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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Shangdong Hi-Speed Financial Group Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale and transfer was effected for transmission to the purchaser(s) or the transferee(s).

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This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of China Shangdong Hi-Speed Financial Group Limited.

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**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)**

### **VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE SUBSCRIPTION OF NEW BECE SHARES; AND NOTICE OF THE SPECIAL GENERAL MEETING**

**Financial Adviser to China Shangdong Hi-Speed Financial Group Limited**



**华泰国际**  
HUATAI INTERNATIONAL

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Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 6 to 29 of this circular.

A notice convening the SGM to be held at Conference Room, 17th Floor, Agricultural Bank of China Tower, No. 50 Connaught Road Central, Hong Kong on Monday, 16 May 2022 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed. In view of the continuing and currently elevated risks posed by the Novel Coronavirus (“COVID-19”) pandemic and the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap. 599G of the laws of Hong Kong), the Company decided to implement certain precautionary and control measures at the SGM against the COVID-19, including limiting the number of attendees to Directors or other staff members of the Company who are shareholders or proxies. No other Shareholders shall attend the SGM in person. Any person who attempts to attend the SGM in person will not be permitted entry to the meeting. Shareholders may, however, view and participate in the SGM through a live webcast of the SGM (“Online SGM”). Please refer to the section headed “Arrangements for the SGM” of this circular for further details.

Shareholders who wish to vote are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting and/or any adjournment thereof (as the case may be). If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians, or the Hong Kong Securities Clearing Company Limited), you should consult your banks or brokers or custodians (as the case may be) directly to assist you in the appointment of proxy.

Subject to the development of COVID-19, the Company may implement further changes and precautionary measures and may issue further announcement on such measures as appropriate.

#### **Important Information**

Please see page ii of this circular for the arrangements for the SGM, including guidance on joining the Online SGM.

There will not be any provision of souvenir or gifts for attending the Online SGM.

Hong Kong, 22 April 2022

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## ARRANGEMENTS FOR THE SGM

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In view of the continuing and currently elevated risks posed by the Novel Coronavirus (“**COVID-19**”) pandemic and the latest Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap. 599G of the laws of Hong Kong), the SGM will be held in an online format (“**Online SGM**”) and physical attendance by Shareholders will not be permitted. Any person who attempts to attend the SGM in person will not be permitted entry to the SGM.

### **1. Vote by proxy**

The Company wishes to advise all Shareholders that in-person attendance at the SGM is not necessary for the purpose of exercising voting rights. Shareholders who wish to vote on any resolution will only be able to vote by appointing the chairman of the SGM as their proxy to vote on their behalf by completing and returning the proxy form (if you are a registered Shareholder) attached to this circular in accordance with the instructions printed thereon to the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time for holding the SGM. If you are not a registered Shareholder (if your Shares are held via banks, brokers, custodians, or the Hong Kong Securities Clearing Company Limited), you should consult your banks or brokers or custodians (as the case may be) directly to assist you in the appointment of proxy.

### **2. Our Online SGM**

#### ***(i) Meeting Website***

Shareholders may view and listen to the Online SGM through a live webcast of the SGM which can be accessed via <http://meetings.computershare.com/CSFG2022SGM> on a smartphone, computer, tablet device or other browser enabled device. Please follow the instructions on the landing page on how to access the webcast. The online platform will be opened for registered Shareholders and non-registered Shareholders to log in approximately 30 minutes prior to the commencement of the SGM. Shareholders will be able to access the live webcast at the beginning of the SGM until its conclusion.

#### ***(ii) Login details for registered Shareholders***

Details regarding the SGM arrangements including login details to access the online platform are included in the Company’s notification letter to registered Shareholders (“**Shareholder Notification**”) sent together with this circular.

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## ARRANGEMENTS FOR THE SGM

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### *(iii) Login details for non-registered Shareholders*

Non-registered Shareholders who wish to attend the Online SGM should (1) contact and instruct their banks, brokers, custodians, nominees or the Hong Kong Securities Clearing Company Limited through which their shares are held (together, the “**Intermediary**”) to appoint themselves as proxy to attend the Online SGM and (2) provide their e-mail address to their Intermediary before the time limit required by the relevant Intermediary. Details regarding the Online SGM arrangements including login details to access the online platform will be sent by the Company’s Hong Kong share registrar to the e-mail addresses of the non-registered Shareholders provided by the Intermediary.

### **3. Questions at the SGM**

Shareholders can submit questions relevant to the proposed resolutions of the SGM during the SGM through the online platform in accordance with the instructions on the platform. Whilst the Company will endeavour to address these questions at the SGM, if time permits, the Company may respond to any unanswered questions after the SGM as appropriate.

**Registered and non-registered Shareholders should note that only one device is allowed per login. Please also keep the login details in safe custody for use at the SGM and do not disclose them to anyone else.**

The Company is not required to, and will not, independently verify the accuracy of the e-mail addresses or other information provided by registered or non-registered Shareholders. The Company and its agents take no responsibility for all or any loss or other consequence caused by or resulting from any inaccuracy and/or deficiency in the information provided or any unauthorised use of the login details.

If Shareholders have any questions relating to the SGM, please contact Computershare Hong Kong Investor Services Limited, the Company’s Hong Kong share registrar, at 17M Floor, Hopewell Centre 183 Queen’s Road East Hong Kong. Telephone: (852) 2862 8555. Facsimile: (852) 2865 0990. Website: [www.computershare.com/hk/contact](http://www.computershare.com/hk/contact).

We are closely monitoring the development and impact of COVID-19 in Hong Kong and may implement further changes and precautionary measures. Should any changes be made to the SGM arrangements, we will notify Shareholders via an announcement posted on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.csfg.com.hk](http://www.csfg.com.hk).

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“acting in concert”	the meaning ascribed thereto under the Takeovers Code
“associates”	the meaning ascribed thereto 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, the Company and its connected persons. As at the Latest Practicable Date, none of the Banks is a BECE Shareholder
“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 Circular”	the circular dated 1 April 2022 of BECE in relation to, among others, the Subscription, the Specific Mandate and the Whitewash Waiver
“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 Shareholder(s)”	holder(s) of the BECE Shares
“BECE Shares”	ordinary share(s) of HK\$0.001 each in the share capital of BECE
“BECE Share Option(s)”	share options granted by BECE under the BECE Share Option Scheme
“BECE Share Option Scheme”	the BECE Share Option scheme of BECE adopted by the BECE Shareholders on 11 June 2013

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## DEFINITIONS

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“Board”	the board of Directors
“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
“Company”	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)
“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
“connected persons”	the meaning ascribed thereto under the Listing Rules
“Consideration”	the total consideration for the Subscription in the amount of HK\$4,685,187,768
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“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 circular
“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 circular
“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
“Directors”	the directors of the Company

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## DEFINITIONS

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“Enlarged Group”	the Group as enlarged by the Subscription immediately after Completion
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent BECE Shareholders”	BECE Shareholder(s) other than: (i) the Subscriber and parties acting in concert with it; (ii) those who are involved in or interested in the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate and Whitewash Waiver); and (iii) those who are required to abstain from voting at the BECE EGM to consider and approve the Subscription Agreement and the transactions contemplated thereunder (including the Specific Mandate and Whitewash Waiver) under the Listing Rules and the Takeovers Code
“Joint Announcement”	the joint announcement dated 14 March 2022, published by the Company and BECE relating to, among other things, the Subscription
“Last Trading Date”	4 March 2022, being the last full trading day of the Shares and the BECE Shares on the Stock Exchange prior to the issue of the Joint Announcement
“Latest Practicable Date”	14 April 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 April 2022, which will be automatically extended to 20 May 2022 if, amongst others, the Company 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

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## DEFINITIONS

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“Main Board”	the main board maintained and operated by the Stock Exchange
“PRC”	the People’s Republic of China (excluding, for the purpose of this circular only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, <i>inter alia</i> , the Subscription, notice of which is set out on pages SGM-1 to SGM-2 of this circular
“Shareholders”	the shareholders of the Company
“Shares”	ordinary share(s) in the capital of the Company
“SP Agreement”	the 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 the Company
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement

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## DEFINITIONS

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“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
“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
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“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

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## LETTER FROM THE BOARD

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**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)**

*Executive Director and Chairman*

Mr. Wang Xiaodong

*Executive Directors*

Mr. Liu Zhijie

Mr. Liu Yao

*Non-Executive Directors*

Mr. Zhu Jianbiao

Mr. Liang Zhanhai

Mr. Chen Di

Mr. Wang Wenbo

*Independent Non-Executive Directors*

Mr. Guan Huanfei

Mr. Chan Wai Hei

Mr. Tan Yuexin

Mr. Jonathan Jun Yan

*Registered Office*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head office and principal place of  
business in Hong Kong*

17th Floor

Agricultural Bank of China Tower

No. 50 Connaught Road Central

Hong Kong

22 April 2022

*To the Shareholders*

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE  
SUBSCRIPTION OF NEW BECE SHARES;  
AND  
NOTICE OF THE SGM**

**INTRODUCTION**

Reference is made to the Joint Announcement in relation to the Subscription. 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 the Company and the financial results of the BECE Group will not be consolidated into the financial statements of the 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 circular, BECE will become a subsidiary of the Company and the financial results of the BECE Group will be consolidated into the financial statements of the Group.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, amongst other things, further details of the Subscription, which constitutes a possible very substantial acquisition for the Company under Chapter 14 of the Listing Rules, and notice of the SGM to approve the Subscription.

### THE SUBSCRIPTION AGREEMENT

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

#### Date

4 March 2022 (after trading hours)

#### Parties

**Issuer:** BECE

**Subscriber:** Profit Plan Global Investment Limited

As at the Latest Practicable Date, the Subscriber and its ultimate beneficial owner(s) (including the Company) were parties independent of and not connected with BECE and its connected persons.

As at the Latest Practicable Date, BECE and its ultimate beneficial owner(s) were parties independent of and not connected with the Company 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 Latest Practicable Date, 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.

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## LETTER FROM THE BOARD

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### **The Deposit**

The Subscriber has agreed to pay the Deposit in the sum of HK\$200,000,000 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. 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 below in the sub-section headed “The Subscription Agreement – Conditions Precedent” of this circular 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 the Shareholders at the 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 circular 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);

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## LETTER FROM THE BOARD

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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 the Joint Announcement;

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## LETTER FROM THE BOARD

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- (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 the Joint Announcement;
- (vi) a discount of approximately 49.47% over the audited consolidated net asset value per BECE Share of approximately HK\$0.190 per BECE Share as at 31 December 2021, calculated based on the BECE Group's audited consolidated net assets of approximately HK\$12,082,054,000 as at 31 December 2021 and 63,525,397,057 BECE Shares in issue as at the date of the Joint Announcement; and
- (vii) a premium of approximately 20% to the closing price of HK\$0.08 per BECE Share as quoted on the Stock Exchange on the Latest Practicable Date.

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 Group around the time of Completion, (i) approximately 50% of the Consideration could be settled by the available cash of the 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 the Company are of the view that the Group would have sufficient cash from its internal resources to settle the Consideration upon Completion. However, the Subscriber and the Company 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 the Company 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 Group fails to achieve (ii) and/or (iii) above causing insufficient fund to fully settle the Consideration, the Subscriber and the Group will obtain financing with the above mentioned financing costs to settle the shortfall of the Consideration. If the Subscriber and the Company 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 Group and is in the interests of the Company and its shareholders as a whole.

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## LETTER FROM THE BOARD

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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 Directors consider that the basis for determining the Subscription Price and the Consideration is fair and reasonable and on normal commercial terms, and the entering into of the Subscription Agreement is in the interest of the Company and the 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;

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## LETTER FROM THE BOARD

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- (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<sup>(Note)</sup>), 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 Shareholders at the SGM convened in accordance with the Listing Rules approving the Subscription and all transactions contemplated under the Subscription Agreement; and
- (j) the Subscriber and the Company 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 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 circular, 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 due on 29 April 2022; and
- (ii) a term loan facility due June 2022 provided to the BECE Group by the Banks in the amount of approximately HK\$3,000 million due in June 2022.

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## LETTER FROM THE BOARD

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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 held BECE Shares as at the Latest Practicable Date, 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 the Company, (i) the Whitewash Waiver to be granted by the SFC; (ii) the approval on the Subscription by the Shareholders at the 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); and (iv) the completion of filing 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) are outstanding specific consents, approvals or filings required under condition precedent set out in (j) above.

