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Beijing Jingneng Clean Energy Co., Limited  
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**DISCLOSEABLE TRANSACTIONS AND CONNECTED TRANSACTIONS  
 PROPOSED SWAP OF 20% EQUITY INTEREST IN JINGNENG  
 INTERNATIONAL AND CASH HELD BY THE COMPANY FOR 84.68%  
 EQUITY INTEREST IN SHENZHEN JINGNENG LEASING HELD BY BEH**

**THE TRANSACTIONS**

The Board is pleased to announce that, on 10<sup>th</sup> July 2022, the Company entered into the Acquisition and Merger Agreement with BEJ, Jingneng International and Shenzhen Jingneng Clean Energy International Transfer Agreement with BEJ, pursuant to which BEJ propose to bring merger with Jingneng International and transfer its 84.68% equity interest in Shenzhen Jingneng Clean Energy to the Company, and the Company will purchase the consideration thereof in the form of 20% equity interest in Jingneng International and cash of RMB542,110,200 from the Company.

**LISTING RULES IMPLICATIONS**

As a result of the announcement, BEJ direct and indirect holds 68.68% of the shares of the Company and controls the operation and connected person of the Company. Jingneng International and Shenzhen Jingneng Clean Energy are subsidiaries of BEJ and constitute connected persons of the Company. Accordingly, the Transaction constitutes connected transaction for the Company under Chapter 14A of the Listing Rules.

As the aggregate percentage of the Transaction is above 5% but not in 25%, the Transaction is subject to the reporting, announcement and independent review approval requirement under Chapter 14A of the Listing Rules.

According to the Acquisition Report of Shenzhen Jingneng Clean Energy, the audited net cash flow met our under the income process will provide in preparing the value of the total review equity of Shenzhen Jingneng Jingneng

Following the receipt of the information required under Rule 14.60A of the Listing Rules, the Company will, within 15 business days after publication of the announcement in compliance with Rule 14.60A and Rule 14.62 of the Listing Rules.

**As the Transactions are subject to the satisfaction of the conditions precedent set out in the agreements, the Transactions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## 1. Introduction

The Board is pleased to announce that, on 10 July 2022, the Company entered into the Absorption and Merger Agreement with JINGNENG, JINGNENG Internation and JINGNENG Finance and the Equity Transfer Agreement with JINGNENG, pursuant to which JINGNENG propose to absorb merger with JINGNENG Internation and transfer its 84.68% equity interest in JINGNENG Finance to the Company, and the Company will purchase the consideration thereof in the form of 20% equity interest in JINGNENG Internation in cash of RMB542,110,200 from the Company.

## 2. Absorption and Merger Agreement

### Parties

- 1) JINGNENG, as the merging party, the acquirer of the 20% equity interest in JINGNENG Internation and the holder of the 84.68% equity interest in JINGNENG Finance;
- 2) JINGNENG Internation, as the mergee party and the target company of equity swap;
- 3) the Company, as the holder of the 20% equity interest in JINGNENG Internation and the acquirer of the 84.68% of the equity interest in JINGNENG Finance; and
- 4) JINGNENG Finance, as the target company of equity swap.

### Method of merger

- 1) The merger will be conducted with an absorption merger of JINGNENG Internation and JINGNENG, which refer to the swap of 84.68% equity interest from JINGNENG in JINGNENG Finance for 20% equity interest from the Company in JINGNENG Internation, for which the Company will purchase the excess of the consideration for 84.68% of the equity interest from JINGNENG in JINGNENG Finance over the consideration for 20% of the equity interest from the Company in JINGNENG Internation. Upon the completion of the merger, JINGNENG will continue to operate as JINGNENG Internation and will be re-registered in accordance with the law.

- 2) Upon the closing date, the "re-organized" interest corresponding to the 84.68% equity interest in Henan Jingneng Energy Co., Ltd. shall be exercised by the company; "settlement", "license", "permit", "operation" and "personnel" of Jingneng International shall be exercised by the company in accordance with the law, and the right of negotiation shall be transferred to the "settlement" of Jingneng International. The company shall enjoy the same rights in accordance with the law, and the company shall not be entitled to the interest of Henan Jingneng Energy Co., Ltd. after the Acquisition Merger.
- 3) Upon the closing date, the parties shall actively cooperate in the procedure of "settlement" transfer ownership, transfer, personnel placement and business change in relation to the Acquisition Merger in accordance with the requirement under the Acquisition Merger Agreement and relevant laws and regulations.

