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BOER POWER HOLDINGS LIMITED

博耳電力控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1685)

DISCLOSEABLE AND CONNECTED TRANSACTIONS IN RELATION TO DISPOSALS OF EQUITY INTEREST IN SUBSIDIARIES

THE CURRENT DISPOSAL

On 30 June 2021 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchaser and the Target Company entered into the Current Equity Transfer Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Target Equity Interest, representing 60% of the equity interest of the Target Company at RMB50,000 (equivalent to approximately HK\$60,241).

Upon completion of the Current Disposal, the Target Company will be 60% owned by the Purchaser, and accordingly, the Target Company will cease to be a subsidiary of the Company and no longer be consolidated into the Group's financial statements.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Purchaser is a company owned as to 90% by Mr. Qian Yixiang and 10% by Ms. Jia Lingxia, respectively. Mr. Qian Yixiang is (i) an executive Director, the chairman of the Board, the chief executive officer and one of the controlling shareholders of the Company; (ii) the son of Mr. Qian Zhongming, an executive Director; and (iii) the spouse of Ms. Jia Lingxia. Ms. Jia Lingxia is (i) an executive Director and one of the controlling shareholders of the Company; (ii) the daughter-in-law of Mr. Qian Zhongming, an executive Director; and (iii) the spouse of Mr. Qian Yixiang. Accordingly, Mr. Qian Yixiang, Ms. Jia Lingxia and the Purchaser are connected persons of the Company, and the entering into of the Previous Equity Transfer Agreement and the Current Equity Transfer Agreement and the Disposals contemplated therein constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Previous Disposal, on a standalone basis, were less than 0.1%, the entering into of the Previous Equity Transfer Agreement and the Previous Disposal contemplated therein did not constitute a notifiable transaction under Chapter 14 of the Listing Rules and is exempt from the reporting, announcement, circular and independent shareholders' approval requirements pursuant to Rule 14A.76(1) of the Listing Rules.

Taking into account the Disposals were entered into by the Company with the same party or parties connected with one another within a 12-month period, the entering into of the Disposals should be aggregated pursuant to Rule 14.22 and Rule 14A.81 of Listing Rules. As the highest of the applicable percentage ratios in respect of the Current Disposal, on a standalone basis and when aggregated with the Previous Disposal, are more than 5% but less than 25%, the Disposals constitute disclosable transactions for the Company under Chapter 14 of the Listing Rules, and are subject only to the reporting and announcement requirements but are exempted from approval by the Shareholders. Since all applicable percentage ratios in respect of the Disposals are less than 25% and the total consideration is less than HK\$10,000,000, the Disposals are subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Save for Mr. Qian Zhongming, Mr. Qian Yixiang and Ms. Jia Lingxia who have material interests in the Disposals and have therefore abstained from voting on the relevant resolutions of the Board for approving the Disposals, none of the other Directors has material interest in the Disposals and was required to abstain from voting on the relevant resolution.

THE CURRENT DISPOSAL

On 30 June 2021 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchaser and the Target Company entered into the Current Equity Transfer Agreement, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Target Equity Interest, representing 60% of the equity interest of the Target Company at a consideration of RMB50,000 (equivalent to approximately HK\$60,241).

The principal terms of the Current Equity Transfer Agreement are summarised as follows.

Date

30 June 2021 (after trading hours)

Parties

- (1) Boer (Wuxi) Power System Company Limited*, as vendor;
- (2) Wuxi Boer Cloud Technology Company Limited*, as purchaser; and
- (3) Boer Energy Jiangsu Company Limited*, as target company

Assets to be disposed of

Pursuant to the Current Equity Transfer Agreement, the assets to be disposed of is the Target Equity Interest held by the Vendor. The principal assets of the Target Company are, among others, 100% equity interest in each of Wuxi Boer Photovoltaic Technology Company Limited* (無錫博耳光伏科技有限公司), a limited liability company established under the laws of the PRC and is principally engaged in development, manufacture and sale of photovoltaic products, China Power Electric Yizheng Photovoltaic Power Company Limited* (中電電氣儀征光伏發電有限公司), a limited liability company established under the laws of the PRC and is principally engaged in photovoltaic power generation, Shenzhen Zhongjuruida Industrial Company Limited* (深圳中聚瑞達實業有限公司), a limited liability company established under the laws of the PRC and is principally engaged in investment holding and holding of minority interest in two photovoltaic power plants and Boer Energy (Australia) Pty Ltd., a limited liability company incorporated under the laws of Australia and is principally engaged in the provision of the EPC services for the construction of photovoltaic power plant.

