is wholly-owned by CITIC Private Equity Funds, which is in turn owned as to 35% by CITIC Securities Company Limited.

3. Mr. Hu Xiaoyong beneficially holds 132,780,000 BECE Shares. 2,285,714,285 BECE Shares and 5,740,000 BECE Shares are held by Zhihua Investments Limited and Starry Chance Investments Limited, respectively, both of which are wholly and beneficially owned by Mr. Hu Xiaoyong. Accordingly, Mr. Hu Xiaoyong is deemed to have interests in 2,424,234,285 BECE Shares under the SFO.
4. Tuspark Technology Innovation Ltd. (啟迪科創有限公司), a wholly-owned subsidiary of 啟迪控股股份有限公司 (Tus-Holdings Co., Ltd.*), beneficially holds 4,045,000,000 BECE Shares.

5. As at the date of this joint announcement, the table below sets out details of the outstanding BECE Share Options granted to the BECE Directors under the BECE Share Option Scheme:

Holders of BECE Share Options	Number of outstanding BECE Share Options
BECE Directors	
– Mr. Hu Xiaoyong	400,000,000
– Mr. Tan Zaixing	340,000,000
– Mr. Li Fujun	10,000,000
– Mr. Xu Honghua	10,000,000
– Mr. Chiu Kung Chik	10,000,000
Employees of the BECE Group and associated corporations of the BECE Group	<u>240,000,000</u>
Total	<u><u>1,010,000,000</u></u>

6. Mr. Hu Xiaoyong and Mr. Tan Zaixing, being BECE Directors who hold BECE Shares as at the date of this joint announcement, are expected to resign as BECE Directors after the BECE EGM but before Completion in full compliance with Rule 7 of the Takeovers Code and the Listing Rules. As such, at Completion, Mr. Hu Xiaoyong and Mr. Tan Zaixing are expected to be public BECE Shareholders and it is expected that not less than 25% of the number of issued BECE Shares will be held by the public (as defined in the Listing Rules).

EQUITY FUND RAISING ACTIVITIES OF BECE IN THE PAST TWELVE MONTHS

BECE has not conducted any equity fund raising activities in the past twelve months before the date of this joint announcement.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this joint announcement, neither the Subscriber, CSFG nor any party acting in concert with them hold or are interested in any BECE Shares or securities of BECE. Immediately upon Completion and assuming no other change in the total number of issued BECE Shares, the Subscriber and parties acting in concert with it (if applicable) will be interested in 48,804,039,247 BECE Shares, representing approximately 43.45% of the total number of BECE Shares in issue as enlarged by the allotment and issue of the Subscription Shares.

Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the BECE Shareholders for all the issued BECE Shares and other securities of BECE not already owned or agreed to be acquired by the Subscriber and parties acting in concert with it, unless, among others, the Whitewash Waiver is granted by the Executive. An application will be made by the Subscriber to the Executive for the Whitewash Waiver in respect of the allotment and issuance of the Subscription Shares.

The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, the approval of at least 75% votes by the Independent BECE Shareholders present and voting (either in person or by proxy) in respect of the Whitewash Waiver and more than 50% votes of the Independent BECE Shareholders present and voting (either in person or by proxy) in respect of the Subscription (including the Specific Mandate) at the BECE EGM by way of poll.

In accordance with the Listing Rules and Takeovers Code, (i) the Subscriber and parties acting in concert with it; (ii) the Subscriber and its associates; and (iii) any other BECE Shareholders who are involved or interested in the Subscription, the Specific Mandate and/or the Whitewash Waiver (including Fast Top, Mr. Hu Xiaoyong (and his controlled entities) and Mr. Tan Zaixing) shall abstain from voting at the BECE EGM in respect of the resolution(s) approving the Subscription (including the Specific Mandate and Whitewash Waiver).

Each of the Subscriber and CSFG confirms that it and the parties acting in concert with it have not acquired voting rights in any BECE Share in the six months immediately prior to and including the date of this joint announcement (*Note*).