### Determination of the Consideration for and Closing of the Merger

- 1) The parties agree to evaluate the value of the Target Equity Interest in the Acquisition on 31 March 2022 by the Valuation Benchmark Date, with the following price for the value of the Target Equity Interest:
- 2) According to the Acquisition Valuation Report of Jingneng International, the value of the Valuation Benchmark Date, the net asset value of Jingneng International was RMB8,640,802,900, and the proportional value of net asset corresponding to its 20% equity interest was RMB1,728,160,600. According to the Acquisition Valuation Report of Henan Jingneng Energy Co., Ltd., the value of the Valuation Benchmark Date, the net asset value of Henan Jingneng Energy Co., Ltd. was RMB2,681,000,000 and the proportional value of net asset corresponding to its 84.68% equity interest was RMB2,270,270,800. The difference between the proportional value of net asset among the Target Equity Interest and Henan Jingneng Energy Co., Ltd. is RMB542,110,200. The company agrees to make up the difference to Henan Jingneng Energy Co., Ltd.

The parties confirm that the final price of the Target Equity Interest shall be determined based on the proportional relationship with the competent authority, and agree to pay the amount of total price in the preceding paragraph based on the difference of the final price of the Target Equity Interest.

- 3) The parties agree to sign the Equity Transfer Agreement in annex to the Acquisition Merger Agreement in relation to the transfer of the 84.68% equity interest in Henan Jingneng Energy Co., Ltd. to the company to further clarify the right of negotiation of the parties to the equity transfer.
- 4) The parties confirm that the right to the Target Equity Interest shall be transferred to the corresponding addressee with effect from the closing date and the parties shall complete the following post-closing obligations after the closing date:

The company shall make every effort to ensure that the bank account balance for the difference in the price of the Target's net interest within 30 Working Days after the completion of the procedure of change of industrial and commercial registration of Shenzhen Jingneng Energy Company Limited in the Acquisition and Merger Agreement.

Further, Jingneng International and Shenzhen Jingneng Energy Company Limited cooperate with each other to complete the procedure of change or cancellation of industrial and commercial registration and change of property right registration in relation to the Merger in a timely manner in accordance with the requirements under the Acquisition and Merger Agreement, and the company shall cooperate with them.

## Succession of Creditors' Rights and Debts

All the creditor's rights and debts of Shenzhen Jingneng International before the Merger shall be succeeded by the merged company after the Merger.

## Employees Placement Plan

- 1) In the course of the Merger, employees of Jingneng International will be taken over or properly settled by the merged company.
- 2) The labor contracts signed between employees of Jingneng International and Jingneng International shall continue to be valid and shall be performed by the merged company.

## Disposal of Branches and Subsidiaries of the Merged Party

The parties confirm that, as of the Valuation Benchmark Date, the corresponding net interest of branches and subsidiaries of Jingneng International shall be succeeded by the merged company.

## Transition Period

- 1) During the transition period from the Valuation Benchmark Date to the closing date, profit and loss arising from the Target's net interest shall be enjoyed and borne by the corresponding successor, and profit and loss arising from the operation of Jingneng International shall be vested in the merged company.
- 2) The parties confirm that during the transition period, unless otherwise expressly provided in the Acquisition and Merger Agreement, Jingneng International and Shenzhen Jingneng Energy Company Limited shall not take any action that may cause material adverse change to the company with a written consent of Shenzhen Jingneng International and the company, respectively.

## Liabilities for Breach of Contract

- 1) The parties shall strictly observe the relevant provisions of the Acquisition and Merger Agreement. Any party who violates the provisions of the Acquisition and Merger Agreement shall be liable to the Leasing Party for the breach of contract.
- 2) Any party fails to perform or does not fully perform the Acquisition and Merger Agreement, in addition to bearing the liability for breach of contract in accordance with the provisions of the Acquisition and Merger Agreement, shall compensate the Leasing Party for the losses caused to the Leasing Party.
- 3) If any party receives a representation, warranty or undertaking made in the Acquisition and Merger Agreement, and such representation is not remedied within 30 days after the termination of the Leasing Party shall receive written notice from the Leasing Party to take immediate remedial measures. In such case, the Leasing Party shall have the right to terminate the Acquisition and Merger Agreement and claim damages from the Leasing Party for such breach.
- 4) If the agreement fails to take effect or the Merger fails to be performed due to the restriction of government regulation or the failure of internal department of the party or external competent department to ultimately approve the agreement, it shall not be considered as breach of contract by any party.