Save as disclosed above, the Company 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.

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## LETTER FROM THE BOARD

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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 Latest Practicable Date, none of the conditions set out above was 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.

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 the Company and the financial results of the BECE Group will not be consolidated into the financial statements of the 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 circular, BECE will become a subsidiary of the Company and the financial results of the BECE Group will be consolidated into the financial statements of the 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.

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## LETTER FROM THE BOARD

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### **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 Latest Practicable Date, the BECE Board comprised 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 Latest Practicable Date, subject to the Listing Rules and the Takeovers Code, it was expected that other than Mr. Yang Guang, Mr. Shi Xiaobei, Ms. Huang Danxia and Mr. Chiu Kung Chik, all other BECE Directors would 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.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE SUBSCRIBER AND THE 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 the Company. It is principally engaged in investment holding.

The Company 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 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.

### 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, 2020 and 2021, prepared in accordance with the Hong Kong Financial Reporting Standards:

	<b>For the year ended</b>		
	<b>31 December</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	6,023,419	5,551,791	6,335,620
Net profit/(loss) before tax	(264,874)	1,018,410	1,031,631
Net profit/(loss) after tax	(288,834)	886,440	842,086

The audited net assets of the BECE Group as at 31 December 2019, 2020 and 2021 were HK\$11,005,769,000, HK\$13,124,890,000 and HK\$12,082,054,000 respectively.

For details of the financial information of the BECE Group, please refer to “Financial Information of the BECE Group” set out in Appendix II to this circular.

For the management discussion and analysis of the financial performance of the BECE Group for the three years ended 31 December 2020, and the interim report for the six months ended 30 June 2021, please refer to “Management discussion and analysis of the results of the BECE Group” set out in Appendix II to this circular.

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## LETTER FROM THE BOARD

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### FINANCIAL EFFECT OF THE SUBSCRIPTION TO THE GROUP

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 the Company and the financial results of the BECE Group will not be consolidated into the financial statements of the 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 circular, BECE will become a subsidiary of the Company and the financial results of the BECE Group will be consolidated into the financial statements of the Group.

#### **Assets and liabilities**

Based on the unaudited pro forma consolidated statement of financial position of the Enlarged Group as set out in Appendix III to this circular (assuming that the Subscription had been completed on 30 June 2021), the total assets of the Group (following the Completion, the Enlarged Group) would have increased from approximately HK\$22,677,429,000 to approximately HK\$81,030,255,000 on a pro forma basis, and the total liabilities of the Group (following the Completion, the Enlarged Group) would have increased from approximately HK\$13,006,115,000 to approximately HK\$48,867,428,000 on a pro forma basis.

#### **Earnings**

Based on the unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group as set out in Appendix III to this circular (assuming that the Subscription had been completed on 1 January 2020), the revenue of the Group (following the Completion, the Enlarged Group) would have increased from approximately HK\$1,272,353,000 to approximately HK\$6,824,145,000 on a pro forma basis.

For details of the unaudited pro forma financial information of the Enlarged Group immediately following completion of the Subscription, please refer to Appendix III to this circular.

## LETTER FROM THE BOARD

### EFFECT ON THE SHAREHOLDING STRUCTURE OF BECE

As at the Latest Practicable Date, BECE had 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 did 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 Latest Practicable Date; (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 Latest Practicable Date		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) <sup>(Note 5)</sup>	
	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 Investment Limited (“Fast Top”) <sup>(Note 1)</sup>	20,253,164,571	31.88	20,253,164,571	18.03	20,253,164,571	17.87
CTSL Green Power <sup>(Note 2)</sup>	7,594,936,710	11.96	7,594,936,710	6.76	7,594,936,710	6.70
CTSL New Energy <sup>(Note 2)</sup>	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) <sup>(Note 4)</sup>	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 <sup>(Notes 1, 3, 5 and 6)</sup>	2,424,234,285	3.82	2,424,234,285	2.16	2,824,234,285	2.49
– Mr. Tan Zaixing <sup>(Notes 1, 5 and 6)</sup>	60,000,000	0.09	60,000,000	0.05	400,000,000	0.35
– Mr. Li Fujun <sup>(Note 5)</sup>	–	–	–	–	10,000,000	0.01
– Mr. Xu Honghua <sup>(Note 5)</sup>	–	–	–	–	10,000,000	0.01
– Mr. Chiu Kung Chik <sup>(Note 5)</sup>	–	–	–	–	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
<b>Total</b>	<b>63,525,397,057</b>	<b>100</b>	<b>112,329,436,304</b>	<b>100</b>	<b>113,339,436,304</b>	<b>100</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. Beijing Enterprises Group Company Limited (“**BE Group**”) was 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
Beijing Enterprises Water Group Limited (“ <b>BEWG</b> ”)	20,253,164,571
Beijing Enterprises Environmental Construction Limited (“ <b>BE Environmental</b> ”)	20,253,164,571
Beijing Enterprises Holdings Limited (“ <b>BEHL</b> ”)	20,253,164,571
Beijing Enterprises Group (BVI) Company Limited (“ <b>BE BVI</b> ”)	20,253,164,571

Fast Top, a wholly-owned subsidiary of BEWG, beneficially held 20,253,164,571 BECE Shares. BEWG was 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 Latest Practicable Date. The remaining shares of BEWG were held by public shareholders. BE Environmental was a wholly-owned subsidiary of BEHL, which was 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 were held by public shareholders. Both BE BVI and BHL were wholly-owned by BE Group.

Furthermore, (i) Mr. Zhang Tiefu, Mr. Hu Xiaoyong, Mr. Yang Guang and Mr. Tan Zaixing were BECE Directors nominated by BEWG; (ii) Mr. Zhang Tiefu held positions within BEWG and/or its subsidiaries; and (iii) Mr. Yang Guang was 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) was 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 Investments Management Limited (“ <b>CLSA Global</b> ”)	7,594,936,710
CLSA B.V.	7,594,936,710
CITIC Securities International Company Limited (“ <b>CITIC Securities International</b> ”)	7,594,936,710

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## LETTER FROM THE BOARD

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CTSL Green Power, a company jointly-controlled by CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P., beneficially held 7,594,936,710 BECE Shares. CPEChina Fund II, L.P. and CPEChina Fund IIA, L.P. were 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. was 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. was Citron PE Funds II Limited. Citron PE Funds II Limited was wholly-owned by Citron PE Holdings Limited, which was owned as to 35% by CLSA Global. CLSA Global was wholly-owned by CLSA B.V., which was wholly-owned by CITIC Securities International, which was in turn wholly-owned by CITIC Securities Company Limited.

(ii) Name	Number of BECE Shares interested
CTSL New Energy	7,594,936,700
北京信聿投資中心(有限合夥) (Beijing Xinyu Investment Centre (Limited Partnership)*) (“ <b>Beijing Xinyu Investment</b> ”)	7,594,936,700
北京宥德投資管理中心(有限合夥) (Beijing Youde Investment Management Centre (Limited Partnership) *) (“ <b>Beijing Youde Investment</b> ”)	7,594,936,700
上海磐諾企業管理有限公司 (Shanghai Pannuo Enterprise Management Service Company Limited*) (“ <b>Shanghai Pannuo</b> ”)	7,594,936,700
中信產業投資基金管理有限公司 (CITIC Private Equity Funds Management Co., Ltd.*) (“ <b>CITIC Private Equity Funds</b> ”)	7,594,936,700

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

3. Mr. Hu Xiaoyong beneficially held 132,780,000 BECE Shares. 2,285,714,285 BECE Shares and 5,740,000 BECE Shares were held by Zihua Investments Limited and Starry Chance Investments Limited, respectively, both of which were wholly and beneficially owned by Mr. Hu Xiaoyong. Accordingly, Mr. Hu Xiaoyong was 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 held 4,045,000,000 BECE Shares.

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## LETTER FROM THE BOARD

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5. As at the Latest Practicable Date, the table below sets out the outstanding BECE Share Options granted to the BECE Directors under the BECE Share Option Scheme:

<b>Holders of BECE Share Options</b>	<b>Number of outstanding BECE Share Options</b>
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	240,000,000
<b>Total</b>	<b><u>1,010,000,000</u></b>

6. Mr. Hu Xiaoyong and Mr. Tan Zaixing, being BECE Directors who held BECE Shares as at the Latest Practicable Date, 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).

### **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 the 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 circular, the Subscriber may further review the composition of the BECE Board and senior management of BECE after Completion. As at the Latest Practicable Date, the Subscriber had no intention to discontinue the employment of any of the BECE Group’s employees.

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## LETTER FROM THE BOARD

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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, the Company 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. The Company'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 the Company and BECE. The Company 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. In the long run, the Company expects that BECE shall maintain its business and operation through its own generated revenue and cashflow and external financing. When the Company becomes a controlling shareholder of BECE, the Company would consider to provide suitable guarantees for external financing of BECE to lower its financing costs when appropriate.

Despite the Directors and the senior management of the Company lack experience and expertise in relation to the principal business of the BECE Group, the Company 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 the Company's senior management to manage and supervise the business and operation of the BECE Group at the Company's level.

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## LETTER FROM THE BOARD

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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 THE COMPANY**

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 kilowatt by 2050, of which wind and photovoltaic power capacity will account for more than 50% *(Note)*. The 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 Group. As result of the Subscription, the BECE Group will become the new energy flagship platform of the Group, which provides the Group with effective and efficient access to the renewable and clean energy market, and also serves as another growth engine of Group and helps achieve further diversification of its business portfolio.

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## LETTER FROM THE BOARD

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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 announcements of the Company dated 23 November 2021, 20 December 2021 and 1 March 2022 and the circular of the Company dated 7 December 2021 (the “**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 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 the Company was aware of that it was unlikely that such conditions precedent could be fulfilled by the Vendors in around late January 2022, the Company explored the possibility to invest in BECE directly in form of share subscription. After rounds of discussions and negotiations with BECE, the Company and BECE agreed to entered into the Subscription Agreement. The Subscriber and the Company 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.

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

*Note:*

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

### **IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER**

As at the Latest Practicable Date, neither the Subscriber, the Company nor any party acting in concert with them held or were 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 has been made by the Subscriber to the Executive for the Whitewash Waiver in respect of the allotment and issuance of the Subscription Shares.

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## LETTER FROM THE BOARD

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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 the Company confirms that it and the parties acting in concert with it did not acquire voting rights in any BECE Share in the six months immediately prior to and including the Latest Practicable Date <sup>(Note)</sup>.

As at the Latest Practicable Date, the Subscriber and the Company further confirmed that:

- (a) the Subscriber, the Company and parties acting in concert with them had 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 Latest Practicable Date <sup>(Note)</sup>;
- (b) the Subscriber, the Company and parties acting in concert with them had not entered into any outstanding derivative in respect of securities in BECE;
- (c) the Subscriber, the Company and parties acting in concert with them had 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 the Company had not entered into any agreements or arrangements which related to the circumstances in which it might or might 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, the Company or any person acting in concert with them had not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in BECE;

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## LETTER FROM THE BOARD

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- (f) the Subscriber and the Company had not received any irrevocable commitment from any Independent BECE Shareholders that they would vote in favour of the resolution approving the Subscription, the Specific Mandate and/or the Whitewash Waiver at the BECE EGM; and
- (g) there was 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, the Company 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 the Company, 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 the Company dated 23 November 2021, 20 December 2021 and 1 March 2022 and the circular of the Company 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.*

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## LETTER FROM THE BOARD

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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.

### 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 held BECE Shares as at the Latest Practicable Date, 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.

### LISTING RULES IMPLICATION

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 the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement and the Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

Given that the shares of BECE are listed on the Main Board of the Stock Exchange, the Company is exempted from including the accountant’s report on BECE in this circular under Rule 4.01(3) of the Listing Rules.

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## LETTER FROM THE BOARD

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### THE SGM

A notice convening the SGM, to be held on Monday, 16 May 2022 at 11:00 a.m. at Conference Room, 17th Floor, Agricultural Bank of China Tower, No. 50 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, approving, the Subscription is set out on pages SGM-1 to SGM-2 of this circular. In view of the continuing and currently elevated risks posed by the COVID-19 pandemic and the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap. 599G of the laws of Hong Kong), the Company decided to implement certain precautionary and control measures at the SGM against the COVID-19, including limiting the number of attendees to Directors or other staff members of the Company who are shareholders or proxies. No other Shareholders shall attend the SGM in person. Any person who attempts to attend the SGM in person will not be permitted entry to the meeting. Shareholders may, however, view and participate in the SGM through a live webcast of the SGM (“**Online SGM**”). Please refer to the section headed “Arrangements for the SGM” of this circular for further details.