As at the date of this joint announcement, the Subscriber and CSFG have further confirmed that:

- (a) the Subscriber, CSFG and parties acting in concert with them have not dealt in any BECE Shares, options, warrants or convertible securities of BECE or any derivatives in respect of such securities in the six months prior to the date of this joint announcement ^(Note);
- (b) the Subscriber, CSFG and parties acting in concert with them have not entered into any outstanding derivative in respect of securities in BECE;
- (c) the Subscriber, CSFG and parties acting in concert with them have not entered into any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the BECE Shares and which might be material to the Subscription, the Specific Mandate or the Whitewash Waiver;
- (d) save for the Subscription Agreement, the Subscriber and CSFG have not entered into any agreements or arrangements which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription, the Specific Mandate or the Whitewash Waiver;
- (e) the Subscriber, CSFG or any person acting in concert with them has not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in BECE;
- (f) the Subscriber and CSFG have not received any irrevocable commitment from any Independent BECE Shareholders that they will vote in favour of the resolution approving the Subscription, the Specific Mandate and/or the Whitewash Waiver at the BECE EGM;
- (g) there is no other understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between any BECE Shareholder; and (i) the Subscriber, CSFG and parties acting in concert with them, or (ii) BECE, its subsidiaries or associated companies.

None of Fast Top, CTSL Green Power and CTSL New Energy is acting or presumed to be acting in concert with the Subscriber and CSFG, and none of them was involved in the negotiation process of the Subscription Agreement. None of Mr. Li Fujun, Mr. Xu Honghua or Mr. Chiu Kung Chik was involved in the negotiation process of the Subscription Agreement. As (i) Mr. Zhang Tiefu, Mr. Hu Xiaoyong, Mr. Yang Guang and Mr. Tan Zaixing are BECE Directors nominated by BEWG; (ii) Mr. Zhang Tiefu holds positions within BEWG and/or its subsidiaries; and (iii) Mr. Yang Guang is an executive BECE Director involved in the negotiation of the Subscription Agreement, Fast Top (being a wholly-owned subsidiary of BEWG), Mr. Hu Xiaoyong (and his controlled entities) and Mr. Tan Zaixing are considered to have been involved in the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder.

Note:

The Subscriber (as purchaser) entered into a SP Agreement with CTSL Green Power and CTSL New Energy (as vendors) in relation to the acquisition of 14,470,000,000 BECE Shares at the consideration of HK\$1,273,360,000 (i.e. HK\$0.088 per BECE Share) by the Subscriber from the Vendors. On 1 March 2022, the Subscriber and the Vendors entered into a termination agreement to terminate the SP Agreement. Please refer to the announcements of CSFG dated 23 November 2021, 20 December 2021 and 1 March 2022 and the circular of CSFG dated 7 December 2021 for details. The Subscriber confirms that the completion to the SP Agreement did not take place and thus the Subscriber and the parties acting in concert with it did not acquire any voting rights to any BECE Shares nor exercise of control or direction over any voting rights to any BECE Shares in relation to the SP Agreement. The Subscriber further confirms that no payment was made by the Subscriber to any of the Vendors under the SP Agreement.

If the Whitewash Waiver is approved by the Independent BECE Shareholders and Completion occurs, the Subscriber will hold between 30% and 50% of the voting rights in BECE and may be subject to the 2% “creeper rule” under Rule 26.1(c) and (d) of the Takeovers Code. Accordingly if the Subscriber acquires additional voting rights and such acquisition has the effect of increasing its holding of voting rights in BECE by more than 2% from the lowest collective percentage holding of the Subscriber in the 12-month period ending on and inclusive of the date of the relevant acquisition, the Subscriber may trigger an obligation to make a mandatory general offer for all the issued BECE Shares and other securities of BECE (other than those already owned or agreed to be acquired by the Subscriber and parties acting in concert with it).

If the Whitewash Waiver is not granted by the Executive or not approved by the Independent BECE Shareholders, the Subscription will not proceed.

As at the date of this joint announcement, BECE does not believe that the Subscription (including the Specific Mandate and Whitewash Waiver) gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this joint announcement, BECE will endeavour to resolve the matter to the satisfaction of the relevant authority(ies) as soon as possible but in any event before the despatch of the circular. BECE notes that the Executive may not grant the Whitewash Waiver if the Subscription (including the Specific Mandate and Whitewash Waiver) does not comply with other applicable rules and regulations.

IMPLICATIONS UNDER THE LISTING RULES FOR CSFG

For CSFG, as the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Subscription is more than 100%, the Subscription constitutes a very substantial acquisition for CSFG under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement and CSFG Shareholders' approval requirements under Chapter 14 of the Listing Rules.

