北控清潔能源集團有限公司
BEIJING ENTERPRISES CLEAN ENERGY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01250)

(1) VERY SUBSTANTIAL DISPOSAL, VERY SUBSTANTIAL ACQUISITION AND POSSIBLE VERY SUBSTANTIAL DISPOSAL IN RELATION TO MATERIAL ASSET REORGANISATION; (2) CONNECTED TRANSACTION; (3) PROPOSED SPIN-OFF; AND (4) RESUMPTION OF TRADING

THE PROPOSED REORGANISATION

On 24 September 2021, Tianjin Fuqing, an indirect wholly-owned subsidiary of the Company, and the Other Beiqing Smart Shareholders entered into the Reorganisation Agreement with SEC Electric and the Existing SEC Electric Shareholders under which:

(i) SEC Electric will transfer all of its assets and liabilities, other than the Retained Assets of SEC Electric, to the Disposed SEC Electric Subsidiary, and will use 60% of the equity interests of the Disposed SEC Electric Subsidiary to exchange for 3.11% of the equity interests held by Tianjin Fuqing in Beiqing Smart. Tianjin Fuqing will purchase the remaining 40% equity interests in the Disposed SEC Electric Subsidiary for cash consideration of RMB254,400,000;

(ii) Tianjin Fuqing and the Other Beiqing Smart Shareholders will sell the Remaining Beiqing Smart Interest, representing 96.89% of the equity interests in Beiqing Smart, to SEC Electric for RMB11,876,598,100, which will be satisfied by SEC Electric by way of the issuance of the Consideration Shares to each of Tianjin Fuqing and the Other Beiqing Smart Shareholders; and

(iii) the Existing SEC Electric Shareholders, will transfer 31,304,347 existing SEC Electric Shares which held by them at the consideration of RMB12.19 per SEC Electric Share, representing the 13.31% of the equity interests in SEC Electric to Tianjin Fuqing for the aggregate consideration of approximately RMB381,600,000, which will be satisfied by Tianjin Fuqing procuring SEC Electric to transfer 60% of the equity interests in the Disposed SEC Electric Subsidiary to the Existing SEC Electric Shareholders or the nominee designated by the Existing SEC Electric Shareholders. The Existing SEC Electric Shareholders will also acquire the remaining 40% of the equity interests in the Disposed SEC Electric Subsidiary from Tianjin Fuqing for a cash consideration of RMB254,400,000.

Upon completion of the Proposed Reorganisation, Beiqing Smart will become a wholly-owned subsidiary of SEC Electric and Tianjin Fuqing will become the controlling shareholder of SEC Electric holding approximately 68.55% of the equity interest of SEC Electric as enlarged by the allotment and issuance of the Consideration Shares, and the Existing SEC Electric Shareholders will hold the entire equity interest in the Disposed SEC Electric Subsidiary. Accordingly, SEC Electric will become an indirect non-wholly owned subsidiary of the Company focusing on the Photovoltaic and Wind Power Business. As such, the financial results of the Photovoltaic and Wind Power Business will continue to be consolidated in the financial statements of the Group upon completion of the Proposed Reorganisation.

PERFORMANCE UNDERTAKING AND INDEMNITY

In compliance with applicable laws and regulations in the PRC, Tianjin Fuqing has entered into the Performance Undertaking and Indemnity Agreement with SEC Electric on 24 September 2021 pursuant to which Tianjin Fuqing has undertaken that the accumulated net profits of Beiqing Smart for the Performance Undertaking Period (i.e. the three financial years of 2022, 2023 and 2024), after deducting non-recurring gains or losses, shall not be less than approximately RMB3,199,302,400 (i.e. the Performance Undertaking Amount).

PROPOSED SPIN-OFF

The transfer of the Photovoltaic and Wind Power Business to SEC Electric pursuant to the Proposed Reorganisation constitutes a spin-off by the Group of the Photovoltaic and Wind Power Business and is subject to compliance with the requirements of Practice Note 15. The Company has submitted the spin-off proposal to the Stock Exchange and the Company will make further announcement(s) in relation to the progress of such application in due course, as appropriate.

CONNECTED TRANSACTION

Great First is a company ultimately owned by Mr. Hu Xiaoyong, an executive director of the Company, and is hence a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. As Great First is a shareholder of Beqing Smart and is a party to the Reorganisation Agreement, the Proposed Reorganisation also constitutes a connected transaction for the Company.

IMPLICATIONS UNDER THE LISTING RULES

Deemed Disposal of Beiqing Smart

Upon completion of the Proposed Reorganisation, the Group's equity interest in Beiqing Smart will decrease from the existing 80.24% to 68.55%, taking into consideration the interests of the non-controlling equity holders of SEC Electric. As such, the Proposed Reorganisation will constitute a deemed disposal by the Group of 11.69% interests in Beiqing Smart.

As the Company has been introducing investors to Beiqing Smart since late 2019 for the funding needs of the Photovoltaic and Wind Power Business and the Proposed Reorganisation, the investments made by the Other Beiqing Smart Shareholders would need to be aggregated with the deemed disposal in the Proposed Reorganisation. As the applicable percentage ratios for the deemed disposal, when aggregated with the investments made by the Other Beiqing Smart Shareholders are more than 75%, the deemed disposal as a result of the Proposed Reorganisation will constitute a very substantial disposal for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Acquisition of SEC Electric

Pursuant to the Proposed Reorganisation, SEC Electric will issue the Consideration Shares to Tianjin Fuqing and the Other Beiqing Smart Shareholders as consideration for the acquisition of the Remaining Beiqing Smart Interest. Upon completion of the Proposed Reorganisation and the issuance of the Consideration Shares, SEC Electric will become a subsidiary of the Company. As such, the Proposed Reorganisation will also constitute an acquisition by the Company of the 68.55% equity interests in SEC Electric.

As the consideration ratio for the acquisition is more than 100%, the acquisition as a result of the Proposed Reorganisation constitutes a very substantial acquisition for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Performance Undertaking and Indemnity

As Tianjin Fuqing would need to make up any shortfall in the Performance Undertaking, and such shortfall will be satisfied by transferring the Indemnity Shares or by cash, the Indemnity under the Performance Undertaking and Indemnity constitutes a disposal by the Group of its interests in SEC Electric. As the maximum amount of the Indemnity that may be paid are more than 75% of the applicable ratios, the entering into of the Performance Undertaking and Indemnity Agreement constitutes a possible very substantial disposal by the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Connected Transaction

As one of the parties to the Reorganisation Agreement is Great First and Great First is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules, the Proposed Reorganisation also constitutes a connected transaction for the Company and is subject to the approval by the Independent Shareholders of the Company.

Proposed Spin-off

The Proposed Reorganisation will result in Beiqing Smart becoming a subsidiary of SEC Electric and the listing of the Photovoltaic and Wind Power Business on the SSE. As such, the Proposed Reorganisation also constitutes a spin-off of the Photovoltaic and Wind Power Business under Practice Note 15. The Proposed Reorganisation is therefore also subject to approval by the Stock Exchange and the approval of the Shareholders under paragraph 3(e)(1) of Practice Note 15.

An Independent Board Committee has been established to advise the Independent Shareholders on whether or not the Proposed Reorganisation is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Proposed Reorganisation.

The circular containing, among other things, (i) further details about the Proposed Reorganisation and the Proposed Spin-off; (ii) information about SEC Electric and the Photovoltaic and Wind Power Business; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) the recommendation of the Independent Board Committee; (v) a notice of the EGM; and (vi) other information required under the Listing Rules, will be despatched to the Shareholders. As the Proposed Reorganisation is subject to the approval by the Stock Exchange of the Proposed Spin-off, the circular will only be despatched after the Stock Exchange has approved the Proposed Spin-off. The Company will separately announce the expected despatch date of the circular in due course.

The Proposed Reorganisation, the Proposed Spin-off and the transactions contemplated thereunder are subject to, among other things, approvals of the Stock Exchange and approvals of relevant PRC regulatory authorities, and may or may not materialise. Shareholders and potential investors should be aware that there is no assurance that the Proposed Reorganisation, the Proposed Spin-off and the transactions contemplated will materialise. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on Monday, 27 September 2021 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on 18 October 2021.

INTRODUCTION

Reference is made to the announcements of the Company dated 15 March 2021 and 26 March 2021.

On 24 September 2021, Tianjin Fuqing, an indirect wholly-owned subsidiary of the Company, and the Other Beiqing Smart Shareholders entered into the Reorganisation Agreement with SEC Electric and the Existing SEC Electric Shareholders in relation to the Proposed Reorganisation. The principal terms of the Reorganisation Agreement are summarised below:

THE PROPOSED REORGANISATION

The following transactions will be carried out pursuant to the Proposed Reorganisation. These transactions are inter-conditional and will be completed simultaneously:

(a) Asset Swap

SEC Electric will transfer all of its assets and liabilities, other than the Retained Assets of SEC Electric, to the Disposed SEC Electric Subsidiary and will use 60% of the equity interests in the Disposed SEC Electric Subsidiary to exchange for an equivalent value of the equity interests held by Tianjin Fuqing, representing 3.11% of the equity interests, in Beiqing Smart (the "**Asset Swap**"). The appraised value of the SEC Electric Assets as at the Benchmark Date valuated by the SEC Electric Valuer at RMB636,000,000 using the income approach.