The ordinary resolution proposed to be approved at the SGM will be taken by poll, whereby any Shareholders and their respective close associates (as defined under the Listing Rules) who have a material interest in the Subscription shall abstain from voting on the resolution in relation to the Subscription to be proposed at the SGM. To the best of the Directors’ knowledge, information and belief, as at the Latest Practicable Date, no Shareholder had a material interest in the Subscription which was different from the other Shareholders. Therefore, no Shareholder would be required to abstain from voting on the proposed resolutions in relation to the Subscription at the SGM. A form of proxy for use at the SGM is enclosed with this circular.

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders’ eligibility to attend and vote at the SGM, the register of members will be closed from Wednesday, 11 May 2022 to Monday, 16 May 2022, both days inclusive. During such period, no share transfers of the Company will be registered. In order to qualify to attend and vote at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 10 May 2022.

### RECOMMENDATION

The Board considers that terms and conditions of the Subscription are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Subscription.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

**The Subscription is subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent, including approval at the BECE EGM by the Independent BECE Shareholders of the Subscription and the Whitewash Waiver, approval at the 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 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.

Yours faithfully,

By order of the Board

**China Shandong Hi-Speed Financial Group Limited**

**Wang Xiaodong**

*Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for the nine months ended 31 December 2018, and two years ended 31 December 2019 and 2020 and the six months ended 30 June 2021 are disclosed on pages 60 to 246 of the annual report of the Company for the nine months ended 31 December 2018, pages 57 to 228 of the annual report of the Company for the year ended 31 December 2019, pages 71 to 244 of the annual report of the Company for the year ended 31 December 2020 and pages 4 to 64 of the interim report of the Company for the six months ended 30 June 2021, all of which are published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk), and the website of the Company at [www.csfg.com.hk](http://www.csfg.com.hk). Quick links to the annual reports and the interim report of the Company are set out below:

annual report of the Company published on 29 April 2019 for the nine months ended 31 December 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn20190429435.pdf>

annual report of the Company published on 20 April 2020 for the year ended 31 December 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042000331.pdf>

annual report of the Company published on 30 April 2021 for the year ended 31 December 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0430/2021043001239.pdf>

interim report of the Company published on 17 September 2021 for the six months ended 30 June 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0917/2021091700621.pdf>

**2. INDEBTEDNESS STATEMENT**

At the close of business on 28 February 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the indebtedness of the Enlarged Group was as follows:

**Borrowings**

The Enlarged Group had outstanding (i) secured bank borrowings of approximately HK\$8,758,991,000; (ii) unsecured bank borrowings of approximately HK\$13,150,000,000; (iii) secured bonds of approximately HK\$9,395,950,000; (iv) unsecured bonds of approximately HK\$1,174,055,000; (v) secured other borrowings of approximately HK\$1,009,214,000; (vi) unsecured other borrowings of approximately HK\$3,506,000,000; (vii) secured lease liabilities under finance lease arrangements and other loans of approximately HK\$14,865,000,000; and (viii) unsecured lease liabilities under finance lease arrangements and other loans of approximately HK\$1,047,882,000.

The secured bank borrowings, bonds, other borrowings and lease liabilities under finance lease arrangements of the Enlarged Group as at 28 February 2022 are secured by:

- (i) pledges over certain of the Enlarged Group's finance lease receivables;
- (ii) pledges over certain of the Enlarged Group's financial assets at fair value through profit or loss and other comprehensive income;
- (iii) pledges over certain of the Enlarged Group's property, plant and equipment and operating concessions;
- (iv) pledges over certain of the Enlarged Group's trade receivables and contract assets;
- (v) pledges over the Enlarged Group's equity interests in certain subsidiaries;
- (vi) guarantees given by the Company, the Target Company and/or their subsidiaries; and/or;
- (vii) pledges over of the Enlarged Group's certain bank balances.

**Guarantees issued**

As at 28 February 2022, the Enlarged Group provided the total maximum guarantees in relation to the investments in joint ventures and an unlisted equity investment of approximately HK\$4,012,000,000.

### Contingent liabilities

As at 28 February 2022, the Enlarged Group did not have any material contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Enlarged Group did not have outstanding at the close of business on 28 February 2022 (a) any debt securities issued and outstanding, and authorised or otherwise created but unissued; (b) any term loans; (c) any borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; (d) any debentures, mortgages or charges; or (e) any guarantee or other contingent liabilities.

### 3. WORKING CAPITAL STATEMENT

The Directors, after due and careful considerations, are of the opinion that, taking into account the expected completion of the Subscription, the internal resources available and the existing available facilities of the Enlarged Group, the Enlarged Group will have sufficient working capital for its present requirements for at least twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

### 4. ACQUISITION AFTER 31 DECEMBER 2020

Reference is made to the announcements of the Company dated 2 August 2021 and 10 August 2021 respectively.

Qingdao Shangao Zhiyuan Private Equity Investment Fund Partnership (Limited Partnership)\* 青島山高智遠私募股權投資基金合夥企業(有限合夥), a limited partnership established in accordance with the laws of the PRC (“**Qingdao Shangao**”) and the management, policies and control of which are vested exclusively in an indirect wholly-owned subsidiary of the Company, as the purchaser entered into the equity transfer agreement dated 2 August 2021 (the “**Xinlian SPA**”) with Shenzhen Genvict Technologies Co., Ltd. 深圳市金溢科技股份有限公司, a listed company in Shenzhen Stock Exchange with stock code 002869 (“**Shenzhen Genvict**”) as the vendor in relation to the sale and purchase of the 2% of the equity interest in Shandong Expressway Xinlian Technology Co., Ltd.\* 山東高速信聯科技股份有限公司 (“**Xinlian Technology**”) for a total consideration of RMB100,000,000 (the “**Xinlian Acquisition**”).

The total consideration of RMB100,000,000 (the “**Xinlian Consideration**”) is payable in instalments in the following manner:

- (a) RMB20,000,000 (being 20% of the Xinlian Consideration) shall be payable by Qingdao Shangao to Shenzhen Genvict within 30 working days after the date of the Xinlian SPA (the “**Xinlian Deposit**”);

- (b) RMB60,000,000 (being 60% of the Xinlian Consideration) shall be payable Qingdao Shangao to Shenzhen Genvict within five working days after 24 August 2021;
- (c) The Xinlian Deposit shall be returned by Shenzhen Genvict to Qingdao Shangao within three working days after the completion of the filing of the relevant documents in relation to the Xinlian Acquisition with the relevant authority(ies) in the PRC; and
- (d) RMB40,000,000 (being 40% of the Xinlian Consideration) shall be payable by Qingdao Shangao to Shenzhen Genvict within five working days after the date the Xinlian Deposit has been returned to Qingdao Shangao.

The Xinlian Consideration will be financed by the internal resources of the Group.

Xinlian Technology is a company incorporated in the PRC with limited liability. It was established in 2019 with a registered capital of RMB500,000,000. It operates an electronic toll collection (ETC) business in the Shandong province, the PRC, and is principally engaged in the business of providing users with ETC issuance services and comprehensive car-related services such as ETC-based data technology, online gas refueling, smart parking, smart car wash, etc..

As at the Latest Practicable Date, the completion under the Xinlian SPA had taken place.

The aggregate of the remuneration payable to and benefits in kind receivable by the directors of the acquiring company will not be varied in consequence of such acquisition.

## **5. MATERIAL ADVERSE CHANGE**

Up to and including the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up.

**6. FINANCIAL AND TRADING PROSPECTS**

Due to the impact of the Covid-19 pandemic, the growth of the Group's overall performance has been slowed down. However, there was an improvement in the financial performance of the Group for 2021 comparing to 2020. Upon completion of the Subscription, the investment of the Group would be expanded to the clean energy sector and the Company is of the view that this sector has a promising prospect and investing in this sector could enhance the financial performance of the Group. In addition to continue to engage in the Group's existing business of financial services, the Group intends to explore the opportunities in industrial investments through mergers and acquisitions in order to diversify the businesses of the Group and enable the Group to have a stable growth in the future.

The Group will pay close attention to the potential impact of the Covid-19 pandemic on the market and its business and continue to adhere to the core development principle of "prudent compliance and steady development", take risk prevention and control as the core value and the priority of its development, implement comprehensive risk management, adhere to the bottom line of compliance and promote the steady development of its work. The Group will actively respond to challenges, leverage its strengths, and optimize and consolidate internal and external resources to enhance coordination and synergy across all business lines and explore new opportunities for sustainable growth while strengthening the foundation of its advantageous businesses. The Group will continue to seek potential acquisition targets that will create synergy with the Group and enhance its profitability.

**1. FINANCIAL INFORMATION OF THE BECE GROUP**

Financial information of the BECE Group for the three years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021 are disclosed on pages 68 to 190 of the annual report BECE for the year ended 31 December 2018, pages 65 to 186 of the annual report of BECE for the year ended 31 December 2019, pages 71 to 188 of the annual report of BECE for the year ended 31 December 2020 and pages 32 to 59 of the interim report of BECE for the six months ended 30 June 2021, all of which are published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk), and the website of BECE at [www.bece.com.hk](http://www.bece.com.hk). Quick links to the annual reports and the interim report of BECE are set out below:

annual report of BECE published on 26 April 2019 for the year ended 31 December 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/ltn20190426663.pdf>

annual report of BECE published on 29 April 2020 for the year ended 31 December 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0429/2020042900547.pdf>

annual report of BECE published on 29 April 2021 for the year ended 31 December 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042900695.pdf>

interim report of BECE published on 21 September 2021 for the six months ended 30 June 2021:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0921/2021092100717.pdf>

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**APPENDIX II FINANCIAL INFORMATION OF THE BECE GROUP**

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**2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE BECE GROUP**

The management discussion and analysis of the results of BECE is extracted from the annual report of BECE for the three years ended 31 December 2020, and the interim report for the six months ended 30 June 2021 are set out in BECE's published annual and interim reports. The reports can be viewed at the following hyperlinks:

<b>For the six months ended</b>	<b>Publication date of interim report</b>	<b>Pages</b>
30 June 2021	27 August 2021	10-31

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0921/2021092100717.pdf>

<b>For the year ended</b>	<b>Publication date of annual report</b>	<b>Pages</b>
31 December 2020	29 March 2021	9-31

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042900695.pdf>

31 December 2019	27 March 2020	8-28
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<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0429/2020042900547.pdf>

31 December 2018	26 March 2019	9-29
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<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/lt20190426663.pdf>

*The unaudited pro forma financial information of the Enlarged Group is set out below for illustrative purpose only. It is prepared in accordance with Rule 4.29 of the Listing Rule for the purpose of illustrating the effect of the Acquisition on the Enlarged Group's financial information.*

#### **A BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

In connection with the proposed very substantial acquisition of 43.45% issued share capital of Beijing Enterprises Clean Energy Group Limited (“**BECE**”) (the “**Target Company**”) by Profit Plan Global Investment Limited (“**Subscriber**”), an indirect wholly owned subsidiary of the Company (the “**Subscription**”), the unaudited pro forma condensed consolidated statement of financial position, unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Company and its subsidiaries (hereinafter referred to as the “**Group**”) and the Target Company and its subsidiaries (hereinafter referred to as the “**Target Group**”) (together with the Group hereinafter referred to as the “**Enlarged Group**”) have been prepared to illustrate the effect of the Subscription on the Group's financial position as at 30 June 2021 and the Group's financial performance and cash flows for the year ended 31 December 2020 as if the Subscription had taken place at 30 June 2021 and 1 January 2020, respectively.

The unaudited pro forma financial information of the Enlarged Group has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is solely for the purpose to illustrate (a) the financial performance and cash flows of the Enlarged Group as if the Subscription had taken place on 1 January 2020; and (b) the financial position of the Enlarged Group as if the Subscription had taken place on 30 June 2021.

The unaudited pro forma financial information of the Enlarged Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the Subscription that are (i) directly attributable to the Subscription; and (ii) factually supportable, is summarised in the accompanying notes.