MINIMUM PUBLIC FLOAT IN THE BECE SHARES

According to the Listing Rules, if, at Completion, less than the minimum prescribed percentage applicable to BECE, being 25% of the number of issued BECE Shares, are held by the public (as defined in the Listing Rules), or if the Stock Exchange believes that: (a) a false market exists or may exist in the trading of the BECE Shares; or (b) there are insufficient BECE Shares in public hands (as defined in the Listing Rules) to maintain an orderly market, the Stock Exchange may exercise its discretion to suspend dealings in the BECE Shares.

It is the intention of the BECE Board and the Subscriber that BECE will remain listed on the Stock Exchange after Completion. Mr. Hu Xiaoyong and Mr. Tan Zaixing, being BECE Directors who hold BECE Shares as at the date of this joint announcement, are expected to resign as BECE Directors after the BECE EGM but before Completion in full compliance with Rule 7 of the Takeovers Code and the Listing Rules. As such, at Completion, Mr. Hu Xiaoyong and Mr. Tan Zaixing are expected to be public BECE Shareholders and it is expected that not less than 25% of the number of issued BECE Shares will be held by the public (as defined in the Listing Rules). BECE and the Subscriber will undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the issued BECE Shares will be held by the public (as defined in the Listing Rules) after Completion.

ESTABLISHMENT OF INDEPENDENT BECE BOARD COMMITTEE

The Independent BECE Board Committee, comprising all three independent non-executive BECE Directors, namely Mr. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik, in compliance with Rule 2.8 of the Takeovers Code, has been formed to advise the Independent BECE Shareholders as to whether the terms of the Subscription Agreement, the Specific Mandate and/or the Whitewash Waiver are fair and reasonable and on how to vote at the BECE EGM.

None of the members of the Independent BECE Board Committee has any interest or involvement in the Subscription Agreement, the Specific Mandate and/or the Whitewash Waiver.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser with the Independent BECE Board Committee's approval to advise the Independent BECE Board Committee and the Independent BECE Shareholders in respect of the Subscription Agreement, the Specific Mandate and/or the Whitewash Waiver.

BECE EGM

The BECE EGM will be held to consider and, if thought fit, pass resolutions to approve, among other matters, (a) the Subscription Agreement and the transactions contemplated thereunder; (b) the granting of the Specific Mandate; and (c) the Whitewash Waiver.

A circular containing, among other things, (i) details of the Subscription, the Specific Mandate and the Whitewash Waiver; (ii) a letter of recommendation from the Independent BECE Board Committee to the Independent BECE Shareholders in relation to the Subscription and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent BECE Board Committee and the Independent BECE Shareholders in relation to the Subscription and the Whitewash Waiver; and (iv) a notice of the BECE EGM, will be despatched to the BECE Shareholders as soon as practicable in compliance with the requirements of the Listing Rules and within 21 days from the date of this joint announcement in compliance with Rule 8.2 of the Takeovers Code.

As (i) Mr. Zhang Tiefu, Mr. Hu Xiaoyong, Mr. Yang Guang and Mr. Tan Zaixing are BECE Directors nominated by BEWG; (ii) Mr. Zhang Tiefu holds positions within BEWG and/or its subsidiaries; and (iii) Mr. Yang Guang is an executive BECE Director involved in the negotiation of the Subscription Agreement, Fast Top (being a wholly-owned subsidiary of BEWG), Mr. Hu Xiaoyong (and his controlled entities) and Mr. Tan Zaixing are considered to have been involved in the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder. Accordingly, Fast Top, Mr. Hu Xiaoyong (and his controlled entities) and Mr. Tan Zaixing will be required to abstain from voting on the resolution(s) to approve the Subscription, the Specific Mandate, the Whitewash Waiver and the respective transactions contemplated thereunder at the BECE EGM.

The resolutions in relation to the Subscription Agreement, the Specific Mandate and the Whitewash Waiver will be voted on by the Independent BECE Shareholders by way of poll at the BECE EGM.

CSFG SGM

The CSFG SGM will be held to consider and, if thought fit, pass the requisite resolution(s) to approve the Subscription.

A circular containing, inter alia, (i) further details of the Subscription; (ii) financial information of the CSFG Group and the BECE Group; (iii) unaudited pro forma financial information of the Enlarged CSFG Group; (iv) other information as required to be contained in the circular under the Listing Rules; and (v) a notice convening the CSFG SGM will be despatched to the CSFG Shareholders on or before 15 April 2022 as additional time is required for CSFG to prepare and finalise certain information for inclusion in the circular.

No CSFG Shareholders will be required to abstain from voting at CSFG SGM on the resolution(s) relating to the Subscription.