## Validity of the Agreement

The Acquisition and Merger Agreement shall be effective from the date of signing by the parties; and shall become effective when any of the following conditions are met:

- 1) The parties to the Acquisition and Merger Agreement obtain necessary approval from the competent authorities for the Merger;
- 2) The due diligence report of Jingneng International is issued in Jingneng Financial Involvement in the Merger involving Shenzhen Leasing with the competent authorities.

## 3. Equity Transfer Agreement

### Equity Transfer of Shenzhen Jingneng Leasing

In accordance with the terms and conditions of the Equity Transfer Agreement, the parties agree to transfer 84.68% equity interest in Shenzhen Jingneng Financial Involvement to the Leasing Party; the Leasing Party shall have the right to return the equity interest in accordance with the company, and the company agrees to pay 20% of the equity interest in Jingneng International as consideration, with the difference to be settled by the company in cash to the Leasing Party.

Prior to the Transaction, the shareholding structure of Shen Shen Jingteng Fintech was as follows:

Name of shareholders	Committed capital (RMB0'000)	Paid-up capital (RMB0'000)	Shareholding Percentage (%)	Capital contribution method
Shen Shen Jingteng Fintech	170,000	170,000	84.68%	Monetary
Shen Shen Jingteng Fintech (Suzhou)	30,758	30,758	15.32%	Monetary
<b>Total</b>	<b>200,758</b>	<b>200,758</b>	<b>100%</b>	

Upon completion of the Transaction, the company will become the shareholder of Shen Shen Jingteng Fintech, holding 84.68% of the equity interest in Shen Shen Jingteng Fintech, and will be entitled to the shareholder's right and exercise the shareholder's voting rights in accordance with the law.

Upon completion of the Transaction, the shareholding structure of Shen Shen Jingteng Fintech will be as follows:

Name of shareholders	Committed capital (RMB0'000)	Paid-up capital (RMB0'000)	Shareholding Percentage (%)	Capital contribution method
The company	170,000	170,000	84.68%	Monetary
Shen Shen Jingteng Fintech (Suzhou)	30,758	30,758	15.32%	Monetary
<b>Total</b>	<b>200,758</b>	<b>200,758</b>	<b>100%</b>	

From the closing date, the company will succeed to the right and obligation of Shen Shen Jingteng Fintech in relation to the 84.68% equity interest in Shen Shen Jingteng Fintech, and Shen Shen Jingteng Fintech (Suzhou) will succeed to the right and obligation of the company in relation to the 20% equity interest in Jingteng Internation, and will have the right to request the company to pay the difference in value among the Target's Equity Interest to Shen Shen Jingteng Fintech.

### Consideration and Closing of Equity Transfer

The parties agree to evaluate the value of the Target's Equity Interest using 31 March 2022 as the valuation benchmark date, which will be the basis for determining the price for the value of the Target's Equity Interest.

According to the Asset Valuation Report of Shen Shen Jingteng Fintech, as of the valuation benchmark date, the net asset value of Shen Shen Jingteng Fintech was RMB2,681,000,000, and the proportional value of net asset corresponding to its 84.68% equity interest was RMB2,270,270,800. According to the Asset Valuation Report of Jingteng Internation, as of the valuation benchmark date, the net asset value of Jingteng Internation was

R/ 8,640,802,900 net value of net "et" corresponding to its 20% equity interest with R/ 1,728,160,600. The difference between the net "et" value among the Target and Interest is R/ 542,110,200, net difference to be made up to the company.

The parties confirm that the final price of the Target and Interest to be determined on the basis of the report filed with the competent authority, and agree to pay the amount of total price to be paid in the preceding paragraph on the difference of the final price of the Target and Interest.