The unaudited pro forma financial information of the Enlarged Group has been prepared by the directors of the Company based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the unaudited pro forma financial information of the Enlarged Group may not give a true picture of the results, cash flows or assets and liabilities of the Enlarged Group would have been upon the completion of the Subscription for the year ended 31 December 2020 or as at 30 June 2021 and in any future periods or on any future dates, as appropriate.

## APPENDIX III

## UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the management discussion and analysis of the Group as set out in this circular, the financial information of the Target Group as set out in Appendix II to this circular and other financial information included elsewhere in this circular.

### (I) Unaudited pro forma condensed consolidated statement of financial position

	Condensed consolidated statement of financial position of the Group as at 30 June 2021 HK\$'000 (Note 1)	Condensed consolidated statement of financial position of the Target Group as at 30 June 2021 HK\$'000 (Note 2)	Unaudited pro forma adjustments HK\$'000	Notes	Unaudited pro forma condensed consolidated statement of financial position of the Enlarged Group HK\$'000
<b>NON-CURRENT ASSET</b>					
Property, plant and equipment	62,951	27,351,278	–		27,414,229
Investment properties	–	162,000	–		162,000
Right-of-use assets	33,614	–	–		33,614
Intangible assets	1,132,856	3,844,075	(506,261)	3	4,470,670
Interests in associates	2,171,520	993,230	–		3,164,750
Interests in joint ventures	–	451,676	–		451,676
Financial assets at fair value through other comprehensive income	1,742,350	–	–		1,742,350
Financial assets at fair value through profit or loss	54,199	841,239	–		895,438
Finance lease receivables	377,831	–	–		377,831
Loans receivables	300,388	–	–		300,388
Other receivables	–	5,149,502	–		5,149,502
Tax recoverables	–	1,142,327	–		1,142,327
Deferred tax assets	–	140,494	–		140,494
Total non-current asset	<u>5,875,709</u>	<u>40,075,821</u>	<u>(506,261)</u>		<u>45,445,269</u>
<b>CURRENT ASSET</b>					
Inventories	–	167,705	–		167,705
Contract assets	–	2,318,098	–		2,318,098
Financial assets at fair value through other comprehensive income	3,456,636	–	–		3,456,636
Financial assets at fair value through profit or loss	6,697,157	–	–		6,697,157
Finance lease receivables	778,178	–	–		778,178
Loans receivables	2,811,600	–	–		2,811,600
Trade and other receivables	960,910	12,686,735	–		13,647,645
Tax recoverables	–	1,041,211	–		1,041,211
Restricted cash	69,919	197,158	–		267,077
Cash held on behalf of clients	14,107	–	–		14,107
Cash and cash equivalents	<u>2,013,213</u>	<u>2,374,039</u>	<u>(1,680)</u>	4	<u>4,385,572</u>
Total current asset	<u>16,801,720</u>	<u>18,784,946</u>	<u>(1,680)</u>		<u>35,584,986</u>

**APPENDIX III**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP**

	Condensed consolidated statement of financial position of the Group as at 30 June 2021 HK\$'000 (Note 1)	Condensed consolidated statement of financial position of the Target Group as at 30 June 2021 HK\$'000 (Note 2)	Unaudited pro forma adjustments HK\$'000	Notes	Unaudited pro forma consolidated statement of financial position of the Enlarged Group HK\$'000
<b>CURRENT LIABILITIES</b>					
Trade and bills payables	–	5,483,193	–		5,483,193
Other payables and accruals	171,622	3,225,241	–		3,396,863
Lease liabilities	13,179	–	–		13,179
Borrowings	3,847,478	9,459,539	–		13,307,017
Tax payables	404	266,509	–		266,913
<b>Total current liabilities</b>	<b>4,032,683</b>	<b>18,434,482</b>	<b>–</b>		<b>22,467,165</b>
<b>NET CURRENT ASSETS</b>	<b>12,769,037</b>	<b>350,464</b>	<b>(1,680)</b>		<b>13,117,821</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>18,644,746</b>	<b>40,426,285</b>	<b>(507,941)</b>		<b>58,563,090</b>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	8,814,649	23,109,240	–		31,923,889
Lease liabilities	24,784	–	–		24,784
Other payables and accruals	22,249	3,263,693	–		3,285,942
Deferred income	–	68,061	–		68,061
Deferred tax liabilities	111,750	335,181	–		446,931
<b>Total non-current liabilities</b>	<b>8,973,432</b>	<b>26,776,175</b>	<b>–</b>		<b>35,749,607</b>
<b>Net assets</b>	<b>9,671,314</b>	<b>13,650,110</b>	<b>(507,941)</b>		<b>22,813,483</b>
<b>CAPITAL AND RESERVES</b>					
Issued capital	6,022	63,525	(63,525)	6	6,022
Reserves	2,485,290	9,197,542	(8,044,733)	3, 6	3,638,099
Equity attributable to owners of the Company	2,491,312	9,261,067	(8,108,258)		3,644,121
Perpetual capital instrument	7,081,570	1,182,565	(1,182,565)	3	7,081,570
Non-controlling interests	98,432	3,206,478	8,782,882	3	12,087,792
<b>Total equity</b>	<b>9,671,314</b>	<b>13,650,110</b>	<b>(507,941)</b>		<b>22,813,483</b>

## (II) Unaudited pro forma consolidated statement of comprehensive income

	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2020 <i>HK\$'000</i> <i>(Note 1)</i>	Consolidated statement of comprehensive income of the Target Group for the year ended 31 December 2020 <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjustments <i>HK\$'000</i>	Notes	Unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group <i>HK\$'000</i>
Revenue	1,272,354	5,551,791	–		6,824,145
Cost of services	(464,173)	(2,888,927)	–		(3,353,100)
Gross profit	808,181	2,662,864	–		3,471,045
Other income	46,163	159,772	–		205,935
Other gains and losses, net	136,340	46,574	1,154,489	3	1,337,403
Impairment losses on financial assets recognised, net of reversal	(1,189,669)	–	–		(1,189,669)
Fair value gain on financial assets at fair value through profit or loss, net	802,375	–	–		802,375
Administrative expenses	(425,394)	(545,675)	(1,680)	4	(972,749)
Finance costs	(246,105)	(1,323,729)	–		(1,569,834)
Share of results of associates	64,844	2,154	–		66,998
Share of results of joint ventures	–	16,450	–		16,450
Profit/(loss) before tax	(3,265)	1,018,410	1,152,809		2,167,954
Income tax expense	(15,042)	(131,970)	–		(147,012)
Profit/(loss) for the year	(18,307)	886,440	1,152,809		2,020,942
Other comprehensive income/(loss)					
<i>Item that will not be reclassified to profit or loss:</i>					
Fair value change on equity instruments classified as financial assets at fair value through other comprehensive income	(242,866)	–	–		(242,866)
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Fair value change on debt instruments classified as financial assets at fair value through other comprehensive income	(70,056)	–	–		(70,056)
Release of fair value through other comprehensive income reserve upon disposal of debt instruments at fair value through other comprehensive income	7,178	–	–		7,178
Exchange difference arising on translation of foreign operations	218,570	1,444,978	–		1,663,548
Release of exchange difference upon disposal of subsidiaries	–	3,626	–		3,626
Share of other comprehensive income of joint ventures	–	25,166	–		25,166
Share of other comprehensive income of associates	–	54,456	–		54,456
Other comprehensive income/(loss) for the year	(87,174)	1,528,226	–		1,441,052
Total comprehensive income/(loss) for the year	(105,481)	2,414,666	1,152,809		3,461,994

**APPENDIX III**

**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP**

	Audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2020 <i>HK\$'000</i> <i>(Note 1)</i>	Consolidated statement of comprehensive income of the Target Group for the year ended 31 December 2020 <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjustments <i>HK\$'000</i>	<i>Notes</i>	Unaudited pro forma consolidated statement of comprehensive income of the Enlarged Group <i>HK\$'000</i>
Profit/(loss) for the year attributable to:					
Owners of the Company	(284,700)	659,983	779,589	3, 4, 7	1,154,872
Holders of perpetual capital instrument	259,048	-	-		259,048
Non-controlling interests	<u>7,345</u>	<u>226,457</u>	<u>373,220</u>	3, 4, 7	<u>607,022</u>
					2,020,942
	<u>(18,307)</u>	<u>886,440</u>	<u>1,152,809</u>		<u>2,020,942</u>
Total comprehensive income/(loss) for the year attributable to:					
Owners of the Company	(377,134)	2,080,798	(23,882)	3, 4, 7	1,679,782
Holders of perpetual capital instrument	259,048	-	-		259,048
Non-controlling interests	<u>12,605</u>	<u>333,868</u>	<u>1,176,691</u>	3, 4, 7	<u>1,523,164</u>
	<u>(105,481)</u>	<u>2,414,666</u>	<u>1,152,809</u>		<u>3,461,994</u>

## (III) Unaudited pro forma consolidated statement of cash flows

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2020 HK\$'000 (Note 1)	Consolidated statement of cash flows of the Target Group for the year ended 31 December 2020 HK\$'000	Unaudited pro forma adjustments HK\$'000	Notes	Unaudited pro forma consolidated statement of Cash flows of the Enlarged Group HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(loss) before tax	(3,265)	1,018,410	(1,680)	4	1,013,465
Adjustments for:	-				
Realised gain from financial assets at fair value through profit or loss, net	(525,444)	-	-		(525,444)
Unrealised gain from financial assets at fair value through profit or loss, net	(276,931)	(20,722)	-		(297,653)
Loss on disposal of debt instruments at fair value through other comprehensive income	7,178	-	-		7,178
Fair value loss on investment properties	-	8,000	-		8,000
Amortisation	8,795	111,638	-		120,433
Depreciation	18,476	1,069,673	-		1,088,149
Finance costs	403,183	1,323,729	-		1,726,912
Equity-settled share option arrangements	-	(5,019)	-		(5,019)
Gain on disposal of an associate	(300)	-	-		(300)
Gain on remeasurement of pre-existing interest in an associate	(6,148)	-	-		(6,148)
Impairment loss/(reversal of impairment) on trade and other receivable	71,550	(11,017)	-		60,533
Impairment loss on goodwill	74,492	-	-		74,492
Impairment loss on intangible assets	22,625	-	-		22,625
Impairment loss on finance lease receivables	987,074	-	-		987,074
Impairment loss on loan receivables	131,045	-	-		131,045
Bank interest income	(30,347)	(43,157)	-		(73,504)
Gains on disposal of subsidiaries	-	(3,827)	-		(3,827)
Gain on disposal of a joint venture	-	(22,025)	-		(22,025)
Losses on disposal of an associate	-	66,384	-		66,384
Losses on disposal of property, plant and equipment	-	12,200	-		12,200
Fair value loss on financial guarantees	-	5,896	-		5,896
Compensation income	(188,794)	-	-		(188,794)
Share of results of joint ventures	-	(16,450)	-		(16,450)
Share of results of associates	(64,844)	(2,154)	-		(66,998)
Operating cash flows before movements in working capital	628,345	3,491,559	(1,680)		4,118,224
Decrease in inventories	-	86,364	-		86,364
Decrease in contract assets	-	2,383,312	-		2,383,312
Increase in loans receivables	(763,982)	-	-		(763,982)
Increase in financial assets at fair value through profit or loss	(3,643,987)	-	-		(3,643,987)
Decrease in finance lease receivables	557,534	-	-		557,534
Decrease/(increase) in trade and other receivables	84,351	(2,912,247)	-		(2,827,896)
Decrease in tax recoverables	-	563,131	-		563,131
Decrease in trade and bills payables	-	(555,774)	-		(555,774)
Increase in cash held on behalf of clients	(1,779)	-	-		(1,779)
Increase/(decrease) in other payables and accruals	60,059	(1,238,087)	-		(1,178,028)
Cash generated from/(used in) operations	(3,079,459)	1,818,258	(1,680)		(1,262,881)
Tax paid	(40,867)	(202,161)	-		(243,028)
Net cash generated from/(used in) operating activities	(3,120,326)	1,616,097	(1,680)		(1,505,909)