Tianjin Fuqing will purchase the remaining 40% of the equity interests in the Disposed SEC Electric Subsidiary for cash consideration of RMB254,400,000.

Both the value of the SEC Electric Assets and the value of Beiqing Smart were determined based on their respective appraised values as at the Benchmark Date as assessed by independent valuers. As the framework agreement in relation to Proposed Reorganisation was entered into on 26 March 2021, 31 March 2021 was chosen as the Benchmark Date for determining the values of SEC Electric and Beiqing Smart.

With reference to the special audit report prepared by the SEC Electric's auditors, the Retained Assets of SEC Electric as at 31 March 2021 had an aggregate value of approximately RMB339.04 million (without taking into consideration the effect of the cash dividend paid to the shareholders of SEC Electric of approximately RMB206.98 million in June 2021) and comprised primarily of cash and deposits and wealth management products of SEC Electric. As such assets are valuable and could be easily converted into cash and cash equivalents, they have been retained and not transferred to the Disposed SEC Electric Subsidiary.

(b) Acquisition of the Remaining Beiqing Smart Interest by SEC Electric by way of issuance of the Consideration Shares

In addition to the Beiqing Smart interest to be acquired by SEC Electric through the Asset Swap (i.e. representing 3.11% of the equity interests in Beiqing Smart), each of Tianjin Fuqing and the Other Beiqing Smart Shareholders will sell, and SEC Electric will purchase, the remaining Beiqing Smart interest, representing 96.89% of the equity interests in Beiqing Smart (the "**Remaining Beiqing Smart Interest**"), for an aggregate consideration of RMB11,876,598,100.

The consideration was determined by the parties with reference to the appraised value of Beiqing Smart of RMB12,258,198,100 as at the Benchmark Date as assessed by the Beiqing Smart Valuers (as adjusted by adding the capital contribution by the shareholders of Beiqing Smart of RMB566,166,900 under the Fourth Round Capital Increase) using the assets approach.

The consideration for the acquisition of the Remaining Beiqing Smart Interest will be satisfied by SEC Electric by way of issuance of the Consideration Shares to each of Tianjin Fuqing and the Other Beiqing Smart Shareholders at the Issue Price of RMB10.10 per SEC Electric Share. The Issue Price of the Consideration Shares was determined in accordance with the pricing principle set out in《上市公司重大資產重組管理辦法》(the Administrative Measures on Material Assets Reorganisation of Listed Companies*) and set at 90% of the average trading price of the SEC Electric Share for the 20 trading days preceding the date of the board meeting of SEC Electric held on 26 March 2021 (the "**Price Determination Date**") of RMB10.98 per SEC Electric Share, as adjusted by deducting the dividend paid of RMB0.88 per SEC Electric Share after the Price Determination Date.

Except for the above dividend declared, to the best knowledge of the Directors, SEC Electric has not declared nor has any plan or intention to pay any dividend before completion of the Proposed Reorganisation.

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

(c) SEC Electric Share Transfer

The existing business of SEC Electric of research and development and production of electrical machinery, including AC motors, DC motors, generators and related parts and components is irrelevant to the Photovoltaic and Wind Power Business of Beiqing Smart. As the sole purpose of the Company proceeding with the Proposed Reorganisation is for the Photovoltaic and Wind Power Business to achieve a listing status on the SSE and not for acquiring the existing business of SEC Electric, the existing business of SEC Electric will be disposed of as part of the Proposed Reorganisation.

To this end, through the signing of the Share Transfer Agreement, the Existing SEC Electric Shareholders will transfer 31,304,347 existing SEC Electric Shares which held by them at the consideration of RMB12.19 per SEC Electric Share (the "**Per Share Consideration**"), representing the 13.31% of the equity interests in SEC Electric to Tianjin Fuqing for the aggregate consideration of approximately RMB381,600,000 (the "**SEC Electric Share Transfer**").

The Per Share Consideration was determined based on the average trading price of the SEC Electric Shares for the 20 trading days preceding the Price Determination Date. As the Per Share Consideration is without discount to the average trading price of the SEC Electric Shares, it is higher than the Issue Price. The difference is the result of arm's length negotiations between the Existing SEC Electric Shareholder and the Group and is reflective of the commercial consideration of each of the parties.

The Per Share Consideration will be satisfied by Tianjin Fuqing procuring SEC Electric to transfer 60% of the equity interests in the Disposed SEC Electric Subsidiary to the Existing SEC Electric Shareholders or the nominee designated by the Existing SEC Electric Shareholders (the "**Designated Transferee**").

The Existing SEC Electric Shareholders will also acquire the remaining 40% of the equity interests in the Disposed SEC Electric Subsidiary from Tianjin Fuqing for a cash consideration of RMB254,400,000 so that upon completion, the Existing SEC Electric Shareholders will hold 100% of the equity interest in the Disposed SEC Electric Subsidiary.

BASES AND ASSUMPTIONS OF THE VALUATION OF BEIQING SMART AND THE SEC ELECTRIC ASSETS

The key assumptions of the valuation of Beiqing Smart and the SEC Electric Assets are summarised as follows:

Beiqing Smart

General assumptions:

(1) Transaction Assumption

Transaction assumption is to assume that all the assets to be valued are already in the process of transaction and the valuer carries out the valuation based on a simulated market such as the transaction conditions of the assets to be valued. Transaction assumption is the basic assumption for the valuation of assets.

(2) Open Market Assumption

Open market assumption is to assume that assets transaction or both parties of the proposed assets transaction in the market are in equal positions and have opportunities and time to obtain sufficient market information, so as to make rational judgments on the functions, purposes and transaction price of the assets. The open market assumption is based on the fact that the assets can be traded openly in the market.

(3) Going-concern Assumption

Going-concern assumption means that the business activities of a business entity can continue, and the business activities of the entity will not be suspended or terminated within a predictable time in the future.

Specific assumptions:

(1) There will be no material changes to the relevant current national laws, regulations and policies and national macroeconomic conditions which would adversely affect the operations of Beiqing Smart;

(2) There will be no material changes to the political, economic and social environment under which Beiqing Smart operates which would adversely affect its operations;

(3) The business scope and operating ways of Beiqing Smart are consistent with the current development plan based on the existing management models and management levels; and the operators of Beiqing Smart are responsible and the management is capable of taking up their duties;

(4) The existing industry qualifications of Beiqing Smart are valid during the operation period and can be renewed after the validity period expired; and various contracts relating to the business operation can be effectively implemented during the operation period;

(5) There will be no material changes in the bank's interest rates, exchange rates and taxation policies which would adversely affect the operations of Beiqing Smart;

(6) The operating information such as power generation hours; and operation and maintenance costs can be realised according to the projected data; and

(7) There are no unusual obligations or substantial commitments, other than in the ordinary course of business, which would have a material impact on the operations of Beiqing Smart.

The SEC Electric Assets

General assumptions:

(1) There will be no material changes to the relevant current national laws, regulations and policies and national macroeconomic conditions; and no material changes to political, economic and social environment of the region where the parties to this transaction are located;

(2) The assets are used in the mode of in-situ continuous use operation;

(3) There will be no material changes in the bank's interest rates, exchange rates and taxation policies which would adversely affect the operations of the SEC Electric Assets; and

(4) The management party of the relevant assets will be responsible, stable, and capable of performing its duties.

Consideration Shares

The Consideration Shares represent an aggregate of 1,175,900,807 new SEC Electric Shares at the Issue Price of RMB10.10 per SEC Electric Share.

The Consideration Shares represent approximately 499.96% of the existing number of issued SEC Electric Shares and approximately 83.33% of the number of issued SEC Electric Shares as enlarged by the issuance of the Consideration Shares.

The table below sets out the changes in the shareholding structure of SEC Electric as a result of the Proposed Reorganisation:

Shareholder(s)	**Prior to the completion of the Proposed Reorganisation**		**Upon the completion of the Proposed Reorganisation**	
	No. of shares	*%*	*No. of shares*	*%*
Tianjin Fuqing *(Note 1)*	–	–	967,355,375	68.55%
Other Beiqing Smart Shareholders	–	–	239,849,779	17.00%
Existing SEC Electric Shareholders	86,910,736	36.95%	55,606,389	3.94%
Other existing SEC Electric Shareholders	148,289,264	63.05%	148,289,264	10.51%
Total	235,200,000	100.00%	1,411,100,807	100.00%

Note:

1. The SEC Electric Shares held include the 936,051,028 Consideration Shares issued to Tianjin Fuqing and the 31,304,347 existing SEC Electric Shares transferred by the Existing SEC Electric Shareholders to Tianjin Fuqing.

Lock-up undertaking by Tianjin Fuqing

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

(i) at the expiration of such 36 months, if any performance undertaking obligations agreed by the parties are not fulfilled, the above lock-up period will be extended to the date when the compensation obligations are fulfilled;

(ii) if the closing price of SEC Electric Shares for 20 consecutive trading days is lower than the Issue Price, or the closing price at the end of the 6-month period after the completion of the transaction is lower than the Issue Price, the lock-up period of the SEC Electric Shares held by Tianjin Fuqing is automatically extended by 6 months. The aforesaid Issue Price shall be calculated based on the price adjusted by dividends, bonus issues, capitalisation and issue of new shares; and

(iii) if the lock-up commitment does not conform to the requirements of the applicable securities regulatory authorities, Tianjin Fuqing agrees to make corresponding adjustments in accordance with the said requirements.