RESUMPTION OF TRADING IN BECE SHARES

At the request of BECE, trading in the BECE Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 7 March 2022 pending the release of this joint announcement. Application has been made by BECE to the Stock Exchange for the resumption of trading in the BECE Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 15 March 2022.

RESUMPTION OF TRADING IN CSFG SHARES

At the request of CSFG, trading in the CSFG Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 7 March 2022 pending the release of this joint announcement. Application has been made by CSFG to the Stock Exchange for the resumption of trading in the CSFG Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 15 March 2022.

Warning: The Subscription is subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent set out under the sub-section headed “The Subscription Agreement – Conditions Precedent” in this joint announcement, including approval at the BECE EGM by the Independent BECE Shareholders of the Subscription and the Whitewash Waiver, approval at the CSFG SGM of the Subscription, and the grant of the Whitewash Waiver by the Executive. As such, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the BECE Shares and the CSFG Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code or the Listing Rules (as the case may be)
“Banks”	a syndicate of banks, being (i) third parties independent of and not connected with BECE and its connected persons; and (ii) third parties independent of and not connected with the Subscriber, any party acting in concert with it, CSFG and its connected persons. As at the date of this joint announcement, none of the Banks is a BECE Shareholder

“BE BVI”	Beijing Enterprises Group (BVI) Company Limited, the details of which are set out in the section headed “Effect on the Shareholding Structure of BECE” of this joint announcement
“BECE”	Beijing Enterprises Clean Energy Group Limited, a company incorporated in the Cayman Islands with limited liability, the BECE Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1250)
“BECE Board”	the board of BECE Directors
“BECE Director(s)”	the director(s) of BECE
“BECE EGM”	an extraordinary general meeting of BECE to be convened and held for the BECE Shareholders to consider and, if thought fit, approve, among others, the Subscription, the Specific Mandate and the Whitewash Waiver
“BECE Group”	BECE and its subsidiaries
“BECE Shares”	ordinary share(s) of HK\$0.001 each in the share capital of BECE
“BECE Shareholder(s)”	holder(s) of the BECE Shares
“BECE Share Option(s)”	share options granted by BECE under the BECE Share Option Scheme
“BECE Share Option Scheme”	the share option scheme of BECE adopted by the BECE Shareholders on 11 June 2013
“BE Environmental”	Beijing Enterprises Environmental Construction Limited, the details of which are set out in the section headed “Effect on the Shareholding Structure of BECE” of this joint announcement

“BE Group”	Beijing Enterprises Group Company Limited* (北京控股集團有限公司), the details of which are set out in the section headed “Effect on the Shareholding Structure of BECE” of this joint announcement
“BEHL”	Beijing Enterprises Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 392)
“Beijing Xinyu Investment”	北京信聿投資中心(有限合夥)(Beijing Xinyu Investment Centre (Limited Partnership)*), the details of which are set out in the section headed “Effect on the Shareholding Structure of BECE” of this joint announcement
“Beijing Youde Investment”	北京宥德投資管理中心(有限合夥) (Beijing Youde Investment Management Centre (Limited Partnership)*), the details of which are set out in the section headed “Effect on the Shareholding Structure of BECE” of this joint announcement
“Beiqing Smart”	天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Co., Ltd.*), formerly known as 北清清潔能源投資有限公司 (Beiqing Clean Energy Investment Co., Ltd.*), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of BECE
“BENE”	北京北控光伏科技發展有限公司 (Beijing Enterprises New Energy Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of BECE
“BEWG”	Beijing Enterprises Water Group Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 371)

“BHL”	Beijing Holdings Limited, the details of which are set out in the section headed “Effect on the Shareholding Structure of BECE” of this joint announcement
“Business Day(s)”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong
“Capital Contribution Agreements”	the capital contribution agreements and the supplemental agreements dated 27 December 2019, 30 July 2020, 11 December 2020, 26 March 2021 and 17 September 2021, entered into between, amongst others, Beiqing Smart and the Investors (as applicable), as supplemented by supplemental agreements entered into between the parties, as more particularly set out in the announcements of BECE dated 27 December 2019, 30 July 2020, 26 March 2021 and 17 September 2021 and the circular dated 24 December 2020
“CITIC Private Equity Funds”	中信產業投資基金管理有限公司 (CITIC Private Equity Funds Management Co., Ltd.*), the details of which are set out in the section headed “Effect on the Shareholding Structure of BECE” of this joint announcement
“CITIC Securities International”	CITIC Securities International Company Limited, the details of which are set out in the section headed “Effect on the Shareholding Structure of BECE” of this joint announcement
“CLSA Global”	CLSA Global Investments Management Limited, the details of which are set out in the section headed “Effect on the Shareholding Structure of BECE” of this joint announcement
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement

“Completion Date”	the second Business Day after all the conditions precedent have been fulfilled or waived (as the case may be), or such other date as may be agreed by the Subscriber and BECE in writing
“Consideration”	the total consideration for the Subscription in the amount of HK\$4,685,187,768
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CSFG”	China Shandong Hi-Speed Financial Group Limited (中國山東高速金融集團有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 412)
“CSFG Board”	the board of CSFG Directors
“CSFG Director(s)”	the director(s) of CSFG
“CSFG Group”	CSFG and its subsidiaries
“CSFG SGM”	a special general meeting of CSFG to be convened and held for the CSFG Shareholders to consider and, if thought fit, approve, among others, the Subscription
“CSFG Shares”	shares of CSFG
“CSFG Shareholder(s)”	holder(s) of the CSFG Shares
“CSFG 2021 Circular”	the announcements of CSFG dated 23 November 2021, 20 December 2021 and 1 March 2022 and the circular of CSFG dated 7 December 2021

“CTSL Green Power”	CTSL Green Power Investment Limited, the details of which are set out in the section headed “Effect on the Shareholding Structure of BECE” of this joint announcement
“CTSL New Energy”	CTSL New Energy Investment Limited, the details of which are set out in the section headed “Effect on the Shareholding Structure of BECE” of this joint announcement
“Deposit”	a refundable deposit in the sum of HK\$200,000,000 payable by the Subscriber to BECE within two Business Days after the date of the Subscription Agreement
“Enlarged CSFG Group”	the CSFG Group as enlarged by the Subscription immediately after Completion
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Fast Top”	Fast Top Investment Limited, a wholly-owned subsidiary of BEWG
“First Round Investors”	天津市平安消費科技投資合夥企業(有限合夥)(Tianjin Ping An Consumption Technology Investment Partnership (Limited Partnership)*), 嘉興智精投資合夥企業(有限合夥)(Jiaxing Zhijing Investment Partnership Enterprise (Limited Partnership)*), 嘉興智精恒錦投資合夥企業(有限合夥)(Jiaxing Zhijing Hengjin Investment Partnership Enterprise (Limited Partnership)*) and 嘉興智精恒睿投資合夥企業(有限合夥)(Jiaxing Zhijing Hengrui Investment Partnership Enterprise (Limited Partnership)*)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Independent BECE Board Committee”	an independent board committee of the BECE Board comprising all three independent non-executive BECE Directors, namely Mr. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik, established in compliance with Rule 2.8 of the Takeovers Code, who have no direct or indirect interest in the Subscription, the Specific Mandate or the Whitewash Waiver
“Independent BECE Shareholders”	BECE Shareholder(s) other than: (i) the Subscriber, CSFG and parties acting in concert with them; (ii) those who are involved in or interested in the Subscription Agreement, the Specific Mandate and/or the Whitewash Waiver (including Fast Top, Mr. Hu Xiaoyong (and his controlled entities) and Mr. Tan Zaixing); and (iii) those who are required to abstain from voting at the BECE EGM to consider and approve the Subscription Agreement, the Specific Mandate and/or the Whitewash Waiver under the Listing Rules and the Takeovers Code
“Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activity as defined in the SFO, being the independent financial adviser appointed with the approval of the Independent BECE Board Committee to advise the Independent BECE Board Committee and the Independent BECE Shareholders in respect of the Subscription Agreement, the Specific Mandate and/or the Whitewash Waiver
“Investors”	The investors who have made capital contributions to Beijing Smart in its four rounds of fund-raising under the Capital Contribution Agreements, including, amongst others, the First Round Investors, Second Round Investors and Third Round Investor
“Last Trading Day”	4 March 2022, being the last full trading day of the BECE Shares before the release of this joint announcement