**APPENDIX III**
**UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP**

	Audited consolidated statement of cash flows of the Group for the year ended 31 December 2020 HK\$'000 (Note 1)	Consolidated statement of cash flows of the Target Group for the year ended 31 December 2020 HK\$'000	Unaudited pro forma adjustments HK\$'000	Notes	Unaudited pro forma consolidated statement of Cash flows of the Enlarged Group HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	(5,197)	(2,123,905)	–		(2,129,102)
Proceeds from disposal of property, plant and equipment	21	12,745	–		12,766
Proceeds from disposal of subsidiaries	–	598,844	–		598,844
Increase in deposits for potential business acquisition	–	(75,987)	–		(75,987)
Decrease in payables in relation to development of clean energy projects	–	(98,729)	–		(98,729)
Additions of intangible assets	(23,013)	(247,719)	–		(270,732)
Net cash inflow/(outflow) resulting from acquisition of subsidiaries	(19,972)	(718,846)	3,698,835	5	2,960,017
Additions of joint ventures	–	(339,348)	–		(339,348)
Additions of an associate	–	(239,173)	–		(239,173)
Proceeds from disposal of a joint venture	–	22,485	–		22,485
Proceeds from disposal of an associate	300	–	–		300
Distributions from joint ventures	–	63,881	–		63,881
Received from associates	31,732	–	–		31,732
Placement of restricted cash	(23,435)	(46,982)	–		(70,417)
Change in loan and advances to suppliers, customers and former shareholders in relation to acquisitions	–	734,175	–		734,175
Advance to a potential acquisition company	–	(5,938)	–		(5,938)
Change in other non-current assets/liabilities and receivables from potential acquisition companies, net	–	86,211	–		86,211
Bank interest income received	30,347	43,157	–		73,504
Purchase of financial assets at fair value through profit or loss	–	(513,033)	–		(513,033)
Purchase of financial assets at fair value through other comprehensive income	(4,058,285)	–	–		(4,058,285)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,069,832	–	–		2,069,832
Proceeds from disposal of financial assets at fair value through profit or loss	309,978	–	–		309,978
Net cash generated from/(used in) investing activities	<u>(1,687,692)</u>	<u>(2,848,162)</u>	<u>3,698,835</u>		<u>(837,019)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Capital contributions by non-controlling equity holders	–	1,688	–		1,688
Increase in financial liabilities from non-controlling interests	–	562,114	–		562,114
Acquisition of non-controlling interests	–	(193,875)	–		(193,875)
Interest paid	(507,818)	(1,336,673)	–		(1,844,491)
New borrowings raised	2,013,908	6,016,231	–		8,030,139
Repayment of borrowings	(1,555,624)	(6,067,612)	–		(7,623,236)
Repayment of lease liabilities	(12,901)	–	–		(12,901)
Proceeds from issuance of bonds	6,587,757	1,007,757	–		7,595,514
Repayment of bonds	(4,688,937)	–	–		(4,688,937)
Distribution to holders or perpetual capital instrument	(300,434)	(72,711)	–		(373,145)
Dividend paid to non-controlling interests	–	(7,050)	–		(7,050)
Changes of deposits under leases	–	(94,912)	–		(94,912)
Net cash generated from/(used in) financing activities	<u>1,535,951</u>	<u>(185,043)</u>	<u>–</u>		<u>1,350,908</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
	(3,272,067)	(1,417,108)	3,697,155		(992,020)
Cash and cash equivalents at the beginning of the year	8,214,075	–	–		8,214,075
Effect of foreign exchange rate changes	103,740	–	–		103,740
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><u>5,045,748</u></u>	<u><u>(1,417,108)</u></u>	<u><u>3,697,155</u></u>		<u><u>7,325,795</u></u>

*Notes:*

1. The unaudited condensed consolidated statement of financial position as at 30 June 2021 and the audited consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year ended 31 December 2020 were extracted from the published interim report and annual report of the Company for the six months ended 30 June 2021 and year ended 31 December 2020, respectively.
2. The unaudited condensed consolidated statement of financial position as at 30 June 2021 and the audited consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows of the Target Group for the year ended 31 December 2020 were extracted from the published interim report and annual report of the Target Group, respectively as set out in Appendix II to the circular, with certain reclassification being made to be in line with presentation of consolidated financial statements of the Group, where appropriate.
3. On, 4 March 2022, Beijing Enterprises Clean Energy Group Limited (“BECE”) entered into a subscription agreement with Profit Plan Global Investment Limited (an indirect wholly-owned subsidiary of CSFG) (“Subscriber”), pursuant to which, BECE have 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”). The total consideration is expected to be satisfied by the Subscriber through (i) approximately 50% of the consideration of HK\$2,342,593,884 could be settled by the available cash of the Subscriber; (ii) approximately 17% of the consideration of HK\$796,481,921 could be settled by the amount recovered from receivables; and (iii) approximately 33% of the consideration of HK\$1,546,111,963 could be settled by proceeds from realisations of high liquidity financial assets.

Upon completion, the Group will be interested in approximately 43.45% of the total number of BECE’s shares in issue as enlarged by the allotment and issue of the subscription shares. For the purposes of the pro forma financial information, it is assumed that BECE will become a 43.45% owned subsidiary of the Company. The directors of the Company will perform an assessment of the relevant facts and circumstances prevailing at the date of completion of the Subscription to determine whether the Group has obtained control over BECE.

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**APPENDIX III****UNAUDITED PRO FORMA FINANCIAL  
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The following adjustment represents the recognition of goodwill as identified arising from the Subscription, as if the Subscription had been completed on 30 June 2021, in accordance with HKFRS 3 (Revised) Business Combination (“HKFRS 3 (Revised)”).

	<i>HK\$'000</i>	<i>HK\$'000</i>
Total consideration paid		4,685,188
Carrying amounts of BECE’s net assets as at 30 June 2021 (excluding goodwill)	13,143,849	
Cash to be received from the Subscription	4,685,188	
Perpetual capital instrument of the Target Group	(1,182,565)	
Non-controlling interests of subsidiaries of the Target Group	<u>(3,206,478)</u>	
	13,439,994	
Share of 43.45% of BECE’s net assets		<u>5,839,677</u>
Bargain purchase gain arising from the Subscription		<u><u>(1,154,489)</u></u>

For the purpose of the unaudited pro forma financial information, it is assumed that the fair value of the net identifiable assets of the Target Group (excluding goodwill) at completion date of the Subscription approximates their carrying values as at 30 June 2021. The fair value of the net identifiable assets of the Target Group (excluding goodwill) being acquired is subject to changes upon completion of the Subscription because these fair values of net identifiable assets being acquired shall be assessed at the date of the actual completion of the Subscription.

Pro forma bargain purchase gain of approximately HK\$1,154,489,000, being the excess amount of the Group’s share of the fair value of the net identifiable assets of the Target Group acquired under the Subscription over the consideration, is calculated as at 30 June 2021, as if the Subscription was completed on that day. The accounting policies adopted in preparing these adjustments are applied on the same basis as the Group would normally adopt in preparing its annual consolidated financial statements. The amount of bargain purchase gain is subject to change when the fair values of identifiable assets and liabilities of the Target Group are finalised on the date of actual completion of the Subscription.

The pro forma amount of the non-controlling interests of the Target Company of approximately HK\$8,782,882,000 including non-controlling interests of approximately HK\$7,600,317,000, which has been calculated at 56.55% of the total adjusted identifiable net assets of the Target Group attributable to ordinary shareholders of Target Company of approximately HK\$13,439,994,000 and perpetual capital instrument of approximately HK\$1,182,565,000 held by the Target Group. The amount of such non-controlling interests of the Target Company is subject to change when the fair values of identifiable assets and liabilities of the Target Group are finalised on the date of actual completion of the Subscription.

4. The adjustment represents estimated expenses of approximately HK\$1,680,000 assumed to be incurred in connection with the Subscription of which would be recognised in the Group’s consolidated statement of comprehensive income upon completion of the Subscription. This adjustment does not have continuing effect on the Enlarged Group.

5. The adjustment represents the cash inflow on acquisition of the Target Group of cash and cash equivalent balances acquired of approximately of HK\$3,698,835,000
6. This adjustment represents the consolidation entry to eliminate the share capital of the Target Group and pre-acquisition reserves,
7. This adjustment represents the non-controlling interests' share of the Target Group's profit and total comprehensive income for the year. This adjustment is expected to have continuing effect on the Enlarged Group's consolidated statement of comprehensive income.
8. Apart from the above, no other adjustment has been made to reflect any trading results or other transactions entered into by the Group or the Target Group subsequent to 30 June 2021 for the unaudited pro forma condensed consolidated statement of financial position as at 30 June 2021, and subsequent to 31 December 2020 for the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2020 as if the Subscription had taken place at 30 June 2021 and 1 January 2020, respectively.

**B INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a letter dated 22 April 2022, prepared for the sole purpose of inclusion in this circular, received from the Company's reporting accountants, Crowe (HK) CPA Limited.*

**To the Directors of China Shandong Hi-Speed Financial Group Limited (the "Company")**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Shandong Hi-Speed Financial Group Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma condensed consolidated statement of financial position as at 30 June 2021, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2020 and related notes as set out on pages III-2 to III-10 of Appendix III to the circular issued by the China Shandong Hi-Speed Financial Group Limited dated 22 April 2022 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in pages of III-2 to III-10 of Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Group's proposed very substantial acquisition in relation to the equity interest of Beijing Enterprises Clean Energy Group Limited ("**BECE**") ("**Subscription**") on the Group's financial position as at 30 June 2021 and the Group's financial performance and cash flows for the year ended 31 December 2020 as if the Subscription had taken place at 30 June 2021 and 1 January 2020, respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2021, on which no review report has been published; and information about the financial performance and cash flows has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 31 December 2020, on which an auditor's report has been published.

**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

**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 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” issued by the HKICPA 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, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2021 or 1 January 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Crowe (HK) CPA Limited  
22 April 2022  
9/F, Leighton Centre,  
77 Leighton Road,  
Causeway Bay,  
Hong Kong

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. DISCLOSURE OF INTERESTS BY DIRECTORS AND CHIEF EXECUTIVE IN THE COMPANY**

As at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the he/she was taken or deemed to have taken under such provisions of the SFO), or were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Appendix 10 to the Listing Rules.

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS OF THE COMPANY**

As at the Latest Practicable Date, so far as known to the Directors, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Substantial Shareholders	Capacity	Number of Shares held	Approximate percentage of Shareholding (Note 1)
Shandong Hi-Speed Group Co., Ltd.* (山東高速集團有限公司) <sup>(Note 2)</sup>	Interest in a controlled corporation	10,459,648,350	43.42%(L)
Shandong Hi-Speed (BVI) Capital Management Limited <sup>(Note 2)</sup>	Interest in a controlled corporation	5,459,648,350	22.66%(L)
Shandong Hi-Speed (Hong Kong) International Capital Limited (Note 2)	Beneficial owner	5,459,648,350	22.66%(L)
Shandong Rural Economic Development and Investment Company Limited* (山東省農村經濟開發投資公司) <sup>(Note 2)</sup>	Interest in a controlled corporation	5,000,000,000	20.76%(L)
Shandong International (Hong Kong) Limited <sup>(Note 2)</sup>	Beneficial owner	5,000,000,000	20.76%(L)
China Credit Trust Co., Ltd. <sup>(Note 3)</sup>	Interest in a controlled corporation	6,846,686,000	28.42%(L)
Harvest Fund Management Co., Ltd. (Note 3)	Interest in a controlled corporation	6,846,686,000	28.42%(L)
Harvest Global Investments Limited (Note 3)	Interest in a controlled corporation	6,846,686,000	28.42%(L)
Harvest Alternative Investment Opportunities SPC for and on behalf of Harvest High Speed Fund SP <sup>(Note 3)</sup>	Interest in a controlled corporation	6,846,686,000	28.42%(L)
JS High Speed Limited <sup>(Note 3)</sup>	Beneficial owner	6,846,686,000	28.42%(L)
Central Huijin Investment Ltd. <sup>(Note 4)</sup>	Interest in a controlled corporation	6,846,686,000	28.42%(L)
Bank of China Limited <sup>(Note 4)</sup>	Interest in a controlled corporation	6,846,686,000	28.42%(L)
Tai Fung Bank Limited <sup>(Note 4)</sup>	Security interest	6,846,686,000	28.42%(L)

*Notes:*

- (1) The calculation was based on the issued share capital of the Company of 24,089,384,437 shares as at the Latest Practical Date.
- (2) Shandong Hi-Speed (Hong Kong) International Capital Limited was wholly-owned by Shandong Hi-Speed (BVI) Capital Management Limited, which was in turn wholly-owned by Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司). Shandong International (Hong Kong) Limited was wholly-owned by Shandong Rural Economic Development and Investment Company Limited\* (山東省農村經濟開發投資公司), which was in turn wholly-owned by Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司). Therefore, Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) was deemed to be interested in totally 10,459,648,350 shares of the Company, comprising 5,459,648,350 shares held indirectly through Shandong Hi-Speed (BVI) Capital Management Limited and 5,000,000,000 shares held indirectly through Shandong Rural Economic Development and Investment Company Limited\* (山東省農村經濟開發投資公司).
- (3) JS High Speed Limited was wholly-owned by Harvest Alternative Investment Opportunities SPC for and on behalf of Harvest High Speed Fund SP, which was owned as to 91% by Harvest Global Investments Limited, which was in turn wholly-owned by Harvest Fund Management Co., Ltd., which was owned as to 40% by China Credit Trust Co., Ltd..
- (4) Tai Fung Bank Limited as chargee had security interest in those 6,846,686,000 shares under a share charge with JS High Speed Limited as chargor. Tai Fung Bank Limited was owned as to 50.31% by Bank of China Limited, which was owned as to 64.02% of Central Huijin Investment Ltd.. Therefore, each of Bank of China Limited and Central Huijin Investment Ltd. was deemed to be interested in the interest held by Tai Fung Bank Limited.
- (5) Pursuant to Section 336 of the SFO, the Shareholders are required to file disclosure of interests forms (the “**DI forms**”) when certain criteria are fulfilled and the full details of the requirements are available on the Stock Exchange’s official website. When a Shareholder’s shareholdings in the Company changes, it is not necessary to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, substantial Shareholders’ latest shareholdings in the Company may be different to the shareholdings filed with the Company and the Stock Exchange. The above statements of substantial Shareholders’ interests were prepared based on the information in the relevant DI Forms received by the Company as at the Latest Practical Date. The Company may not have sufficient information on the breakdown of the relevant interests and cannot verify the accuracy of information on the DI Forms.
- (6) (L)-Long position; (S)-Short position.