Upon completion of the Current Disposal, the Target Company will be 60% owned by the Purchaser, and accordingly, the Target Company will cease to be a subsidiary of the Company and no longer be consolidated into the Group's financial statements.

Consideration

The consideration for the Current Disposal, being RMB50,000 (equivalent to approximately HK\$60,241), is payable within 3 days from the date of execution of the Current Equity Transfer Agreement.

The consideration for the Current Disposal was determined after arm's length negotiations between the Vendor and the Purchaser, with reference to (i) the unaudited net liability value of the Target Group of approximately RMB158.9 million as at 30 April 2021; and (ii) the valuation performed by an independent valuer.

Completion

The completion of the Current Disposal, as agreed between the parties, shall take place on the date of the Current Equity Transfer Agreement (or such later date as the parties to the Current Equity Transfer Agreement may agree).

THE PREVIOUS DISPOSAL

On 29 March 2021, Boer Cloud, being an indirect wholly-owned subsidiary of the Company, Mr. Qian Yixiang and Ms. Jia Lingxia entered into the Previous Equity Transfer Agreement, pursuant to which Boer Cloud agreed to sell, and Mr. Qian Yixiang and Ms. Jia Lingxia agreed to purchase 90% and 10%, respectively, of the Previous Sale Equity Interest (representing 100% of the equity interest of Wuxi Boer Cloud) at a consideration of RMB10,000 (equivalent to approximately HK\$12,050). Immediately after the completion of the Previous Disposal, the equity interests in Wuxi Boer Cloud are directly held as to 90% by Mr. Qian Yixiang and as to 10% by Ms. Jia Lingxia, respectively. Accordingly, Wuxi Boer Cloud ceased to be a subsidiary of the Company and the financial results, the assets and the liabilities of Wuxi Boer Cloud ceased to be consolidated into the Group's financial statements.

INFORMATION ON THE GROUP AND THE VENDOR

The Company is an investment holding company and its subsidiaries are principally engaged in design, manufacture and sale of electrical distribution equipment and provision of electrical distribution systems solution services in the PRC.

The Vendor is an indirect wholly-owned subsidiary of the Company and is principally engaged in the design, manufacture and sale of electrical distribution equipment.

INFORMATION ON THE PURCHASER OR WUXI BOER CLOUD

The Purchaser is a limited liability company established under the laws of PRC engaged in the provision of electrical engineering services but with minimal business activities. Subsequent to the Previous Disposal and as at the date of this announcement, the Purchaser is owned as to 90% by Mr. Qian Yixiang and 10% by Ms. Jia Lingxia, respectively. Mr. Qian Yixiang is (i) an executive Director, the chairman of the Board, the chief executive officer and one of the controlling shareholders of the Company; (ii) the son of Mr. Qian Zhongming, an executive Director; and (iii) the spouse of Ms. Jia Lingxia. Ms. Jia Lingxia is (i) an executive Director and one of the controlling shareholders of the Company; (ii) the daughter-in-law of Mr. Qian Zhongming, an executive Director; and (iii) the spouse of Mr. Qian Yixiang. Accordingly, the Purchaser is a connected person of the Company, and the entering into of the Previous Equity Transfer Agreement and the Current Equity Transfer Agreement and the Disposals contemplated therein constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Save for the foregoing, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser is not in any other way connected with the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is principally engaged in the provision of energy efficiency solutions and EPC services for electricity-related facilities. The Target Company is a limited liability company established under the laws of the PRC and owned as to 60% by the Vendor.