Conditions Precedent

Completion of the Proposed Reorganisation is subject to the following conditions:

(a) the transactions contemplated under the Reorganisation Agreement having been approved in accordance with the PRC Company Law and other relevant laws, regulations, rules and the articles of association of each party and by the directors and shareholders of the relevant parties (as applicable);

(b) the transactions contemplated under the Reorganisation Agreement having been approved by SEC Electric's employee representative assembly or staff assembly;

(c) the transactions contemplated under the Reorganisation Agreement having been approved by the shareholders of SEC Electric;

(d) the waiver in respect of the general offer obligations on the part of Tianjin Fuqing to acquire the A shares of SEC Electric having been approved by the independent shareholders of SEC Electric at a general meeting;

(e) the transactions contemplated under the Reorganisation Agreement having been approved by the Shareholders of the Company in accordance with the applicable laws and regulations, the Listing Rules, requirements of the securities regulators or the decisions of the Board (as applicable);

(f) the Company having obtained the approval of the Proposed Spin-off from the Stock Exchange and the waiver in respect of assured entitlement requirement under Practice Note 15 to the Listing Rules and the Proposed Spin-off having been approved by the Shareholders pursuant to Practice Note 15;

(g) the transactions contemplated under the Reorganisation Agreement having been approved by the State Administration for Market Regulation on anti-trust examination (if necessary); and

(h) the transactions contemplated under the Reorganisation Agreement having been approved by the CSRC and any other competent regulatory authorities.

Save for condition (b), none of the other conditions to the Proposed Reorganisation have been satisfied as at the date of this announcement.

PERFORMANCE UNDERTAKING AND INDEMNITY

In compliance with《上市公司重大資產重組管理辦法》(the Administrative Measures on Material Assets Reorganisation of Listed Companies*),《監管規則適用指引—上市類第1號》(Guidelines for the Application of Supervisory Rules - Listed Issuers No. 1*) and applicable laws and regulations in the PRC, on 24 September 2021, Tianjin Fuqing has entered into the Performance Undertaking and Indemnity Agreement with SEC Electric under which Tianjin Fuqing has undertaken that the accumulated net profits of Beiqing Smart for the Performance Undertaking Period (i.e. the three financial years of 2022, 2023 and 2024), after deducting non-recurring gains or losses, shall not be less than approximately RMB3,199,302,400.

Under the Performance Undertaking and Indemnity Agreement, Tianjin Fuqing has undertaken that the net profits of Beiqing Smart for the three financial years of 2022, 2023 and 2024, after deducting non-recurring gains or losses, shall not be less than RMB1,011,698,800, RMB1,058,161,300 and RMB1,129,442,300, respectively. If the actual net profits of Beiqing Smart in any one of the years in the Performance Undertaking Period is lower than the Performance Undertaking Amount for that year, Tianjin Fuqing shall compensate SEC Electric for any shortfall (the "**Indemnity**"). The Indemnity shall be settled in SEC Electric Shares held by Tianjin Fuqing (the "**Indemnity Shares**") or by cash. The indemnity amount (the "**Indemnity Amount**") for each year during the Performance Undertaking Period will be determined by an auditor with securities and futures related business qualifications through its verification of the net profits of Beiqing Smart for that relevant year against the Performance Undertaking Amount for that year in accordance with the formula below:

> Current Indemnity Amount = (accumulated committed net profits as of the end of the current period – accumulated actual net profits as of the end of the current period)/sum of committed net profits in each year during the Performance Undertaking Period × the sum of the underlying asset's estimated transaction prices based on the valuation derived from the income method (the "**Estimated Transaction Prices**") – the accumulated indemnity amount

During the Performance Undertaking Period, if there is a situation where the subject of the indemnity obligation exists or Beiqing Smart incurred a loss, Tianjin Fuqing will compensate SEC Electric by transferring to it the Indemnity Shares first (i.e. the Indemnity Shares shall not be less than 90% of the Consideration Shares), with any unsatisfied shortfall to be compensated by cash, subject to the total Indemnity Amount shall not exceed the total consideration for the transaction, which represents the Estimated Transaction Prices. The Indemnity Shares transferred to SEC Electric pursuant to the Indemnity will be cancelled.

When the Performance Undertaking Period expires, an auditor with securities and futures related business qualifications will be engaged to conduct an impairment test on the assets assessed in accordance with the income method and issue an "impairment test report". If the amount of impairment at the end of the period is greater than the accumulated amount of the Indemnity during the Performance Undertaking Period, Tianjin Fuqing would need to further indemnify SEC Electric (the "**Impairment Compensation**"). In any case, the sum of the Impairment Compensation and the Indemnity should not exceed the Estimated Transaction Prices. Accordingly, the Estimated Transaction Prices also represents the upper limit for such Impairment Compensation.

Notwithstanding that the execution of the Performance Undertaking and Indemnity Agreement and the Share Transfer Agreement is not a condition precedent of the Reorganisation Agreement, the Performance Undertaking and Indemnity Agreement and the Share Transfer Agreement are executed at the same time as the Reorganisation Agreement and are therefore an integral part of the Proposed Reorganisation. As these two agreements are part and partial of the Proposed Reorganisation, they will also be submitted to the Shareholders for approval at the EGM to be convened to approve the Proposed Reorganisation and the Proposed Spin-off.

Given that the Performance Undertaking Amount was determined based on the past performance of the Photovoltaic and Wind Power Business and was determined after due and careful consideration by the management of the Company, the Company is confident that such targets could be met in the ordinary and normal course of operation of Beiqing Smart. As the provision of the Performance Undertaking and Indemnity is a PRC regulatory requirement for material assets reorganisation of PRC listed issuers and is being provided to facilitate the execution of the Proposed Reorganisation, the Directors (including the independent non-executive Directors but excluding Mr. Hu Xiaoyong, and Mr. Tan Zaixing who currently holds 3.83% interest in one of the Fourth Round Investors, have abstained from voting) are of the view that the provision of the Performance Undertaking and Indemnity is fair and reasonable under the circumstances and is in the interests of the Company and the Shareholders as a whole.

The Company is currently interested in 80.24% of Beiqing Smart but is required to be solely responsible for the provision of the Performance Undertaking and Indemnity. The Directors (including the independent non-executive Directors but excluding Mr. Hu Xiaoyong, and Mr. Tan Zaixing who currently holds 3.83% interest in one of the Fourth Round Investors, have abstained from voting) are of the view that such arrangement is fair and reasonable for the reasons that (a) the Group is the controlling shareholder of Beiqing Smart, holding 80.24% equity interest as at the date of the Reorganisation Agreement; (b) the Group is responsible for the operation of the Photovoltaic and Wind Power Business of Beiqing Smart; (c) the Other Beiqing Smart Shareholders are primarily financial investors holding individually a very small stake and does not control Beiqing Smart; and (d) the Other Beiqing Smart Shareholders are not involved in the operation of Beiqing Smart and are not responsible for its operational and financial performance and results. Given that the Company is solely responsible for operating the Photovoltaic and Wind Power Business of Beiqing Smart, and that the provision of the Performance Undertaking and Indemnity is to facilitate the Proposed Reorganisation, the arrangement of Tianjin Fuqing being solely responsible for the Performance Undertaking and Indemnity is hence fair and reasonable and in the interests of the Company and the Shareholders as a whole.

BASES AND ASSUMPTIONS OF THE PERFORMANCE UNDERTAKING AND INDEMNITY

The key bases and assumptions in arriving at the Performance Undertaking and Indemnity are summarised as follows:

General and specific assumptions:

Please refer to general assumptions and specific assumptions for Beiqing Smart under the paragraph headed "BASES AND ASSUMPTIONS OF THE VALUATION OF BEIQING SMART AND THE SEC ELECTRIC ASSETS" above.

Transaction specific assumptions:

(1) The Performance Undertaking Amount of RMB3,199,302,400 was determined based on the sum of the estimated profit (after deducting the non-recurring gains and losses) attributable to the shareholders of Beiqing Smart of approximately RMB1,011,698,800, approximately RMB1,058,161,300 and approximately RMB1,129,442,300 for the three financial years ending 31 December 2022, 2023 and 2024, respectively; and

(2) The estimated net profit after deducting the non-recurring gains and losses for the three financial years of 2022, 2023 and 2024 was estimated with reference to the net profit margin of Beiqing Smart for 2020 and the first half of 2021, after deducting the non-recurring gains and losses for the same period.

The Company confirms that the Performance Undertaking Amount was determined based on the internal budget and work plans of the Company, and has been prepared on a reasonable basis that has been arrived at after due and careful consideration by the management of the Company.

The Performance Undertaking and Indemnity constitutes a profit forecast under Rule 14.61 of the Listing Rules.

Ernst & Young, the Company's auditor, has been engaged to issue a report on the arithmetical accuracy of the calculation of the discounted cash flows used in the valuation report dated 23 September 2021 issued by the Beiqing Smart Valuer, as required by Rule 14.62(2) of the Listing Rules. The discounted cash flows do not involve the adoption of accounting policies.