The parties agree that the corresponding right in interest of the Target and Interest will be

- 3) If a party receives a representation, written undertaking or other Transfer Agreement, the counterparty shall not remedy within 30 days after the date on which the defunct party shall have received written notice of the defunct party to take immediate remedial measures in accordance with the defunct party's respective right to terminate the Transfer Agreement concerning the defunct party for breach.
- 4) If the agreement fails to take effect or the merger fails to be performed due to the restriction of law, regulation or document or the failure of internal department of the parties or external competent department to authorize approval of the agreement, it shall not be considered a breach of contract by the party.

### Validity of the Agreement

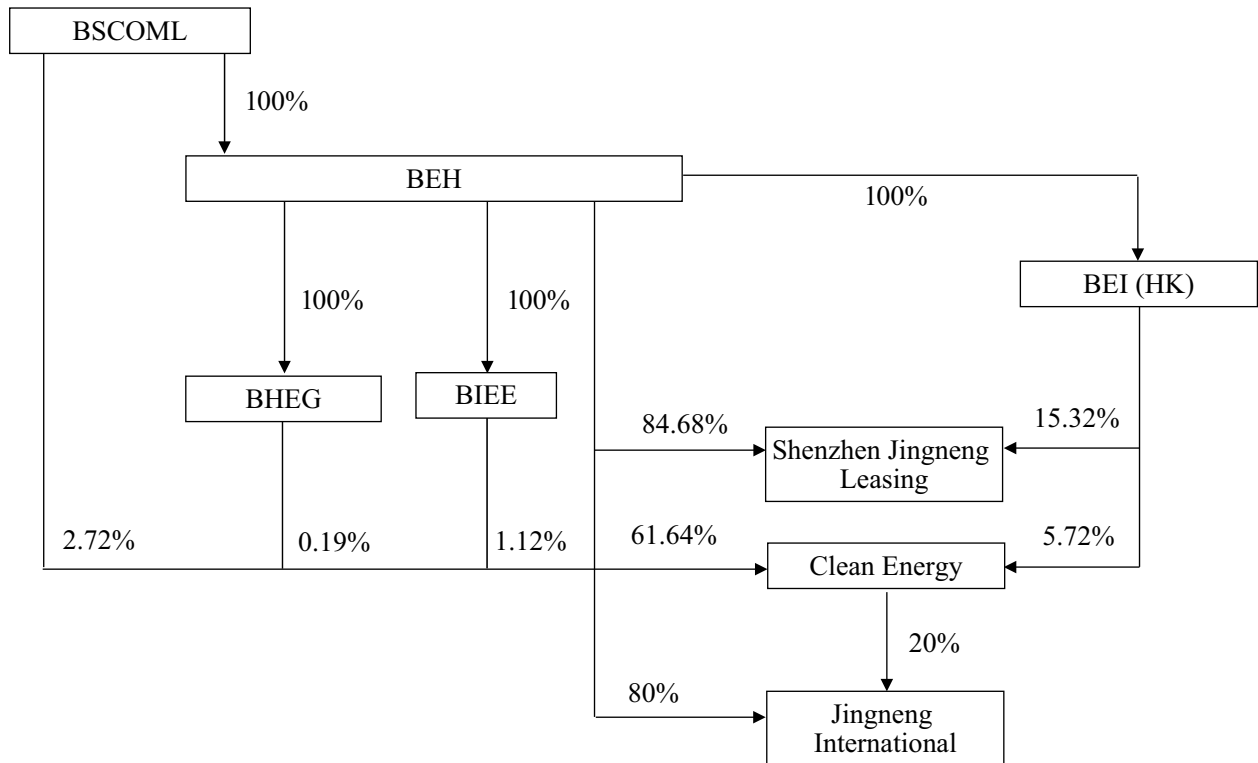
The Transfer Agreement shall be effective from the date of signing by the parties and shall become effective when all of the following conditions are met:

- 1) The parties to the Transfer Agreement obtaining necessary approval from the competent authority for the transaction;
- 2) The Acquisition and Merger Agreement coming into effect;