The unaudited consolidated financial information of the Target Group for the two years ended 31 December 2019 and 2020 are set out below:

	For the year ended 31 December 2019	For the year ended 31 December 2020
	<i>Approximately RMB'000</i>	<i>Approximately RMB'000</i>
Revenue	53,655	188,641
Profit/(Loss) before taxation	4,988	(15,814)
Profit/(Loss) after taxation	4,913	(15,923)

As at 31 December 2020, the unaudited net liability value of the Target Group was approximately RMB157.6 million. As at 30 April 2021, the unaudited net liability value of the Target Group was approximately RMB158.9 million, the unaudited revenue, loss before taxation and loss after taxation of the Target Group for the four months ended 30 April 2021 were approximately RMB13.8 million, RMB1.3 million and RMB1.3 million, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CURRENT EQUITY TRANSFER AGREEMENT

The Target Group is in a net liability and loss-making position. The Current Disposal will reduce the level of liabilities of the Group and hence improve the asset-liability structure of the Group. The Current Disposal will also help to further improve the profitability of the Group. Further, the Current Disposal enables the Group to focus on its core business in the design, manufacture and sale of hardware, software systems and big data platforms for intelligent electrical integrated management solutions, where the Group has over 35 years of experience. The asset-heavy business model of new energy business and related EPC projects is not in line with the Group's development strategy and the goal of benefits maximisation.

The Directors (including the independent non-executive Directors, excluding the Directors who have abstained from voting) are of the view that the terms of the Current Equity Transfer Agreement are on normal commercial terms, which are fair and reasonable and the entering into the Current Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole.

Each of Mr. Qian Zhongming, Mr. Qian Yixiang and Ms. Jia Lingxia has declared his/her potential conflict of interests in the transaction contemplated and thus each of them has abstained from voting on the board resolutions approving the Previous Equity Transfer Agreement, Current Equity Transfer Agreement and the transactions contemplated thereunder. Save as set out above, none of the Directors has a material interest in the Previous Equity Transfer Agreement, Current Equity Transfer Agreement and the transactions contemplated thereunder or is required to abstain from voting on the board resolutions for approving the same.

FINANCIAL EFFECTS OF THE DISPOSALS

Immediately after completion of the Disposals, each of Wuxi Boer Cloud and the Target Company ceased and will cease to be a subsidiary of the Company and the financial results, the assets and the liabilities of each of the Purchaser and the Target Group is no longer and will no longer be consolidated into the Group's financial statements, respectively. Based on the preliminary assessment on the unaudited financial information as at 30 April 2021, it is estimated that the Group will record a gain of approximately RMB95.4 million (equivalent to approximately HK\$114.9 million) as a result of the Disposals, being the difference between the total consideration of the Disposals and the unaudited net liability value of the Target Group as at 30 April 2021.

Shareholders should note that the abovementioned financial effects are shown for illustrative purpose only and the actual amount of gain or loss to be recognised in the consolidated financial statements of the Group depends on, among other things, the net liability value of the Target Group as at the date of completion and subject to the final audit by the auditors of the Company.

PROCEEDS FROM THE DISPOSALS

The cash proceeds from the Disposals of RMB60,000 (equivalent to approximately HK\$72,291) are intended to be used as general working capital of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Purchaser is a company owned as to 90% by Mr. Qian Yixiang and 10% by Ms. Jia Lingxia, respectively. Mr. Qian Yixiang is (i) an executive Director, the chairman of the Board, the chief executive officer and one of the controlling shareholders of the Company; (ii) the son of Mr. Qian Zhongming, an executive Director; and (iii) the spouse of Ms. Jia Lingxia. Ms. Jia Lingxia is (i) an executive Director and one of the controlling shareholders of the Company; (ii) the daughter-in-law of Mr. Qian Zhongming, an executive Director; and (iii) the spouse of Mr. Qian Yixiang. Accordingly, Mr. Qian Yixiang, Ms. Jia Lingxia and the Purchaser are connected persons of the Company, and the entering into of the Previous Equity Transfer Agreement and the Current Equity Transfer Agreement and the Disposals contemplated therein constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios in respect of the Previous Disposal, on a standalone basis, were less than 0.1%, the entering into of the Previous Equity Transfer Agreement and the Previous Disposal contemplated therein did not constitute a notifiable transaction under Chapter 14 of the Listing Rules and is exempt from the reporting, announcement, circular and independent shareholders' approval requirements pursuant to Rule 14A.76(1) of the Listing Rules.