China Securities (International) Corporate Finance Company Limited, the financial adviser to the Company (the "**Financial Adviser**") have discussed with the Directors, the management of the Company and the Beiqing Smart Valuer on the bases and assumptions upon which the profit forecast regarding the Performance Undertaking and Indemnity has been prepared in the valuation report. The Financial Adviser confirmed that the profit forecast regarding the Performance Undertaking and Indemnity has been prepared after due and careful consideration by the management of the Company.

The respective letters of Ernst & Young and the Financial Adviser are set out in the Appendices to this announcement.

Experts and Consents

The qualification of each of the experts who has given its statements in this announcement is as follows:

Name	**Qualification**
Ernst & Young	Certified Public Accountants, Hong Kong
China Securities (International) Corporate Finance Company Limited	a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the date of this announcement:

(1) each of the experts has given and has not withdrawn its written consent to the issuance of this announcement with the references to its letter in the form and context in which they respectively appear in this announcement;

(2) each of the experts does not have any shareholding in the Company or any of its subsidiaries or any rights (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Company or any of its subsidiaries; and

(3) each of the experts does not have any direct or indirect interest in any assets which have been, since 31 December 2020 (the date to which the latest published audited annual financial statements of the Company were made up), acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Company or any of its subsidiaries.

INFORMATION OF SEC ELECTRIC AND WUXI SEC ELECTRIC

SEC Electric

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

Wuxi SEC Electric

無錫中電電機科技有限公司 (Wuxi SEC Electric Technology Co., Ltd.*) ("**Wuxi SEC Electric**") is a company established in the PRC with limited liability and a wholly-owned subsidiary of SEC Electric. Wuxi SEC Electric is principally engaged in the research and development, design, manufacturing, processing, sales and provision of services related to AC and DC motors, generators and units, transformers, frequency converters and electrical control systems; sales of wooden packaging boxes; general freight; and import and export businesses for self-operated and agency of products and technology.

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

Certain unaudited financial information of SEC Electric for the two years ended 31 December 2019 and 2020 and the six months ended 30 June 2021 (prepared under the PRC GAAP) is set out below:

	For the year ended 31 December		For the six months ended
	2019	**2020**	**30 June 2021**
	(unaudited)	**(unaudited)**	**(unaudited)**
	RMB'million	*RMB'million*	*RMB'million*
Operating income	608.00	856.41	349.28
Net profit before tax	132.48	198.36	49.75
Net profit after tax	113.47	171.21	49.37

The unaudited net asset value of SEC Electric as at 30 June 2021 was approximately RMB601.35 million.

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

The Company and the Group

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

Tianjin Fuqing

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

Beiqing Smart

Beiqing Smart is a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company. It is principally engaged in the investment and development of photovoltaic power businesses and wind power businesses in the PRC. As at the date of this announcement, Beiqing Smart is held as to approximately 80.24% equity interests by the Group and as to approximately 19.76% equity interests by the Other Beiqing Smart Shareholders.

The unaudited financial results of the Beiqing Smart for each of the two years ended 31 December 2019 and 2020 and the six months ended 30 June 2021 (prepared under the HKFRS) are as follows:

	For the year ended 31 December		For the six months ended
	2019	**2020**	**30 June 2021**
	(unaudited)	**(unaudited)**	**(unaudited)**
	HK$'million	*HK$'million*	*HK$'million*
Operating income	5,263.12	4,629.04	2,735.93
Net profit before tax	1,159.85	1,365.12	776.37
Net profit after tax	1,034.96	1,233.06	701.17

The unaudited net asset value of the Beiqing Smart as at 30 June 2021 was approximately HK$15,184.28 million.

Completion

Upon the completion of the Proposed Reorganisation:

(i) SEC Electric will directly hold the entire equity interest of Beiqing Smart and the Designated Transferee will hold the SEC Electric Assets;

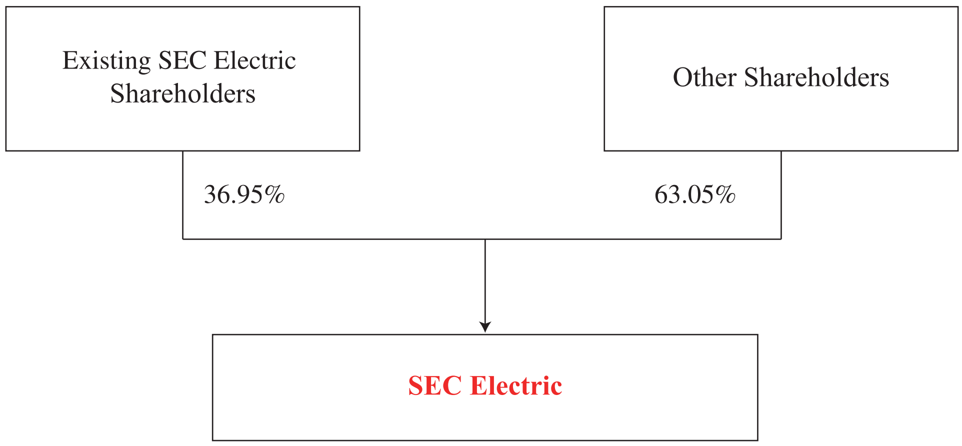
(ii) it is expected that the equity interests in Beiqing Smart held by the Company will decrease from approximately 80.24% to approximately 68.55%, and Beiqing Smart will remain as an indirect non-wholly owned subsidiary of the Company through the shareholding held by SEC Electric. As a result, the financial statement of Beiqing Smart will continue to be consolidated into the consolidated financial statements of the Group; and

(iii) it is expected that SEC Electric will become an indirect non-wholly owned subsidiary of the Company. As a result, the financial statement of SEC Electric will be consolidated into the consolidated financial statements of the Group.

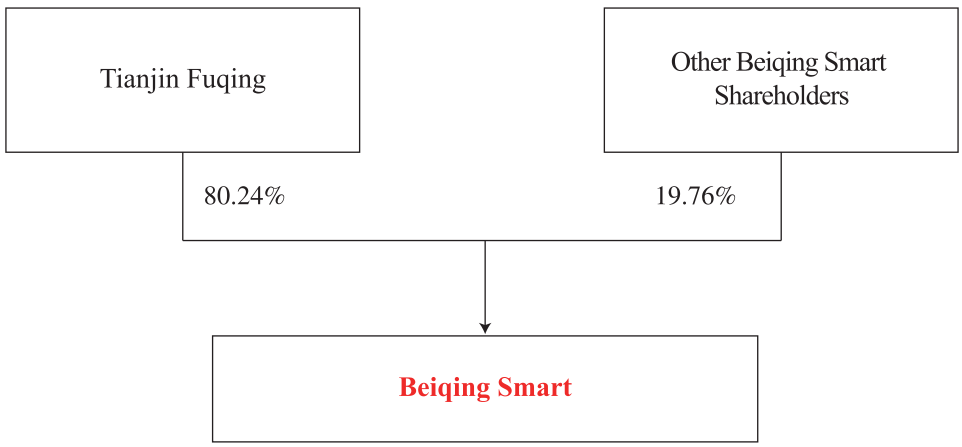
The shareholding structures of SEC Electric and Beiqing Smart before and immediately after completion of the Proposed Reorganisation are as follows:

Prior to the Proposed Reorganisation

SEC Electric

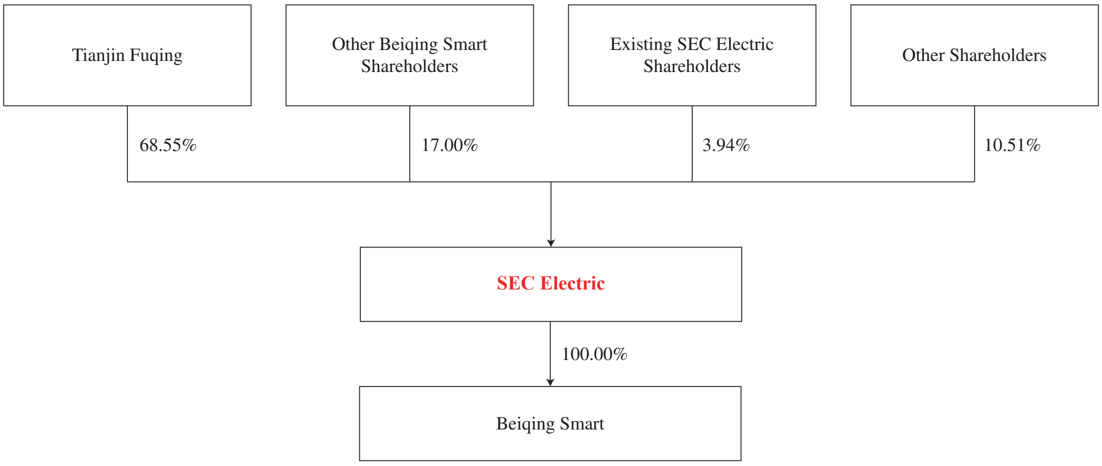


Beiqing Smart

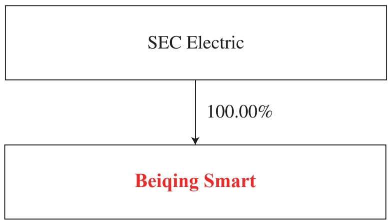


Upon completion of the Proposed Reorganisation

SEC Electric



Beiqing Smart



Financial effect of the Proposed Reorganisation and the Proposed Spin-off

Upon completion of the Proposed Reorganisation, the decrease in the equity interests in Beiqing Smart held by the Group will not result in the Company's losing control over Beiqing Smart.