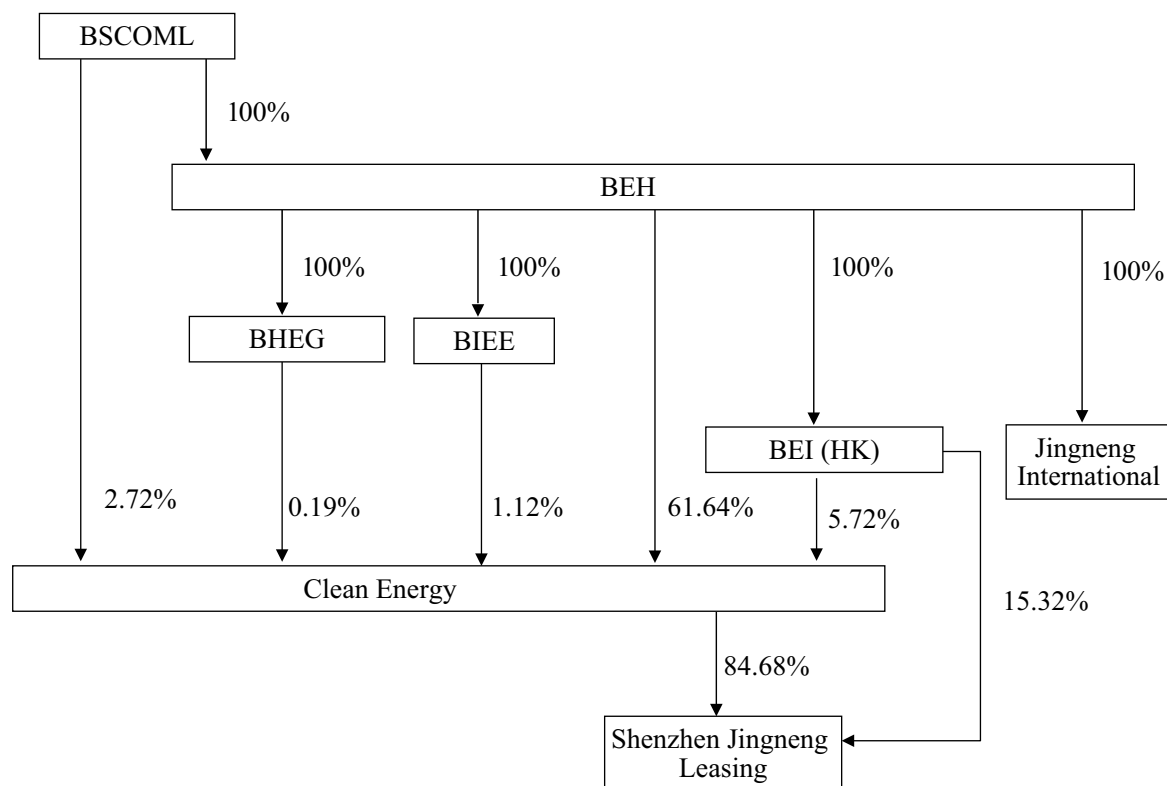


#### 4. Shareholding Structure before and after the Transactions

As at the date of the announcement, the shareholding structure is as follows:



Immediately following the completion of the Transaction, the following structure will be as follows:



The percentages presented in this document have been rounded, due to rounding, certain numbers presented in this document may not precisely equal the arithmetic result.

## 5. Information of the Parties

The company is the largest fire power provider in Beijing and is the largest power production and operation in the country, with a large diversified energy portfolio including gas-fired power, nuclear energy, wind power, photovoltaic power, hydroelectric power and other clean energy projects.

The company is the principal engine in the production and supply of electricity in the country and is the core of the development of renewable energy.

Jingneng International is the largest of the company's principal engine in the construction and investment management of power and energy projects.

At the same time, the financial information of Jingneng International prepared in accordance with the IFRS Accounting standards for the "Interim Financial Report" on condensed financial statements.



	As of 31 December 2020	As of 31 December 2021
Total assets	80,523,618,485.08	81,978,270,694.37
Total owners' equity (or attributable equity)	31,110,865,386.90	25,851,189,584.15
	For the year ended 31 December 2020	For the year ended 31 December 2021
Operating income	20,097,478,839.34	22,236,992,401.29
Total profit	1,868,597,549.55	-3,853,626,563.55
Net profit	1,761,975,134.87	-3,870,368,177.18

Shen Shen Jingneng Finance Limited wholly-owned subsidiary of SSE, Shen Shen Jingneng Finance Limited provides financial leasing service in commercial factoring and lease service in relation to financial leasing to the principal members of SSE.