Taking into account the Disposals were entered into by the Company with the same party or parties connected with one another within a 12-month period, the entering into of the Disposals should be aggregated pursuant to Rule 14.22 and Rule 14A.81 of Listing Rules. As the highest of the applicable percentage ratios in respect of the Current Disposal, on a standalone basis and when aggregated with the Previous Disposal, are more than 5% but less than 25%, the Disposals constitute a disclosable transaction for the Company under Chapter 14 of the Listing Rules, and are subject only to the reporting and announcement requirements but are exempted from approval by the Shareholders. Since all applicable percentage ratios in respect of the Disposals are less than 25% and the total consideration is less than HK\$10,000,000, the Disposals are subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

Save for Mr. Qian Zhongming, Mr. Qian Yixiang and Ms. Jia Lingxia who have material interests in the Disposals and have therefore abstained from voting on the relevant resolutions of the Board for approving the Disposals, none of the other Directors has material interest in the Disposals and was required to abstain from voting on the relevant resolution.

DEFINITIONS

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

“Board”	the board of Directors
“Boer Cloud”	Boer Cloud Technology Company Limited* (博耳雲科技有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Company”	Boer Power Holdings Limited (博耳電力控股有限公司), an exempted limited liability company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1685)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Current Disposal”	the disposal of the Target Equity Interest by the Vendor pursuant to the terms and conditions of the Current Equity Transfer Agreement
“Current Equity Transfer Agreement”	the equity transfer agreement dated 30 June 2021 entered into among the Vendor, the Purchaser and the Target Company in respect of the sale and purchase of the Target Equity Interest
“Director(s)”	the director(s) of the Company
“Disposals”	the Previous Disposal and the Current Disposal
“EPC”	engineering, procurement and construction
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Qian Yixiang”	being (i) a shareholder who owns 90% of the equity interests of the Purchaser; (ii) an executive Director, the chairman of the Board, the chief executive officer and one of the controlling shareholders of the Company; (iii) the son of Mr. Qian Zhongming, an executive Director; and (iv) the spouse of Ms. Jia Lingxia
“Ms. Jia Lingxia”	being (i) a shareholder who owns 10% of the equity interests of the Purchaser; (ii) an executive Director and one of the controlling shareholders of the Company; (iii) the daughter-in-law of Mr. Qian Zhongming, an executive Director; and (iv) the spouse of Mr. Qian Yixiang
“PRC”	the People’s Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, references in this announcement to the “PRC” do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
“Previous Disposal”	the disposal of the Previous Sale Equity Interest by Boer Cloud pursuant to the terms of the Previous Equity Transfer Agreement
“Previous Equity Transfer Agreement”	the equity transfer agreement dated 29 March 2021 entered into among Boer Cloud, Mr. Qian Yixiang and Ms. Jia Lingxia in respect of the sale and purchase of the Previous Sale Equity Interest
“Previous Sale Equity Interest”	the 100% equity interest in Wuxi Boer Cloud
“Purchaser” or “Wuxi Boer Cloud”	Wuxi Boer Cloud Technology Company Limited* (無錫博耳雲科技有限公司), a limited liability company established under the laws of the PRC and owned as to 90% by Mr. Qian Yixiang and 10% by Ms. Jia Lingxia as at the date of this announcement, respectively
“RMB”	Renminbi, the lawful currency of PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Boer Energy Jiangsu Company Limited* (博耳能源江蘇有限公司), a limited liability company established under the laws of the PRC and a 60% directly-owned subsidiary of the Vendor

“Target Equity Interest”	the 60% equity interest in the Target Company
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Boer (Wuxi) Power System Company Limited* (博耳(無錫)電力成套有限公司), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* For identification purposes only

By order of the Board
Boer Power Holdings Limited
Yu Wai Ming
Executive Director

Hong Kong, 30 June 2021

In this announcement, translation of RMB into HK\$ is based on the exchange rate of HK\$1:RMB0.83. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the above exchange rate or any other rates.

As at the date of this announcement, the Board comprises (i) five executive Directors: Mr. Qian Yixiang, Ms. Jia Lingxia, Mr. Zha Saibin (Mr. Yu Wai Ming as his alternate), Mr. Qian Zhongming and Mr. Yu Wai Ming; and (ii) three independent non-executive Directors: Mr. Tang Jianrong, Mr. Qu Weimin and Mr. Lai Wai Leuk.