\* For identification purposes only

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any person (other than the Directors or chief executives of the Company) had interests or short positions which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

**4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group which was not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

**5. COMPETING INTERESTS**

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or their respective associates was interested in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

**6. DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Enlarged Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

## 7. LITIGATION

The Group was engaged in the following litigation or claims of material importance as at the Latest Practicable Date:

### (a) Recovery of loans receivables under the loans to Honesta

Shangao International Finance Leasing (Shenzhen) Co., Ltd.\* (山高國際融資租賃(深圳)有限公司)(“**Shangao International Leasing**”) provided three loans to Shenzhen Honesta New Finance Holding Limited\* (深圳厚生新金融控股有限公司)(“**Honesta New Finance**”), each of which has a loan principal of RMB100,000,000, a loan period of 18 months and an annual interest rate of 7.5% payable semi-annually. The three loans were drawn down on 13 April 2018, 18 May 2018, and 21 August 2018, respectively (the “**First Honesta Loan**”, “**Second Honesta Loan**” and “**Third Honesta Loan**”, respectively and collectively, the “**Loans to Honesta**”). The outstanding loans receivable due from Honesta New Finance amounted to approximately RMB389,184,000 (equivalent to approximately HK\$476,521,000) at the Latest Practicable Date.

Before the Group’s disposal of the entire issued shares in Coastal Silk Limited on 7 April 2021 (the “**Disposal**”), Honesta New Finance was a subsidiary of the Company and the Loans to Honesta were therefore regarded as intercompany transactions within the Group. As the Loans to Honesta became loan receivables due from Honesta New Finance to the Group after the Disposal, on the same date as the completion of the Disposal, the Group:

- (i) entered into a receivable charge agreement (the “**Receivable Charge Agreement**”) with Honesta New Finance for the creation by Honesta New Finance of first ranking charges in favour of the Group over, among others, all Honesta New Finance’s rights, title and interests arising from certain of its loan receivables as security for Honesta New Finance’s repayment obligations under the Loans to Honesta; and
- (ii) entered into the guarantee agreement with a total of nine guarantors (the “**Honesta’s Guarantors**”), pursuant to which the Honesta’s Guarantors agreed to bear irrevocable joint and several liabilities (連帶責任保證) for the repayment obligations of Honesta New Finance under the Loans to Honesta.

In this regard, Shangao International Leasing

- (i) filed an arbitration application with the Shenzhen Court of International Arbitration (深圳國際仲裁院) against Honesta New Finance on 22 July 2021 and initiated civil litigation proceedings in the Shenzhen Intermediate People's Court (深圳市中級人民法院) against Honesta New Finance and all Honesta's Guarantors on 23 July 2021 for the recovery of, among others, the outstanding principal, interests and liquidated damages receivable under the Loans to Honesta; and
- (ii) initiated civil litigation proceedings in the Shenzhen Intermediate People's Court (深圳市中級人民法院) against Honesta New Finance on 23 July 2021 for the claim of its rights of priority compensation (優先受償權) to certain loan receivables of Honesta New Finance by virtue of the Receivable Charge Agreement.

Details of the claims are disclosed in the announcements of the Company dated 7 April 2021 and 23 July 2021.

In relation to the arbitration application, a hearing was held on 7 January 2022. With regard to the civil litigation proceedings, a hearing is expected to be held in late April or May 2022.

**(b) Recovery of receivables under the Notes**

The Group entered into a subscription agreement in June 2020 for the subscription of senior secured and guaranteed notes in the aggregate principal amount of US\$100,000,000 (equivalent to approximately HK\$780,000,000) (the “**Notes**”), which were classified as financial assets at FVTOCI. The due and punctual performance and observance by the issuer (the “**Notes Issuer**”) of its obligations under the Notes are secured by corporate and individual guarantees (together the “**Corporate and Individual Guarantees**”) and other securities, including equity interest pledge (the “**Equity Interest Pledge**”), share charge and pledge over asset-backed securities. The Notes Issuer was unable to redeem all of the Notes on the maturity date at the applicable redemption amounts pursuant to the terms of the Notes, which constituted an event of default under the Notes. The Group has taken relevant legal measures to claim the principal amount and interest outstanding on the Notes, including but not limited to:

- (i) filing a civil lawsuit in Hong Kong on 25 August 2021 against the Notes Issuer; and

- (ii) filing civil lawsuit application(s) on 23 August 2021 against the respective guarantors under the Corporate and Individual Guarantees and the pledgor under the Equity Interest Pledge in Nanjing Intermediate People's Court\* (南京市中級人民法院).

Details of the above are set out in the Company's announcements dated 12 June 2020 and 25 August 2021.

In relation to (i), on 15 October 2021, the Group filed an application for summary judgment by way of summons in Hong Kong, the final hearing of which was held on 24 February 2022. On 24 February 2022, the High Court of Hong Kong adjudged that, among others, the Notes Issuer shall pay the Group the sum of US\$103,750,000 with interest at 25% per annum thereon from 16 June 2020 until 24 February 2022 in the sum of US\$40,917,153.886 and at judgment rate thereafter. The Company is in the process of obtaining legal advice from PRC counsels on the enforcement of the relevant securities located in the PRC and will subsequently commence the enforcement procedure based on the advice from the PRC counsels and in accordance with the applicable laws of the PRC.

**(c) Recovery of investment in Altair Asia**

The Group invested in Altair Asia Investment Limited ("**Altair Asia**") with a guaranteed return of 15% internal rate of return per annum. Pursuant to the terms of the subscriptions of Altair Asia, the Group has issued a written notice to Altair Asia on 4 January 2018 requesting the redemption of the entire participating shares of cost of investment in value of HK\$200,000,000 and subsequently on 23 January 2018 agreed to waive its rights to request for early redemption of part of the participating shares of HK\$140,000,000 on the ground of certain cumulative conditions being met within the prescribed time. Since the conditions of waiver were not fully satisfied and Altair Asia failed to redeem all the participating shares pursuant to the subscription terms, the Group commenced legal proceedings in the High Court of Hong Kong against Altair Asia's two guarantors, including (1) a winding-up petition against China Silver Asset Management (Hong Kong) Limited ("**CSAMHK**"); and (2) a bankruptcy petition against Frank Dominick; and a winding-up petition against Altair Asia in the Grant Court of the Cayman Islands (the "**Cayman Court**") for the recovery of the investment.

On 11 March 2020, the High Court of Hong Kong handed down its decision ordering, among others, that (1) CSAMHK be wound up; and (2) the bankruptcy petition against Frank Dominick be adjourned. On 19 March 2020, CSAMHK lodged its notice of appeal to appeal against the said decision. The date of the appeal hearing is yet to be fixed.

On 4 November 2020, the Group presented another creditor's winding up petition against Altair Asia in the Cayman Court.

On 7 December 2020, the Honourable Justice made a winding up order against Altair Asia and appointed joint and several liquidators. The Group has claims against Altair Asia in the approximate sum of US\$17,494,271.36 (equivalent to approximately HK\$135,624,000) plus interest and cost arising out of the redemption of shares in Altair Asia.

On 1 October 2021, the Group presented another creditor's winding up petition against China Silver Asset Management Limited in the Cayman Court. On 9 December 2021, the Honourable Justice made a winding up order against China Silver Asset Management Limited and appointed joint and several liquidators.

**(d) Claim under Hong Kong Leasing Sale and Purchase Agreement**

As disclosed in the annual report of the Company for the year ended 31 December 2020, pursuant to a share purchase agreement entered into by Shinning Seas Limited (“**Shinning Seas**”), a wholly owned subsidiary of the Company, the Company, China Hover Dragon Group Limited (“**China Hover Dragon**”), Mr. Gao Chuanyi (“**Mr. Gao**”), Ms. Wang Zi Yi (“**Ms. Wang**”) and Mr. Ji Kewei (“**Mr. Ji**”) dated 8 April 2015 and as varied by a supplemental agreement dated 29 July 2015 (together, the “**Hong Kong Leasing Sale and Purchase Agreement**”), Shinning Seas has agreed to buy and China Hover Dragon and Mr. Gao (collectively as the “**Vendors in Hong Kong Leasing Sale and Purchase Agreement**”) have agreed to sell the entire issued share capital of China Shandong Hi-Speed Hong Kong Leasing Limited (formerly known as Hong Kong Leasing Limited) (“**Hong Kong Leasing**”) at a consideration of approximately HK\$1,581,945,000. The acquisition was completed on 1 September 2015. The consideration was settled by way of allotment and issue of 2,361,112,121 shares of the Company (equivalent to an aggregate amount of approximately HK\$1,581,945,000 based on the closing price on 1 September 2015 of HK\$0.67 per share as quoted on the Stock Exchange). There was an arrangement of profits guarantee from the Vendors in Hong Kong Leasing Sale and Purchase Agreement that if the audited net profits after tax of the relevant year of Hong Kong Leasing is less than the guaranteed amounts, the base consideration for the acquisition shall be reduced by way of repurchase by the Company of part of the consideration shares.

The profit guarantee was met and there was no adjustment for the period from 1 September 2015 to 31 August 2016. For the period from 1 September 2016 to 31 August 2017, the audited net profits after tax as shown in audited consolidated accounts for the period from 1 September 2016 to 31 August 2017 of the Hong Kong Leasing was less than HK\$200,000,000, the Vendors in Hong Kong Leasing Sale and Purchase Agreement were obligated to sell 1,213,939,394 consideration shares (“**Profit Guarantee Shares**”), as calculated using the formula as stipulated in the Hong Kong Leasing Share and Purchase Agreement, to the Company at nil consideration.

A stop notice had been served by the Company on 16 March 2018 pursuant to the Rules of High Court to stop the transfer of 1,951,714,383 ordinary shares of the Company (including the Profit Guarantee Shares and the bad debt repurchase shares held by the shareholders of China Hover Dragon (“**Subject Shares**”), and payment of dividend. Shinning Seas (as 1st Plaintiff) and the Company (as 2nd Plaintiff) has commenced an action in the High Court of Hong Kong on 31 July 2018 against China Hover Dragon (as 1st Defendant), Mr. Gao (as 2nd Defendant), Chinanet Consultancy Limited (“**Chinanet**”, a shareholder of China Hover Dragon) (as 3rd Defendant), Ms. Wang (as 4th Defendant) and Mr. Ji (as 5th Defendant) for, among others, the release of and deliver up of possession of the shares certificates for the Subject Shares.