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	30 April 2022, which will be automatically extended to 20 May 2022 if, amongst others, CSFG and BECE having despatched their respective circulars in respect of the Subscription on or before 30 April 2022. Nonetheless, the Long Stop Date may be extended by mutual agreement between the Subscriber and BECE.
“Options”	the conditional options granted to the First Round Investors, Second Round Investors and Third Round Investor to request BENE or Beiqing Smart to repurchase its equity interests in Beiqing Smart. For more details, please refer to the subsection headed “Reasons for and Benefits of the Subscription for BECE - Options under the Capital Contribution Agreements” of this joint announcement
“PRC”	the People’s Republic of China (excluding, for the purpose of this joint announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region)
“Re-financing”	the re-financing of the Syndicated Loan by way of debt financing or other means of fund-raising
“Second Round Investors”	深圳市海匯全贏投資諮詢合夥企業(有限合夥)(Shenzhen Haihui Quanying Investment Consulting Partnership Enterprise (Limited Partnership)*) and 啟鷺(廈門)股權投資合夥企業(有限合夥)(Qilu (Xiamen) Equity Investment Partnership Enterprise (Limited Partnership)*)
“SDHS Group”	Shandong Hi-Speed Group Co., Ltd.* (山東高速集團有限公司), a company established in the PRC with limited liability and a controlling shareholder of CSFG
“SFC”	the Securities and Futures Commission

“SFO”	Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Shanghai Pannuo”	上海磐諾企業管理有限公司 (Shanghai Pannuo Enterprise Management Service Company Limited*), the details of which are set out in the section headed “Effect on the Shareholding Structure of BECE” of this joint announcement
“SP Agreement”	a share purchase agreement dated 23 November 2021 entered into between the Subscriber (as purchaser) and the Vendors in relation to the acquisition of 14,470,000,000 BECE Shares at the consideration of HK\$1,273,360,000
“Specific Mandate”	the specific mandate proposed to be considered, approved and granted by the Independent BECE Shareholders at the BECE EGM to authorize the BECE Board to allot and issue and/or deal in the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Profit Plan Global Investment Limited, a company incorporated in British Virgin Islands with limited liability, being the subscriber under the Subscription Agreement and an indirect wholly-owned subsidiary of CSFG
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 4 March 2022 and entered into between BECE and the Subscriber in connection with the Subscription
“Subscription Price”	HK\$0.096 per Subscription Share

“Subscription Shares”	a total of 48,804,039,247 new BECE Shares to be issued and allotted by BECE and subscribed by the Subscriber pursuant to the Subscription Agreement
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Cap 622 of the laws of Hong Kong)
“Surviving Provisions”	provisions in the Subscription Agreement relating to the Deposit, definition and interpretation, conditions precedent, confidentiality, entire agreement and non-reliance, general provisions, notice and other communication, termination and governing laws and dispute resolution
“Syndicated Loan”	a term loan facility due June 2022 provided to the BECE Group by the Banks
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Third Round Investor”	橙葉智成(淄博)股權投資合夥企業(有限合夥)(Orange Leaf Zhicheng (Zibo) Equity Investment Partnership Enterprise (Limited Partnership)*)
“Vendors”	CTSL Green Power and CTSL New Energy
“Whitewash Waiver”	the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of any obligation of the Subscriber to make a mandatory general offer for all the issued BECE Shares and other securities of BECE not already owned, controlled or agreed to be acquired by the Subscriber and any parties acting in concert with it (if applicable) which might otherwise arise as a result of the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“RMB”	Renminbi, the lawful currency of the PRC

“return on equity” calculated based on the profit for the year attributable to equity holders of a company divided by the average of equity attributable to equity holders of such company as of the beginning and the end of the relevant year and multiplied by 100%

“%” per cent

By Order of the BECE Board
**Beijing Enterprises Clean Energy
Group Limited**
Zhang Tiefu and Hu Xiaoyong
Joint Chairmen

By Order of the CSFG Board
**China Shandong Hi-Speed Financial
Group Limited**
Wang Xiaodong
Chairman

Hong Kong, 14 March 2022

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

As at the date of this joint announcement, CSFG has three executive CSFG Directors, namely Mr. Wang Xiaodong, Mr. Liu Zhijie and Mr. Liu Yao; four non-executive CSFG Directors, namely Mr. Zhu Jianbiao, Mr. Liang Zhanhai, Mr. Chen Di and Mr. Wang Wenbo; and four independent non-executive CSFG Directors, namely Mr. Guan Huanfei, Mr. Chan Wai Hei, Mr. Tan Yuexin and Mr. Jonathan Jun Yan.

As at the date of this joint announcement, the directors of the Subscriber are Mr. Liu Zhijie and Mr. Liu Yao.

The BECE Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the CSFG Group, the Subscriber and parties acting in concert with them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that expressed by the directors of the Subscriber and the CSFG Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The directors of the Subscriber and the CSFG Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the BECE Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the BECE Directors) have been arrived at after due and careful consideration, and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

** For identification purpose only*