As SEC Electric is a non-trading shell company upon completion of the Proposed Reorganisation, and therefore not comprising a business in accordance with the relevant accounting standards, the Proposed Reorganisation would not be accounted for as an acquisition of SEC Electric by the Group. Instead, Beiqing Smart is deemed to have issued shares in exchange for the remaining net assets held by SEC Electric, together with the listing status of SEC Electric. Given the listing status does not qualify for recognition as an asset, and therefore it would be expensed in profit or loss.

Such listing expenses will be the excess of the fair value of the shares deemed to be issued by Beiqing Smart over the fair value of the remaining net assets held by SEC Electric at the date of completion of the Proposed Reorganisation.

As the fair value of the shares deemed to be issued by Beiqing Smart and the fair value of the Retained Assets of SEC Electric may only be determined at completion, the listing expenses could not be determined at this time and may only be determined at the time of completion of the Proposed Reorganisation. Such listing expenses will be recognised in the results of the Group for the financial year upon completion of the Proposed Reorganisation. As the abovementioned listing expenses is not a real cash outflow, it will not have any impact on the Group's cash flow position.

As the indirect holding by the Company of approximately 80.24% equity interests in Beiqing Smart will effectively be exchanged to approximately 68.55% equity interests in SEC Electric, no sale proceeds will be received by Group in respect of the disposal of equity interest in Beiqing Smart.

The remaining businesses of the Group

Upon completion of the Proposed Reorganisation, the members of the Group (other than Beiqing Smart and its subsidiaries) will be engaged in the businesses of the provision of clean heat supply services, engineering, procurement and construction services, technical consultancy services and the investment and development of other clean energy businesses in the PRC (except for the businesses of investment and development of photovoltaic power plants and wind power plants in the PRC) and offshore clean energy businesses.

PROPOSED SPIN-OFF

The transfer of the Photovoltaic and Wind Power Business to SEC Electric pursuant to the Proposed Reorganisation constitutes a spin-off by the Group of the Photovoltaic and Wind Power Business and is subject to compliance with the requirements of Practice Note 15. The Company has submitted the spin-off proposal to the Stock Exchange and the Company will make further announcement(s) in relation to the progress of such application in due course, as appropriate.

REASONS FOR AND BENEFITS OF THE PROPOSED REORGANISATION AND THE PROPOSED SPIN-OFF

The Proposed Reorganisation will enable Beiqing Smart, which will remain as a non-wholly owned subsidiary of the Company, to achieve a listing on the SSE. The Board (including the independent non-executive Directors but excluding Mr. Hu Xiaoyong, and Mr. Tan Zaixing who currently holds 3.83% interest in one of the Fourth Round Investors, have abstained from voting) believes that the Proposed Reorganisation will enable the market to positively assess the intrinsic value of the Company, as well as providing an additional fund-raising platform and an enlarged shareholder bases for the Group which will be beneficial to the long-term development of the Group.

As set out in the Company's announcements dated 27 December 2019, 30 July 2020 and 26 March 2021, it is the plan of the Company to seek a separate listing of the shares of Beiqing Smart in a qualified securities exchange in the PRC in the coming future. The separate listing of the Photovoltaic and Wind Power Business in the PRC securities exchange will allow it to access the debt and equity markets in the PRC to fund further development of its businesses.

The Company has considered to seek a direct listing of Beiqing Smart on a PRC securities exchange. SEC Electric was chosen for the reasons that its overall market capitalisation is not high, the Company will be able to secure a controlling interest in the reorganised entity upon completion of the Proposed Reorganisation.

Upon completion of the Proposed Reorganisation and the Proposed Spin-off, notwithstanding that the equity interest of the Company in Beiqing Smart will be decreased from 80.24% to 68.55%, Beiqing Smart will remain a subsidiary of the Company and its financial results will continue to be consolidated into the Company's accounts. In addition, the Company will, through controlling SEC Electric, gain a listing status for the Photovoltaic and Wind Power Business in SSE. As such, the Company and the Shareholders will continue to enjoy the benefits from the growth and development of Beiqing Smart and the potential gain in the intrinsic value of Beiqing Smart through the listing on SSE. As such, the Directors (including the independent non-executive Directors but excluding Mr. Hu Xiaoyong and Mr. Tan Zaixing who currently holds 3.83% interest in one of the Fourth Round Investors, have abstained from voting) are of the view that the terms of the Proposed Reorganisation and the Proposed Spin-off are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE OTHER PARTIES

The Existing SEC Electric Shareholders

The Existing SEC Electric Shareholders are 王建裕先生 (Mr. Wang Jianyu*) and 王建凱先生 (Mr. Wang Jiankai*), holding in aggregate 36.95% of the existing share capital of SEC Electric as at the date of this announcement.

The Other Beiqing Smart Shareholders

The Other Beiqing Smart Shareholders are:

(i) 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 Enterprise (Limited Partnership)*), which is a limited partnership established in the PRC and is principally engaged in investment in the consumption technology. Its general partner is 深圳市平安德成投資有限公司 (Shenzhen Ping An Decheng Investment Co., Ltd.*);

(ii) 嘉興智精投資合夥企業(有限合夥)(Jiaxing Zhijing Investment Partnership Enterprise (Limited Partnership)*), which is a limited partnership established in the PRC and is principally engaged in investment holding and provision of consultancy services. Its general partner is 平安財智投資管理有限公司 (Ping An Caizhi Investment Management Co., Ltd.*);

(iii) 嘉興智精恒錦投資合夥企業(有限合夥)(Jiaxing Zhijing Hengjin Investment Partnership Enterprise (Limited Partnership)*), which is a limited partnership established in the PRC and is principally engaged in investment holding and provision of consultancy services. Its general partner is 平安財智投資管理有限公司 (Ping An Caizhi Investment Management Co., Ltd.*);

(iv) 嘉興智精恒睿投資合夥企業(有限合夥)(Jiaxing Zhijing Hengrui Investment Partnership Enterprise (Limited Partnership)*), which is a limited partnership established in the PRC and is principally engaged in investment holding and provision of consultancy services. Its general partner is 平安財智投資管理有限公司 (Ping An Caizhi Investment Management Co., Ltd.*);

(v) 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)*), which is a limited partnership established in the PRC and is principally engaged in investment holding and provision of consultancy services. Its general partner is 深圳市平安德成投資有限公司 (Shenzhen Ping An Decheng Investment Co., Ltd.*);

Each of the shareholders in paragraphs (i) to (v) is controlled by Ping An Insurance (Group) Company of China Limited ("**Ping An Insurance**"). Ping An Insurance is engaged in the provision of insurance, banking, investment and internet finance products and services. The H shares of Ping An Insurance are listed on the Main Board of the Stock Exchange (Stock Code: 02318.HK).

(vi) 啟鷺(廈門)股權投資合夥企業(有限合夥)(Qilu (Xiamen) Equity Investment Partnership Enterprise (Limited Partnership)*), which is a limited partnership established in the PRC and is principally engaged in investment holding and provision of consultancy services. It is controlled by China International Capital Corporation Limited ("**CICC**"). Its general partner is CICC Capital (Cayman) Limited, a wholly-owned subsidiary of CICC. CICC is a company whose H shares are listed on the Stock Exchange (Stock Code: 03908.HK). CICC is engaged in investment banking business, equities business, fixed-income, currency and commodity business, investment management business, wealth management business and other business activities.

(vii) 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)*), which is a limited partnership established in the PRC and a private equity fund managed by 北京橙葉投資基金管理有限公司 (Beijing Orange Leaf Investment Fund Management Co., Ltd.*) ("**OL Management**"). Its general partner is OL Management. It is principally engaged in equity investment and asset management. It is owned as to (i) 99.01% interest by 中國投融資擔保股份有限公司 (China National Investment & Guaranty Corporation*) ("**CNIG**") (a company established in the PRC with limited liability whose shares are listed on the 全國中小企業股份轉讓系統(新三板) (National Equities Exchange and Quotations System (The New Third Board)* (Stock Code: 834777)); and (ii) 0.99% interest by OL Management.

The controlling shareholder of CNIG is 國家開發投資集團有限公司 (State Development and Investment Corporation*) which in turn is wholly owned by 國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission*). OL Management is owned as to 55% interest by 趙自闖 (Zhao Zichuang*) and 45% interest by 顏博 (Yan Bo*).

(viii) 蕪湖建信鼎信投資管理中心(有限合夥)(Wuhu CCB Trust Dingxin Investment Management Centre (Limited Partnership)*), ("**CCB Trust Dingxin**"), which is a limited partnership established in the PRC and a private equity fund managed by 建信(北京)投資基金管理有限責任公司 (CCB Trust (Beijing) Investment Fund Management Co., Ltd.*) ("**CCB Trust Management**"). Its general partner is CCB Trust Management. It is principally engaged in the provision of investment management and consultancy services. CCB Trust Dingxin is owned as to (i) approximately 65.52% interest by CCB Trust Management; and (ii) approximately 34.48% interest by 建信信託有限責任公司 (CCB Trust Fiduciary Co., Ltd.*) ("**CCB Trust Fiduciary**").