The above is certain financial information of Shen Shen Jingneng Finance Limited prepared in accordance with the <sup>1</sup>R Accounting standards for the <sup>2</sup>Enterprise.



	As of 31 December 2020	As of 31 December 2021
Total assets	3,370,892,171.71	4,003,319,933.22
Total owners' equity (or attributable equity)	1,264,363,709.61	1,321,441,999.81
	For the year ended 31 December 2020	For the year ended 31 December 2021
Operating income	129,166,083.94	157,705,422.05
Total profit	82,478,673.15	76,133,519.12
Net profit	61,857,210.96	57,078,290.20

The initial cost of the acquisition of 84.68% equity interest in Shen Shen Jingneng Finance Limited was <sup>1</sup>RMB2,009,077,194.86.

## 6. Financial Effect of the Transactions

As at 31 December 2022, the net book value of the 20% equity interest in Jingneng Internation was RMB1,690,657,000. The company will recognize the gain on transfer of the 20% equity interest in Jingneng Internation in the consolidated income statement of the date of completion of the disposal of Jingneng Internation.

The company expects to record an increase of approximately RMB37,503,000 in the owner's equity in the unaudited financial statement of the Group upon the completion of the Transaction. As the Transaction is a non-reciprocal transaction, no proceeds will be generated from the disposal. In addition, the company does not expect that the Transaction will have a material impact on the consolidated financial position of the Group.

## 7. Reasons for and Benefits of the Transactions

Upon completion of the Transaction, the company will no longer be related to Jingneng Internation and will become a shareholder of the company. In the future, the Transaction will help the company to diversify focus on clean energy business. At the same time, the Transaction will facilitate the company's deployment of its financial resources to provide long-term capital support for the company's development in the clean energy sector.

In the financial future, the Transaction will help reduce the impact of the operating uncertainty of Jingneng Power on the company's financial statement. Also, the Transaction will increase the company's own capital, enhance Jingneng's financial strength and reduce the financial burden, which will further improve the company's own capital management and the overall effect of the energy business to enhance the value of the company. In addition, the company will reduce financing costs. At the same time, the enhanced Jingneng's good profit will not be expected to be increased by the increase of the business revenue in the future, which will effectively enhance the profit and contribute to the development of the company.

The Board considers that the Transaction were entered into on normal commercial terms and are in the best interests of the company and its shareholders.

## 8. Listing Rules Implications

As at the date of this announcement, the direct and indirect holding of 68.68% of the shares of the company is controlled by the related party of the company, Jingneng Internation and its subsidiaries. According to the Listing Rules, the Transaction constitutes a connected transaction for the company under Chapter 14A of the Listing Rules.

As the aggregate percentage of the Transaction is above 5% but not 25%, the Transaction is subject to the reporting, announcement and independent director approval requirement under Chapter 14A of the Listing Rules.

According to the Annual Report of Jinneng International, the audited cash flow met or exceeded the income projections made in preparing the value of the total independent equity of Jinneng International, which constituted profit forecast under Rule 14.61 of the Listing Rules. Further announcement in relation to the information required under Rule 14.60A of the Listing Rules will be made to the company within 15 business days after publication of the announcement in compliance with Rule 14.60A and Rule 14.62 of the Listing Rules.

The Board will endeavor to approve the Transaction. As a result of the engagement of independent non-executive directors, including Mr. Wang Long (independent non-executive director of the Board), the Board will endeavor to approve the Transaction. After the Board approves the Transaction, none of the directors has a material interest in the Transaction.

The Independent Board Committee comprising Mr. Wang Xiang, Mr. Chen Yiqun, and Mr. Xu Jing (independent non-executive director) has been established to advise the independent director on the Transaction. The company proposes to engage Grant Thornton as the Independent Financial Adviser to advise the Independent Board Committee on the independent director on the Transaction.

## 9. Circular

A general meeting of the company will be convened for the independent director to consider, if that fits, approve the Transaction. A circular containing, among other things, further details of the Transaction, together with notice of the general meeting, is expected to be sent to the independent director of the company on or before 31 March 2022.