After the service of the said writ on China Hover Dragon, Chinanet, Ms. Wang and Mr. Ji, a defence and counterclaim was filed by China Hover Dragon, Chinanet, Ms. Wang and Mr. Ji against Shinning Seas and the Company in December 2018. In April 2019, China Hover Dragon, Chinanet, Ms. Wang and Mr. Ji served a counterclaim against Mr. Yau Wai Lung, a former executive director of the Company, as 3rd defendant by counterclaim. After service of a concurrent writ of summons out of jurisdiction on Mr. Gao, Mr. Gao had filed a defence and counterclaim in November 2019. Upon application, the High Court of Hong Kong granted leave on 13 March 2020 for the five defendants to file and serve a consolidated defence and counterclaim, and for the plaintiffs and the 3rd defendant by counterclaim to file and serve their reply and defence to the defendants’ consolidated defence and counterclaim.

On 13 January 2021, an amended writ of summons was filed adding Shangao Financial Leasing (Beijing) Co., Ltd.\* (山高融資租賃(北京)有限公司) as the 3rd Plaintiff. On 9 April 2021, the five defendants filed defendants’ amended consolidated defence and counterclaim. On 9 July 2021, an amended reply and defence to the defendants’ amended consolidated defence and counterclaim was filed.

The repurchase of the Profit Guarantee Shares and the bad debt repurchase Shares were under legal proceedings as at the Latest Practicable Date.

**(e) Claim under a finance lease arrangement**

A finance lease arrangement (the “**Yunan Highway Finance Lease**”) was entered into in July 2013 (as supplemented in December 2013) by, among others, (i) Shangao International Leasing, an indirect wholly-owned subsidiary of the Company, as lessor; and (ii) China Yunnan Highway Construction Group Company Limited.\* (中國雲南路建集團股份有限公司)(the “**Yunan Highway**”) as lessee.

The Group has been continuously assessing the credit risks of Yunan Highway since its default in repayment of lease payables under the Yunan Highway Finance Lease in March 2018. The Group's continuous measures included but not limited to the conducting of site visits and communicating with the ultimate beneficial owners, auditors and debtors of the Yunan Highway to keep abreast of the status and progress of Yunan Highway's business, financial liquidity, financial audits and bankruptcy reorganization.

Pursuant to the Group's business and financial investigation, it became clear in the end of 2020 that the credit risks of Yunan Highway had reached a level of significance where substantial impairment of the loan receivables should be made. In assessing the credit risk of Yunan Highway and determining the need and extent of impairment of finance lease receivables under the Yunan Highway Finance Lease for the year ended 31 December 2020, the Group had primarily taken into account the following factors, events and circumstances at that material time:

- (i) The Group had not received any repayment from Yunan Highway under the Yunan Highway Finance Lease since March 2018;
- (ii) The Group's investigation revealed that Yunan Highway and its major operating subsidiaries had ceased their respective business operations, and that Yunan Highway was significantly insolvent (that its total liability exceeded its total assets under its financial statements by a significant degree);
- (iii) According to public records as at 23 October 2020, (i) there were 204 records of enforcement of judgment against Yunan Highway; and (ii) there were 112 cases of unsuccessful enforcement of judgements against Yunan Highway due to lack of enforceable assets (終本案件), involving unfulfilled monetary obligations of approximately RMB292,462,100; and
- (iv) The net realisable value of the Yunan Highway Leased Assets was unascertainable as the Group's investigation revealed that a significant portion of them may have become obsolete or untraceable.

For the reasons stated above, the Group regarded that the credit risk of Yunan Highway was high and therefore decided that an impairment of HK\$137,302,479.73 for the Yunan Highway Finance Lease should be made for the year ended 31 December 2020. As at 31 December 2020, all loan receivables under the Yunan Highway Finance Lease had been fully impaired. It is the view of the Directors that the factors set out above which formed the primary foundation of the impairment could not have been anticipated by the Group when the agreement of Yunan Highway Finance Lease was entered into back on 26 July 2013 which was more than 6 years before the relevant impairment was made.

As disclosed in the announcement of the Company dated 30 December 2020, the Group has sought legal advice, has been conducting site visits and communicating with the ultimate beneficial owners, auditors and debtors of the Yunan Highway to keep abreast of the status and progress of Yunan Highway's business, financial liquidity, financial audits and bankruptcy reorganization.

The Group has commenced relevant legal proceedings against Yunan Highway and the personal guarantors and corporate guarantors of the Yunan Highway Finance Lease in a view to recover the outstanding lease receivables.

Save as disclosed above, as at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

## 8. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business) were entered into by member(s) of the Enlarged Group within the two years immediately preceding the date of this circular and are, or may be, material:

- (a) On 23 April 2020, the Company as borrower, CMB Wing Lung Bank Limited as lender and Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) entered into a facility letter in respect of loan facilities of up to HK\$500,000,000 provided by CMB Wing Lung Bank Limited to the Company;
- (b) On 25 May 2020, Coastal Emerald Limited as issuer, the Company and Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) as guarantors and Bank of Communications Trustee Limited as trustee entered into a trust deed pursuant to which Bank of Communications Trustee Limited agreed to act as trustee in respect of US\$2,000,000,000 guaranteed medium term note programme (the “**Trust Deed May 2020**”);
- (c) On 25 May 2020, Coastal Emerald Limited, the Company, Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) and Bank of Communications Trustee Limited entered into a keepwell and liquidity support deed for the benefit of Bank of Communications Trustee Limited and the holders of notes which have the benefit of a keepwell and liquidity support undertaking and an equity interest purchase undertaking from the Company and related coupons and receipts under US\$2,000,000,000 guaranteed medium term note programme;

- (d) On 25 May 2020, Coastal Emerald Limited, the Company, Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) and Bank of Communications Trustee Limited entered into a deed of equity interest purchase undertaking for the benefit of Bank of Communications Trustee Limited and the holders of notes which have the benefit of a keepwell and liquidity support undertaking and an equity interest purchase undertaking from the Company and related coupons and receipts under US\$2,000,000,000 guaranteed medium term note programme;
- (e) On 25 May 2020, Coastal Emerald Limited, the Company and Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司), ICBC International Securities Limited, Standard Chartered Bank and Industrial and Commercial Bank of China (Asia) Limited entered into a dealer agreement in respect of US\$2,000,000,000 guaranteed medium term note programme (the “**Dealer Agreement May 2020**”);
- (f) On 27 May 2020, Coastal Emerald Limited as issuer, the Company as guarantor, Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) and the joint lead managers entered into a subscription agreement, pursuant to which Coastal Emerald Limited agreed to issue, and the joint lead managers agreed to subscribe or procure subscribers to subscribe for US\$800,000,000 3.80 percent notes due 2021 under US\$2,000,000,000 guaranteed medium term note programme;
- (g) On 3 June 2020, the Company executed a corporate guarantee for the benefit of Bank of Communications Trustee Limited which the Company guaranteed payment of all sums expressed to be payable by Coastal Emerald Limited under US\$800,000,000 3.80 percent notes due 2021 and the Trust Deed May 2020;
- (h) On 27 October 2020, the Company as borrower, China Citic Bank International Limited as lender and Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) entered into a facility letter in respect of loan facilities of up to HK\$400,000,000 provided by China Citic Bank International Limited to the Company;
- (i) On 27 October 2020, the Company as borrower, Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) as keepwell provider and China Citic Bank International Limited as lender entered into a facility letter in respect of loan facilities of up to HK\$50,000,000 provided by China Citic Bank International Limited to the Company;
- (j) On 11 September 2020, Coastal Emerald Limited as issuer, the Company as guarantor and Citigroup Global Markets Limited as subscriber entered into a subscription agreement, pursuant to which Coastal Emerald Limited agreed to issue, and Citigroup Global Markets Limited agreed to subscribe for US\$50,000,000 3.80 percent guaranteed bonds due 2021;

- (k) On 16 September 2020, the Company executed a corporate guarantee in favour of the holders of US\$50,000,000 3.80 percent guaranteed bonds due 2021 pursuant to which the Company guaranteed the payment of all sums expressed to be payable by Coastal Emerald Limited to the registered holders of US\$50,000,000 3.80 percent guaranteed bonds due 2021 and to the account holders under the Deed of Covenant September 2020 (as defined below);
- (l) On 16 September 2020, Coastal Emerald Limited and the Company executed a deed of covenant in favour of holders of US\$50,000,000 3.80 percent guaranteed bonds due 2021 and the relevant account holders (the “**Deed of Covenant September 2020**”) that it would perform and comply with obligations expressed to be taken by it under the Fiscal Agency Agreement September 2020 (as defined below);
- (m) On 16 September 2020, Coastal Emerald Limited as issuer, the Company as guarantor, Citicorp International Limited as fiscal agent and Citibank, N.A. London Branch as paying agent, registrar and transfer agent entered into a fiscal agency agreement (the “**Fiscal Agency Agreement September 2020**”) pursuant to which Coastal Emerald Limited appointed Citicorp International Limited and Citibank, N.A. London Branch as its agents and Citicorp International Limited and Citibank, N.A. London Branch accepted their appointment as agent in respect of US\$50,000,000 3.80 percent guaranteed bonds due 2021;
- (n) On 7 April 2021, Perfect Waters Limited entered into a share purchase agreement with Ms. Fu Yu, pursuant to which Perfect Waters Limited agreed to sell and Ms. Fu Yu agreed to purchase the entire issued shares of Coastal Silk Limited held by Perfect Waters Limited at the aggregate consideration of RMB3,000,000;
- (o) On 19 April 2021, Coastal Emerald Limited as issuer, the Company as guarantor and China Everbright Securities (HK) Limited as placing agent entered into a placing agreement (the “**Coastal Placing Agreement April 2021**”) pursuant to which Coastal Emerald Limited agreed to issue and China Everbright Securities (HK) Limited agreed to act as placing agent to procure subscribers for the proposed placement of and facilitate subscription of US\$100,000,000 2.61 percent guaranteed senior unsecured bonds due 2021;
- (p) On 23 April 2021, Coastal Emerald Limited as issuer, Bank of Communications Trustee Limited as trustee and the Company entered into a trust deed (the “**Trust Deed April 2021**”) pursuant to Coastal Placing Agreement April 2021;
- (q) On 23 April 2021, the Company executed a corporate guarantee for the benefit of Bank of Communications Trustee Limited which the Company guaranteed the payment of all sums expressed to be payable by Coastal Emerald Limited under US\$100,000,000 2.61 percent guaranteed senior unsecured bonds due 2021 and the Trust Deed April 2021;

- (r) On 23 April 2021, Coastal Emerald Limited as issuer, the Company as guarantor, Bank of Communications Trustee Limited as trustee and Bank of Communications Co., Ltd. Hong Kong Branch as issuing and paying agent, transfer agent and registrar entered into an agency agreement pursuant to which Coastal Emerald Limited and the Company appointed Bank of Communications Co., Ltd. Hong Kong Branch as their agent and Bank of Communications Co., Ltd. Hong Kong Branch accepted its appointment as agent in respect of US\$100,000,000 2.61 percent guaranteed senior unsecured bonds due 2021;
- (s) On 13 May 2021, Coastal Emerald Limited as issuer, the Company and Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) as guarantors and the arrangers and dealers entered into an amendment to dealer agreement to amend the Dealer Agreement May 2020;
- (t) On 17 May 2021, Coastal Emerald Limited as issuer, the Company as guarantor, Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) and the joint lead managers entered into a subscription agreement, pursuant to which Coastal Emerald Limited agreed to issue, and the joint lead managers agreed to subscribe for US\$200,000,000 3.95 percent notes due 2024 issued under US\$2,000,000,000 guaranteed medium term note programme;
- (u) On 17 May 2021, Coastal Emerald Limited as issuer and the Company as guarantor entered into the pricing supplement which provided final terms of US\$200,000,000 3.95 percent notes due 2024;
- (v) On 24 May 2021, the Company executed a corporate guarantee for the benefit of Bank of Communications Trustee Limited which the Company guaranteed payment of all sums expressed to be payable by Coastal Emerald Limited under US\$200,000,000 3.95 percent notes due 2024 and the Trust Deed May 2020;
- (w) On 28 June 2021, the Company and Hua Xia Bank Co., Limited Hong Kong Branch entered into a facility letter (the “**Hua Xia Facility Letter June 2021**”) in respect of a revolving loan facility of up to US\$30,000,000 provided by Hua Xia Bank Co., Limited Hong Kong Branch to the Company;
- (x) On 29 June 2021, the Company executed a general agreement by customer to supplement the Hua Xia Facility Letter June 2021;
- (y) On 6 August 2021, the Company and China Guangfa Bank Co., Ltd. Shanghai Branch entered into a loan agreement in respect of loan facilities of up to RMB285,000,000 provided by China Guangfa Bank Co.,Ltd. Shanghai Branch to the Company;