CCB Trust Management is wholly owned by CCB Trust Fiduciary. CCB Trust Fiduciary is owned as to (i) 67% interest by 中國建設銀行股份有限公司 (China Construction Bank Corporation*) (a joint stock limited company established in the PRC and the A shares and H shares of which are listed on the SSE (Stock Code: 601939.SH) and the Stock Exchange (Stock Code: 00939.HK), respectively); and (ii) 33% interest by 合肥興泰金融控股(集團)有限公司 (Hefei Xingtai Financial Holdings (Group) Co., Ltd.*) which is wholly owned by 合肥市人民政府國有資產監督管理委員會 (the State-owned Assets Supervision and Administration Commission of the Hefei City People's Government*).

(ix) 譽華融投聯動(廈門)投資合夥企業(有限合夥)(Yuhua Rongtou Linkage (Xiamen) Investment Partnership Enterprise (Limited Partnership)*), ("**Yuhua Rongtou**"), which is a limited partnership established in the PRC and is principally engaged in equity investment and provision of consultancy services. It is owned as to (i) approximately 49.998% interest by 中航產業投資有限公司 (China Aviation Emerging Industry Investment Co., Ltd.*) (formerly known as 中航資本產業投資有限公司) ("**AVIC Investment**"); (ii) approximately 49.998% interest by 中航國際租賃有限公司 (AVIC International Leasing Co., Ltd.*) ("**AVIC Leasing**"); and (iii) approximately 0.004% interest by 北京譽華基金管理有限公司 (Beijing Yuhua Fund Management Co., Ltd.*) ("**Yuhua Management**").

The ultimate beneficial owner of AVIC Investment and AVIC Leasing is 中航工業產融控股股份有限公司 (AVIC Industry-Finance Holdings Co., Ltd.*) (a company established in the PRC with limited liability and the shares of which are listed on the SSE (Stock Code: 600705.SH)).

The general partner of Yuhua Rongtou is Yuhua Management, which in turn is owned as to (i) 40% interest by 華岳景知(北京)信息諮詢有限公司 (Huayue Jingzhi (Beijing) Information Consulting Co., Ltd.*) ("**Huayue Jingzhi**"); (ii) 30% interest by AVIC Investment; and (iii) 30% interest by 南方建信投資有限公司 (Southern CCB Trust Investment Co., Ltd.*) ("**Southern CCB Trust**"). The ultimate beneficial owners of Huayue Jingzhi is 戢强 (Ji Qiang*) and 王迪明 (Wang Diming*). The controlling shareholder of Southern CCB Trust is CCB Trust Management.

(x) 南昌市紅谷灘新區航投譽華股權投資中心(有限合夥)(Nanchang Honggutan New District Hangtou Yuhua Equity Investment Centre (Limited Partnership)*) ("**Yuhua Investment**"), which is a limited partnership established in the PRC and is principally engaged in equity investment and provision of investment management and consultancy services. Yuhua Investment is owned as to (i) 30% interest by 南昌市紅谷灘城市投資集團有限公司 (Nanchang Honggutan City Investment Group Co., Ltd.*); (ii) 28.9% interest by AVIC Investment; (iii) 25% interest by 江西紅谷灘金融控股有限公司 (Jiangxi Honggutan City Financial Holdings Co., Ltd.*); (iv) 15% interest by 南昌大道投資有限責任公司 (Nanchang Dadao Investment Co., Ltd.*); (v) 1% interest by 南昌市紅谷灘新區航譽股權投資有限公司 (Nanchang Honggutan New District Hangyu Equity Investment Co., Ltd.*) ("**Hangyu Investment**"); and (vi) 0.1% interest by Yuhua Management.

The controlling shareholder of Yuhua Investment is 南昌市紅谷灘城市投資集團有限公司 (Nanchang Honggutan City Investment Group Co., Ltd.*) which is controlled by 南昌市紅谷灘新區管理委員會(Nanchang Honggutan New District Management Committee*). The general partner of Yuhua Investment is Hangyu Investment.

(xi) 橙葉志嘉(淄博)股權投資基金中心(有限合夥)(Orange Leaf Zhijia (Zibo) Equity Investment Fund Centre (Limited Partnership)*)("**OL Zhijia**"), which is a limited partnership established in the PRC and is principally engaged in investment holdings. OL Zhijia is owned as to (i) 59% interest by 北京長安中聯科技有限公司 (Beijing Changan Zhonglian Technology Co., Ltd.*) ("**Zhonglian Technology**"); (ii) 40% interest by 上海經石投資管理中心(有限合夥)(Shanghai Jingshi Investment Management Center (Limited Partnership)*) ("**Jingshi Investment**"); and (iii) 1% interest by OL Management.

Zhonglian Technology is owned as to 60% interest by 顏博 (Yan Bo*) and 40% interest by 鐘小明 (Zhong Xiaoming*). The ultimate beneficial owner of Jingshi Investment is 徐工集團工程機械股份有限公司 (XCMG Construction Machinery Co., Ltd.*) (a company established in the PRC with limited liability and the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000425.SZ)).

The general partner of OL Zhijia is OL Management.

(xii) 橙葉智通(淄博)股權投資合夥企業(有限合夥)(Orange Leaf Zhitong (Zibo) Equity Investment Partnership Enterprise (Limited Partnership)*)("**OL Zhitong**"), which is a limited partnership established in the PRC and is principally engaged in equity investment, investment management and asset management. The substantial shareholders who hold 5% or more interest in OL Zhitong are (i) OL Zhijia, which holds approximately 26.32% interest therein; (ii) 杭州實隆股權投資合夥企業(有限合夥)(Hangzhou Shilong Equity Investment Partnership (Limited Partnership)*), which holds approximately 24.66% interest therein; (iii) Tianjin Fuqing, which holds approximately 17.76% interest therein; (iv) 楊康 (Yang Kang*), which holds approximately 9.87% interest therein; (v) 西安鑫享致贏股權投資合夥企業(有限合夥)(Xian Xinxiang Zhiying Equity Investment Partnership (Limited Partnership)*), which holds approximately 7.62% interest therein; and (vi) 守恆致鑫(晉江)股權投資合夥企業 (Shouheng Zhixin (Jinjiang) Equity Investment Partnership*), which holds approximately 5.49% interest therein.

The general partner of OL Zhitong is OL Management.

(xiii) 橙葉智鴻（淄博）股權投資合夥企業（有限合夥）(Orange Leaf Zhihong (Zibo) Equity Investment Partnership Enterprise (Limited Partnership)*)(“**OL Zhihong**”), which is a limited partnership established in the PRC and is principally engaged in equity investment, investment management and asset management. The substantial shareholders who hold 5% or more interest in OL Zhihong are (i) Tianjin Fuqing, which holds approximately 46.99% interest therein; (ii) 蘇州城市建設投資發展有限責任公司 (Suzhou City Construction Investment Development Co., Ltd.*) (“**Suzhou Construction**”), which is a company established in the PRC with limited liability and wholly-owned by 蘇州市國有資產管理委員會 (the State-owned Assets Management Commission of Suzhou*), holds approximately 37.59% interest therein; and (iii) 蘇州城投資本控股有限責任公司 (Suzhou City Investment Capital Holdings Co., Ltd.*), which is a company established in the PRC with limited liability and wholly-owned by Suzhou Construction, holds approximately 9.40% interest therein.

The general partner of OL Zhihong is OL Management.

(xiv) Great First which is a company incorporated in Hong Kong and is principally engaged in investment holding. It is ultimately owned by Mr. Hu Xiaoyong, an executive director of the Company and is hence a connected person of the Company for the purpose of the Listing Rules.

(xv) 寧波梅山保稅港區鈞源三號股權投資合夥企業（有限合夥）(Ningbo Meishan Free Trade Zone Junyuan No. 3 Equity Investment Partnership Enterprise (Limited Partnership)*) (“**Junyuan No. 3**”), which is a limited partnership established in the PRC and is principally engaged in equity investment and provision of consultancy services. It is owned as to 99.9% interest by 王潔 (Wang Jie*) and 0.1% interest by 北京鈞源資本投資管理有限公司 (Beijing Junyuan Capital Investment Management Co., Ltd.*) (“**Junyuan Management**”).

The general partner of Junyuan No.3 is Junyuan Management and it is owned as to (i) 40% interest by 沈振鴻 (Shen Zhenhong*); (ii) 35% interest by 陳金龍 (Chen Jinlong*); (iii) 15% interest by 柳建都 (Liu Jiandu*); and (iv) 10% interest by 曾鑄涵 (Zeng Zhuhan*).

(xvi) 寧波梅山保稅港區鈞源五號股權投資合夥企業(有限合夥)(Ningbo Meishan Free Trade Zone Junyuan No. 5 Equity Investment Partnership Enterprise (Limited Partnership)*) ("**Junyuan No. 5**"), is a limited partnership established in the PRC and is principally engaged in equity investment and provision of consultancy services. It is owned as to (i) 23.4% interest by 洪亞郎 (Hong Yalang*); (ii) 21.57% interest by 王博 (Wang Bo*); (iii) 20.83% interest by 鄭賢超 (Zheng Xianchao*); (iv) 15.60% interest by 柳建都 (Liu Jiandu*); (v) 12.50% interest by 林建東 (Lin Jiandong*); and (vi) 6.10% interest by Junyuan Management.

The general partner of Junyuan No.5 is Junyuan Management and it is owned as to (i) 40% interest by 沈振鴻 (Shen Zhenhong*); (ii) 35% interest by 陳金龍 (Chen Jinlong*); (iii) 15% interest by 柳建都 (Liu Jiandu*); and (iv) 10% interest by 曾鑄涵 (Zeng Zhuhan*).

(xvii) 天津富騰企業管理合夥企業(有限合夥)(Tianjin Futeng Enterprise Management Partnership (Limited Partnership)*) ("**Tianjin Futeng**"), which is a limited partnership established in the PRC and is principally engaged in provision of corporate management and consultancy services. 紀中寧 (Ji Zhongning*) holds approximately 41.56% interest. 胡潔 (Hu Jie*), a subsidiary level director of the Group, holds approximately 9.24% interest in Tianjin Futeng and 王文濤 (Wang Wentao*) holds approximately 8.51% interest in Tianjin Futeng. 陳伶超 (Chen Lingchao*) holds approximately 4.16% interest in Tianjin Futeng. Mr. Tan Zaixing, an executive director of the Company, holds approximately 3.83% interest in Tianjin Futeng. 馬鎖明 (Ma Suoming*), another subsidiary level director, holds approximately 3.69% interest in Tianjin Futeng. The other shareholders of Tianjin Futeng comprise 北京北控光伏科技發展有限公司 (Beijing Enterprises New Energy Company Limited*), an indirect wholly-owned subsidiary of the Company, holds approximately 0.01% interest, and remaining 43 other shareholders including certain subsidiary level directors of the Group, none of which holding 3% or more interest in Tianjin Futeng.

The general partner of Tianjin Futeng is 李海明 (Li Haiming*), holds approximately 2.67% interest in Tianjin Futeng.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, save for Great First and disclosed above, each of the Other Beiqing Smart Shareholders and its ultimate beneficial owner(s) (if applicable) are independent third parties not connected with the Company or its connected persons.

Set out below is the breakdown in the shareholding of Beiqing Smart prior to the Proposed Reorganisation:

Shareholders	**% shareholding in Beiqing Smart**
Tianjin Fuqing	80.24%
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 Enterprise (Limited Partnership)*)	5.08%
嘉興智精投資合夥企業(有限合夥)(Jiaxing Zhijing Investment Partnership Enterprise (Limited Partnership)*)	0.34%
嘉興智精恒錦投資合夥企業(有限合夥)(Jiaxing Zhijing Hengjin Investment Partnership Enterprise (Limited Partnership)*)	0.29%
嘉興智精恒睿投資合夥企業(有限合夥)(Jiaxing Zhijing Hengrui Investment Partnership Enterprise (Limited Partnership)*)	0.10%
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)*)	0.97%
啟鷺(廈門)股權投資合夥企業(有限合夥)(Qilu (Xiamen) Equity Investment Partnership Enterprise (Limited Partnership)*)	2.90%
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)*)	0.96%
CCB Trust Dingxin	3.06%
Yuhua Rongtou	0.85%

Shareholders	% shareholding in Beiqing Smart
Yuhua Investment	0.42%
OL Zhijia	0.42%
OL Zhitong	1.61%
OL Zhihong	1.70%
Great First	0.27%
Junyuan No. 3	0.13%
Junyuan No. 5	0.05%
Tianjin Futeng	0.61%
Total	100.00%

Between 27 December 2019 and 26 March 2021, Beiqing Smart introduced four rounds of investments to raise funds to support its business. All the special rights that have been accorded to the investors for their investments in Beiqing Smart would cease to have further effect upon the entering into of the Reorganisation Agreement.

IMPLICATIONS UNDER THE LISTING RULES

Deemed Disposal of Beiqing Smart

Upon completion of the Proposed Reorganisation, the Group's equity interest in Beiqing Smart will decrease from the existing 80.24% to 68.55%, taking into consideration the interests of the non-controlling equity holders of SEC Electric. As such, the Proposed Reorganisation will constitute a deemed disposal by the Group of 11.69% interests in Beiqing Smart.

As the Company has been introducing investors to Beiqing Smart since late 2019 for the funding needs of the Photovoltaic and Wind Power Business and the Proposed Reorganisation, the investments made by the Other Beiqing Smart Shareholders would need to be aggregated with the deemed disposal in the Proposed Reorganisation. As the applicable percentage ratios for the deemed disposal, when aggregated with the investments made by the Other Beiqing Smart Shareholders are more than 75%, the deemed disposal as a result of the Proposed Reorganisation will constitute a very substantial disposal for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Acquisition of SEC Electric

Pursuant to the Proposed Reorganisation, SEC Electric will issue the Consideration Shares to Tianjin Fuqing and the Other Beiqing Smart Shareholders as consideration for the acquisition of the Remaining Beiqing Smart Interest. Upon completion of the Proposed Reorganisation and the issuance of the Consideration Shares, SEC Electric will become a subsidiary of the Company. As such, the Proposed Reorganisation will also constitute an acquisition by the Company of the 68.55% equity interests in SEC Electric.

As the consideration ratio for the acquisition is more than 100%, the acquisition as a result of the Proposed Reorganisation constitutes a very substantial acquisition for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Performance Undertaking and Indemnity

As Tianjin Fuqing would need to make up any shortfall in the Performance Undertaking, and such shortfall will be satisfied by transferring the Indemnity Shares or by cash, the Indemnity under the Performance Undertaking and Indemnity constitutes a disposal by the Group of its interests in SEC Electric. As the maximum amount of the Indemnity that may be paid are more than 75% of the applicable ratios, the entering into of the Performance Undertaking and Indemnity Agreement constitutes a possible very substantial disposal by the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Connected Transaction

As one of the parties to the Reorganisation Agreement is Great First and Great First is a connected person of the Company for the purpose of Chapter 14A of the Listing Rules, the Proposed Reorganisation also constitutes a connected transaction for the Company and is subject to the approval by the Independent Shareholders of the Company.

Proposed Spin-off

The Proposed Reorganisation will result in Beiqing Smart becoming a subsidiary of SEC Electric and the listing of the Photovoltaic and Wind Power Business on the SSE. As such, the Proposed Reorganisation also constitutes a spin-off of the Photovoltaic and Wind Power Business under Practice Note 15. The Proposed Reorganisation is therefore also subject to approval by the Stock Exchange and the approval of the Shareholders under paragraph 3(e)(1) of Practice Note 15.

An Independent Board Committee has been established to advise the Independent Shareholders on whether or not the Proposed Reorganisation is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Proposed Reorganisation.

The circular containing, among other things, (i) further details about the Proposed Reorganisation and the Proposed Spin-off; (ii) information about SEC Electric and the Photovoltaic and Wind Power Business; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) the recommendation of the Independent Board Committee; (v) a notice of the EGM; and (vi) other information required under the Listing Rules, will be despatched to the Shareholders. As the Proposed Reorganisation is subject to the approval by the Stock Exchange of the Proposed Spin-off, the circular will only be despatched after the Stock Exchange has approved the Proposed Spin-off. The Company will separately announce the expected despatch date of the circular in due course.

GENERAL

The Proposed Reorganisation, the Proposed Spin-off and the transactions contemplated thereunder are subject to, among other things, approvals of the Stock Exchange and approvals of relevant PRC regulatory authorities, and may or may not materialise. Shareholders and potential investors should be aware that there is no assurance that the Proposed Reorganisation, the Proposed Spin-off and the transactions contemplated will materialise. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on Monday, 27 September 2021 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on 18 October 2021.

DEFINITIONS

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

"Beiqing Smart"	天津北清電力智慧能源有限公司 (Tianjin Beiqing Electric Smart Energy Co., Ltd.*), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company as at the date of this announcement;
"Beiqing Smart Valuer"	中通誠資產評估有限公司 (China Tong Cheng Assets Appraisal Co., Ltd.*), the independent valuer who performed the valuation of Beiqing Smart;
"Benchmark Date"	31 March 2021, being the valuation benchmark date;
"Board"	the board of the Company;
"Company"	Beijing Enterprises Clean Energy Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 01250);
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Consideration Shares"	the number of SEC Electric Shares to be issued by SEC Electric to the shareholders of Beiqing Smart under the Proposed Reorganisation;
"CSRC"	China Securities Regulatory Commission;
"Directors"	the director(s) of the Company;