- (z) On 27 September 2021, the Company and Hua Xia Bank Co., Limited Hong Kong Branch entered into a facility letter in respect of a revolving loan facility of up to US\$50,000,000 provided by Hua Xia Bank Co., Limited Hong Kong Branch to the Company, to supersede the Hua Xia Facility Letter June 2021;
- (aa) On 27 September 2021, the Company and Hua Xia Bank Co., Limited Hong Kong Branch entered into a facility letter in respect of a revolving loan facility of up to US\$100,000,000 provided by Hua Xia Bank Co., Limited Hong Kong Branch to the Company;
- (bb) On 19 October 2021, Coastal Emerald Limited as issuer, the Company as guarantor and Huatai Financial Holdings (Hong Kong) Limited as placing agent entered into a placing agreement (the “**Coastal Placing Agreement October 2021 (Tranche 1)**”), pursuant to which Coastal Emerald Limited agreed to issue and Huatai Financial Holdings (Hong Kong) Limited agreed to act as placing agent to procure subscribers for the proposed placement of and facilitate subscription of US\$20,000,000 2.8 percent guaranteed senior unsecured bonds due 2022;
- (cc) On 19 October 2021, Coastal Emerald Limited as issuer, the Company as guarantor and Huatai Financial Holdings (Hong Kong) Limited as placing agent entered into a placing agreement (the “**Coastal Placing Agreement October 2021 (Tranche 2)**”), pursuant to which Coastal Emerald Limited agreed to issue and Huatai Financial Holdings (Hong Kong) Limited agreed to act as placing agent to procure subscribers for the proposed placement of and facilitate subscription of US\$40,000,000 2.8 percent guaranteed senior unsecured bonds due 2022;
- (dd) On 22 October 2021, Coastal Emerald Limited as issuer, the Company as guarantor and CMB Wing Lung (Trustee) Limited as trustee entered into a trust deed (the “**Trust Deed (Tranche 1)**”) pursuant to Coastal Placing Agreement October 2021 (Tranche 1);
- (ee) On 22 October 2021, Coastal Emerald Limited as issuer, the Company as guarantor and CMB Wing Lung (Trustee) Limited as trustee entered into a trust deed (the “**Trust Deed (Tranche 2)**”) pursuant to Coastal Placing Agreement October 2021 (Tranche 2);
- (ff) On 22 October 2021, the Company executed a corporate guarantee for the benefit of CMB Wing Lung (Trustee) Limited pursuant to which the Company guaranteed the payment of all sums expressed to be payable by Coastal Emerald Limited under US\$20,000,000 2.8 percent guaranteed senior unsecured bonds due 2022 and the Trust Deed (Tranche 1);

- (gg) On 22 October 2021, the Company executed a corporate guarantee for the benefit of CMB Wing Lung (Trustee) Limited pursuant to which the Company guaranteed the payment of all sums expressed to be payable by Coastal Emerald Limited under US\$40,000,000 2.8 percent guaranteed senior unsecured bonds due 2022 and the Trust Deed (Tranche 2);
- (hh) On 22 October 2021, Coastal Emerald Limited as issuer, the Company as guarantor, CMB Wing Lung (Trustee) Limited as trustee and CMB Wing Lung Bank Limited as principal paying agent, transfer agent and registrar entered into an agency agreement pursuant to which Coastal Emerald Limited and the Company appointed CMB Wing Lung Bank Limited as their agent and CMB Wing Lung Bank Limited accepted its appointment as agent in respect of US\$20,000,000 2.8 percent guaranteed senior unsecured bonds due 2022;
- (ii) On 22 October 2021, Coastal Emerald Limited as issuer, the Company as guarantor, CMB Wing Lung (Trustee) Limited as trustee and CMB Wing Lung Bank Limited as principal paying agent, transfer agent and registrar entered into an agency agreement pursuant to which Coastal Emerald Limited and the Company appointed CMB Wing Lung Bank Limited as their agent and CMB Wing Lung Bank Limited accepted its appointment as agent in respect of US\$40,000,000 2.8 percent guaranteed senior unsecured bonds due 2022;
- (jj) On 9 December 2021, Coastal Emerald Limited as issuer, the Company as guarantor, GF Global Capital Limited as subscriber and CSFG International Securities Limited as arranger entered into a subscription agreement (the “**Subscription Agreement December 2021**”) pursuant to which Coastal Emerald Limited agreed to issue and GF Global Capital Limited agreed to subscribe for US\$50,000,000 1.3 percent guaranteed and secured bonds due 2022;
- (kk) On 14 December 2021, China Shandong Hi-Speed Capital Limited as chargor, GF Global Capital Limited as chargee and GF Securities (Hong Kong) Brokerage Limited as original nominee entered into an asset debenture pursuant to which China Shandong Hi-Speed Capital Limited covenants in favour of GF Global Capital Limited that China Shandong Hi-Speed Capital Limited will upon demand pay and discharge the obligations in relation to the Subscription Agreement December 2021;
- (ll) On 14 December 2021, Coastal Emerald Limited as issuer, the Company as guarantor, CMB Wing Lung Bank Limited as fiscal agent, registrar, transfer agent and paying agent entered into a fiscal agency agreement (the “**Fiscal Agency Agreement December 2021**”) pursuant to which Coastal Emerald Limited appointed CMB Wing Lung Bank Limited as its agent and CMB Wing Lung Bank Limited accepted its appointment as agent in respect of US\$50,000,000 1.3 percent guaranteed and secured bonds due 2022;

- (mm) On 14 December 2021, Coastal Emerald Limited as issuer and the Company as guarantor executed a deed of covenant in favour of holders of US\$50,000,000 1.3 percent guaranteed and secured bonds due 2022 and the relevant account holders (the “**Deed of Covenant December 2021**”) that Coastal Emerald Limited would perform and comply with obligations expressed to be taken by it under the Fiscal Agency Agreement December 2021;
- (nn) On 14 December 2021, the Company executed a corporate guarantee for the benefit of the registered bondholders and relevant account holders under Deed of Covenant December 2021 pursuant to which the Company guaranteed the payment of all sums expressed to be payable by Coastal Emerald Limited in respect of US\$50,000,000 1.3 percent guaranteed and secured bonds due 2022;
- (oo) On 21 January 2022, Coastal Emerald Limited as issuer, CSFG International Securities Limited as arranger, and Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) entered into a subscription agreement (the “**Subscription Agreement January 2022**”) pursuant to which the parties record the arrangements agreed between them in relation to an issue of US\$220,000,000 floating rate bonds due 2023;
- (pp) On 26 January 2022, Coastal Emerald Limited as issuer, CMB Wing Lung Bank Limited as fiscal agent, registrar, transfer agent and paying agent, and Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) entered into a fiscal agency agreement (the “**Fiscal Agency Agreement January 2022**”) pursuant to which Coastal Emerald Limited appointed CMB Wing Lung Bank Limited as its agent and CMB Wing Lung Bank Limited accepted its appointment as agent in respect of US\$220,000,000 floating rate bonds due 2023;
- (qq) On 26 January 2022, Coastal Emerald Limited and Shandong Hi-Speed Group Co., Ltd.\* (山東高速集團有限公司) executed a deed of covenant in favour of holders of US\$220,000,000 floating rate bonds due 2023 and the relevant account holders that Coastal Emerald Limited would perform and comply with obligations expressed to be taken by it under the Fiscal Agency Agreement January 2022;

- (rr) the SP Agreement;
- (ss) On 1 March 2022, the Subscriber, CTSL Green Power and CTSL New Energy entered into a termination deed to terminate the SP Agreement;
- (tt) the Subscription Agreement; and
- (uu) the contracts set out in paragraphs (b) to (ii) under the section headed “10. Material Contracts” of Appendix II to the BECE Circular.

## **9. CORPORATE INFORMATION OF THE GROUP**

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The head office and principal place of business in Hong Kong of the Company is at 17th Floor, Agricultural Bank of China Tower, No. 50 Connaught Road Central, Hong Kong.
- (c) The share registrar and transfer office in Bermuda of the Company is MUFG Fund Services (Bermuda) Limited 4th floor North Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda and the share registrar and transfer office in Hong Kong of the Company is Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) The joint company secretaries of the Company are Ms. Du Ning (杜凝), who is currently the executive director of the board secretary office of the Company, and Ms. Chen Chun (陳淳), who is an associate member of the Hong Kong Chartered Governance Institute (formerly known as the Hong Kong Institute of Chartered Secretaries) and an associate member of the Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.
- (e) The English text of this circular shall prevail over the Chinese text in case of inconsistency except where English translations of Chinese terms are stated to be provided for identification purposes only, in which case the Chinese terms shall prevail.

**10. QUALIFICATION AND CONSENTS OF EXPERTS AND EXPERTS' INTERESTS**

The names and qualifications of the professional advisers who have been named in this circular or given an opinion or advice which are contained in this circular are set forth below:

<b>Name</b>	<b>Qualification</b>
Crowe (HK) CPA Limited ("Crowe (HK) CPA")	Certified Public Accountants
Huatai Financial Holdings (Hong Kong) Limited	Financial adviser

The report of Crowe (HK) CPA is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, each of the above experts confirmed that it did not have:

- (a) any direct or indirect interest in any assets which had been acquired, or disposed of by, or leased to any member of the Enlarged Group, or were proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group since 31 December 2021, being the date to which the latest published audited accounts of the Group were made up; and
- (b) any shareholding, directly or indirectly, in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the references to its name in the form and context in which they appear.

**11. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published and displayed on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at <http://www.csfg.com.hk> for a period of 14 days from the date of this circular (both days inclusive):

- (a) the Subscription Agreement; and
- (b) the letters of consent referred to in the paragraph headed "10. Qualification and Consents of Experts and Experts' Interests" in this appendix.

\* For identification purpose only



**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)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting of China Shandong Hi-Speed Financial Group Limited (the “**Company**”) will be held at Conference Room, 17th Floor, Agricultural Bank of China Tower, No. 50 Connaught Road Central, Hong Kong on Monday, 16 May 2022 at 11:00 a.m. (the “**SGM**”) for the purpose of considering and, if thought fit, ratify the following resolution as an ordinary resolution of the Company. Capitalised terms defined in the circular dated 22 April 2022 issued by the Company (the “**Circular**”) shall have the same meanings when used herein unless otherwise specified:

### ORDINARY RESOLUTION

**“THAT:**

1. (a) the Subscription Agreement and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) the Directors be and are hereby authorised for and on behalf of the Company and in its name to execute all such documents, instruments and agreements and do all such acts, matters and things as they may in their absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the Subscription and the transactions contemplated thereunder and to agree to such variations of the terms of the Subscription Agreement as they may in their absolute discretion consider necessary or desirable and all such acts and things the Directors have done, all such documents the Directors have executed, and all such steps the Directors have taken are hereby approved, confirmed and ratified.”

By order of the Board

**China Shandong Hi-Speed Financial Group Limited**

**Wang Xiaodong**

*Chairman*

Hong Kong, 22 April 2022

*Notes:*

1. In view of the continuing and currently elevated risks posed by the Novel Coronavirus (“COVID-19”) pandemic and the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap. 599G of the laws of Hong Kong), the SGM will be held in an online format and physical attendance by Shareholders will not be permitted. Shareholders who wish to vote on any resolution will only be able to vote by appointing the chairman of the SGM as their proxy to vote on their behalf.
2. In order to be eligible to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 10 May 2022. The register of members of the Company will be closed from Wednesday, 11 May 2022 to Monday, 16 May 2022, both days inclusive, for determination of entitlements to attend and vote at the SGM and during which period no transfer of Shares will be registered.
3. The form of proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its seal or under the hand of an officer or attorney duly authorised.
4. The form of proxy, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, shall be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof (as the case may be).
5. In the case of joint holders the vote of the senior who tenders a vote by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of Shareholders of the Company in respect of the joint holding.
6. The Company will implement arrangements at the SGM in compliance with the laws and regulations in Hong Kong in relation to the prevention of the current COVID-19. Shareholders are advised to read the cover page and page ii of the Circular for details of the arrangements and monitor the development of COVID-19. Subject to the development of COVID-19 and to the extent permitted under law, the Company may implement further changes and arrangements at the SGM.

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