"Disposed SEC Electric Subsidiary"	無錫中電電機科技有限公司 (Wuxi SEC Electric Technology Co., Ltd.*), a company established in the PRC with limited liability and is a wholly-owned subsidiary of SEC Electric as at the date of this announcement, which holds the SEC Electric Assets;
"EGM"	the extraordinary general meeting to be convened and held by the Company for the Independent Shareholders to consider and, if thought fit, approve the resolutions in relation to the Proposed Reorganisation and the Proposed Spin-off;
"Existing SEC Electric Shareholders"	王建裕先生 (Mr. Wang Jianyu*) and 王建凱先生 (Mr. Wang Jiankai*), two existing shareholders of SEC Electric holding in aggregate 36.95% of the existing share capital of SEC Electric as at the date of this announcement;
"Fourth Round Capital Increase"	new capital in the amount of RMB1,076 million agreed to contribute to Beiqing Smart. Further details are set out in the Company's announcement dated 26 March 2021;
"Fourth Round Investors"	CCB Trust Dingxin, Yuhua Rongtou, Yuhua Investment, OL Zhijia, OL Zhitong, OL Zhihong, Great First, Junyuan No.3, Junyuan No. 5 and Tianjin Futeng;
"Great First"	Great First (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability, ultimately owned by Mr. Hu Xiaoyong, an executive director of the Company;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong;
"HKFRS"	Hong Kong Financial Reporting Standards;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;

"Independent Board Committee"	the independent board committee of the Board comprising Mr. Li Fujun, Mr. Xu Honghua and Mr. Chiu Kung Chik, all of whom are independent non-executive Directors, to advise and provide recommendations to the Independent Shareholders on the Proposed Reorganisation and the Proposed Spin-off;
"Independent Third Party(ies)"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules;
"Independent Shareholders"	the shareholders of the Company other than Mr. Hu Xiaoyong, Mr. Tan Zaixing and their associates;
"Issue Price"	RMB10.10 per SEC Electric Share;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Other Beiqing Smart Shareholders"	all the shareholders of Beiqing Smart other than Tianjin Fuqing as at the date of this announcement;
"Performance Undertaking Amount"	the minimum amount of profit of Beiqing Smart for the Performance Undertaking Period;
"Performance Undertaking and Indemnity Agreement"	the profit guarantee agreement dated 24 September 2021 entered into between Tianjin Fuqing and SEC Electric;
"Performance Undertaking and Indemnity"	the profit guarantee in relation to Beiqing Smart to be provided by Tianjin Fuqing to SEC Electric;

"Performance Undertaking Period"	the three financial years of 2022, 2023 and 2024;
"Photovoltaic and Wind Power Business"	the businesses of investment and development of photovoltaic power plants and wind power plants in the PRC;
"PRC"	the People's Republic of China;
"PRC GAAP"	generally accepted accounting principles of the PRC;
"Proposed Reorganisation"	the transaction contemplated under the Reorganisation Agreement under which SEC Electric will acquire from the shareholders of Beiqing Smart the entire equity interests in Beiqing Smart and issue the Consideration Shares to satisfy the consideration for the acquisition;
"Proposed Spin-off"	the transfer of the Photovoltaic and Wind Power Business to SEC Electric pursuant to the Proposed Reorganisation constitutes a spin-off by the Group of the Photovoltaic and Wind Power Business and is subject to compliance with the requirements of Practice Note 15;
"Remaining Beiqing Smart Interest"	the shareholding of Beiqing Smart after the Asset Swap;
"Reorganisation Agreement"	the material assets reorganisation agreement dated 24 September 2021 entered into between SEC Electric, the shareholders of Beiqing Smart and the Existing SEC Electric Shareholders;
"Retained Assets of SEC Electric"	assets of SEC Electric that SEC Electric will not transfer to the Disposed SEC Electric Subsidiary upon completion of the Proposed Reorganisation;

"RMB"	Renminbi, the lawful currency of the PRC;
"SEC Electric"	中電電機股份有限公司 (SEC Electric Machinery Co., Ltd.*), a company established in the PRC with limited liability, the shares of which are listed on the SSE (Stock Code: 603988.SH);
"SEC Electric Assets"	all of its assets and liabilities of SEC Electric, other than the Retained Assets of SEC Electric, to be transferred to the Disposed SEC Electric Subsidiary;
"SEC Electric Share(s)"	RMB ordinary share(s) (A Share(s)) with a nominal value of RMB1.00 each in the share capital of SEC Electric;
"SEC Electric Valuer"	江蘇中企華中天資產評估有限公司 (Jiangsu Zhongqi Huazhongtian Assets Appraisal Co., Ltd.*), the independent valuer who performed the valuation of the SEC Electric Assets;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
"Share(s)"	ordinary shares of HK$0.001 each in the share capital of the Company;
"Share Transfer Agreement"	the share transfer agreement dated 24 September 2021 entered into between Tianjin Fuqing and the Existing SEC Electric Shareholders in relation to the SEC Electric Share Transfer;
"Shareholder(s)"	holder(s) of the Shares;
"SSE"	Shanghai Stock Exchange;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;

"Tianjin Fuqing"	天津富清投資有限公司 (Tianjin Fuqing Investment Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company and one of the shareholders of Beiqing Smart as at the date of this announcement; and
"%"	per cent.

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

Hong Kong, 15 October 2021

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

* *for identification purposes only.*

APPENDIX 1 — REPORT FROM THE REPORTING ACCOUNTANTS IN RELATION TO THE BEIQING SMART PROFIT FORECAST

15 October 2021

The Board of Directors
Beijing Enterprises Clean Energy Group Limited
Rooms 6706-07
67th Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

Dear Sirs,

Beijing Enterprises Clean Energy Group Limited (the "**Company**")

Report from the reporting accountants in relation on the discounted cash flow forecast in connection with the valuation report.

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the "**Forecast**") on which the valuation dated 23 September 2021 prepared by China Tong Cheng Assets Appraisal Co., Ltd. in respect of the valuation of Tianjin Beiqing Electric Smart Energy Co., Ltd (the "**Beiqing Smart**") as at 31 March 2021. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' responsibilities

The Company's directors are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the "**Assumptions**"), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out in the section headed "BASES AND ASSUMPTIONS OF THE PERFORMANCE UNDERTAKING AND INDEMNITY" of the announcement of the Company dated 15 October 2021.

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Beiqing Smart. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations is concerned, the Forecast has been properly compiled in accordance with the Assumptions adopted by the Directors.

Ernst & Young
Certified Public Accountants
Hong Kong

APPENDIX 2 — REPORT FROM THE FINANCIAL ADVISOR IN RELATION TO THE BEIQING SMART PROFIT FORECAST

The Board of Directors
Beijing Enterprises Clean Energy Group Limited
Rooms 6706-07
67th Floor, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

15 October 2021

Ladies and Gentlemen:

We refer to the announcement of Beijing Enterprises Clean Energy Group Limited (the "**Company**") dated 15 October 2021 (the "**Announcement**") in connection with an asset reorganisation which SEC Electric Machinery Co., Ltd* ("**SEC Electric**") will acquire the entire equity interest in Tianjin Beiqing Electric Smart Energy Co., Ltd* ("**Beiqing Smart**") by issuing consideration shares to satisfy the consideration (the "**Proposed Reorganisation**"). The transfer of assets pursuant to the Proposed Reorganisation constitutes a spin-off by the Company (the "**Proposed Spin-off**").

The Announcement refers to the valuation of the Beiqing Smart by China Tong Cheng Assets Appraisal Co., Ltd. (the "**Valuer**") which are contained in the asset appraisal reports dated 23 September 2021 (the "**Asset Valuation Reports**") prepared by the Valuer for the purpose of the Proposed Reorganisation. We understand that the Asset Valuation Reports and certain other documents relevant to the Proposed Reorganisation have been provided to you as directors of the Company (the "**Directors**") in connection with your consideration of the Proposed Reorganisation. We understand that the Valuer has applied income approach, known as the discounted cash flow method, on the equity interest in Beiqing Smart (the "**DCF Assets**") to implement the valuation. The valuation on the discounted cash flow is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

We have reviewed the profit forecast included in the Asset Valuation Reports upon which the valuation of the DCF Assets has been made. We have made enquiries with the Directors, the management of the Company and the Valuer regarding the bases and assumptions upon which the profit forecast regarding the DCF Assets in the Asset Valuation Reports has been made. We have also reviewed the reports to the Directors from Ernst & Young, dated 15 October 2021, as set forth in Appendix 1 to the Announcement regarding the calculations of discounted future cash flows.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions selected by the Valuer, for which the Valuer and the Company are responsible, we are satisfied that the profit forecast disclosed in the Announcement, have been made after due and careful enquiry by you. The Directors are responsible for such profit forecast, including the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Asset Valuation Reports. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Asset Valuation Reports and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. For the avoidance of doubt, this letter does not constitute an independent valuation or fairness opinion and is expressly limited to the matters described herein.

The work undertaken by us has been undertaken for the purpose of reporting solely to you under Rule 14.62(3) of the Listing Rules and for no other purpose. We have not independently verified the assumptions or computations leading to the valuation of DCF Assets. We have had no role or involvement and have not provided and will not provide any assessment of the value on the DCF Assets to the Company. We have assumed that all information, materials and representations provided to us by the Company and the Valuer, including all information, materials, and representations referred to or contained in the Announcement, were true, accurate, complete and not misleading at the time they were supplied or made, and remained so up to the date of the Announcement and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, whether express or implied, is made by us on the accuracy, truthfulness or completeness of such information, materials or representations. Accordingly, we accept no responsibility, whether expressly or implicitly, on the valuation of DCF Assets as set out in the Asset Valuation Reports.

Yours faithfully,

For and on behalf of
China Securities (International) Corporate Finance Company Limited

George Yen
Executive Director