**As the Transactions are subject to the satisfaction of the conditions precedent set out in the agreements, the Transactions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## 10. Definitions

In the following context, the following expressions shall have the following meanings, unless the context otherwise requires:

<p>“Absorption Merger Agreement”</p>	<p>the Absorption Merger Agreement in respect of Beijing Energy Group Co., Ltd. and Beijing Jingneng International Power Co., Ltd. entered into amongst the company, BEI, Jingneng International and Beijing Jingneng Energy on 10<sup>th</sup> 2022, pursuant to which BEI propose to absorb and merge with Jingneng International and transfer its 84.68% equity interest in Beijing Jingneng Energy to the company, and the company to prepare the consolidation thereof in the form of 20% equity interest in Jingneng International and continue the company</p>
<p>“Annual Report of Jingneng International”</p>	<p>the annual report issued by Beijing Energy Group Co., Ltd. (2022) (01219) issued in United Approval on 14 April 2022</p>
<p>“Annual Report of Beijing Jingneng Energy”</p>	<p>the annual report issued by Beijing Energy Group Co., Ltd. (2022) (01099A) issued in United Approval on 12 April 2022</p>
<p>“BEI”</p>	<p>Beijing Energy Group Co., Ltd. ( ), limited liability company incorporated in the PRC and the controlling shareholder of the company, A share holder of the company, BEI direct and indirect own 68.68% of the share of the company</p>
<p>“BEI (S)”</p>	<p>Beijing Energy Investment Group (S) Co., Ltd. ( ), limited liability company incorporated in Hong Kong with limited liability and wholly-owned subsidiary of BEI</p>
<p>“BEI EG”</p>	<p>Beijing Energy Group Co., Ltd. ( ), limited liability company incorporated in the PRC wholly-owned subsidiary of BEI</p>
<p>“BEI EI”</p>	<p>Beijing International Electric Engineering Co., Ltd. ( ), limited liability company incorporated in the PRC wholly-owned subsidiary of BEI</p>
<p>“Board”</p>	<p>the board of director of the company</p>

“Beijing” the owner of the company in the management of the company. Beijing Jingneng Energy Co., Ltd. (the “Company”) is a wholly-owned subsidiary of the Beijing Municipal Government of Beijing. Beijing Jingneng Energy Co., Ltd. is a wholly-owned subsidiary of the Beijing Municipal Government of Beijing.

“Independent Appraiser” Independent Appraiser of the Company, qualified independent valuer in the PRC. Independent Appraiser Liu Enjun’s valuation report on the Company Jingneng Energy on 12 April 2022.

“United Appraiser” United Appraiser Group of the Company, qualified independent valuer in the PRC. United Appraiser Liu Enjun’s valuation report on Jingneng International on 14 April 2022.

“Company” the company of which Target is the interest holder in the company under the transaction.

“Company” the company of which the parties to the corresponding interest in accordance with the terms of the Acquisition and Merger Agreement and the Transfer Agreement. The parties agree that the effective date of the Acquisition and Merger Agreement and the Transfer Agreement is the date of closing under the Acquisition and Merger Agreement and the Transfer Agreement. In the closing, Target will acquire 100% of the equity interest in Jingneng International and not in the right to request the company to pay the difference in value among the Target is interested in to Target, the company will acquire 84.68% of the equity interest in the Company Jingneng Energy.

“Company” or “Energy” Beijing Jingneng Energy Co., Ltd. (the “Company”), joint stock company incorporated in the PRC with limited liability, the registered office of which is located in Beijing. Beijing Jingneng Energy Co., Ltd. is a wholly-owned subsidiary of the Beijing Municipal Government of Beijing.

“Director” Director of the company.

“Eq uity Transfer Agreement	the Eq uity Transfer Agreement in respect of Jinneng International Finance Co., Ltd. entered into between the company and the Company on 10 July 2022, in annex to the Acquisition and Merger Agreement, pursuant to which the Company agrees to transfer 84.68% equity interest in Jinneng International Finance Co., Ltd. interest; benefit in right to receive equity interest in accordance with the company, and the company agrees to provide consideration thereof in form of 20% of its equity interest in Jinneng International Finance Co., Ltd. to make up the difference in cost to the Company
“Group	the company and its subsidiaries
“Jiangsu Jiangsu	the Jiangsu Jiangsu Special Administrative Region of the PRC
“Jiangsu Jiangsu Stock Exchange	The Stock Exchange of Jiangsu Jiangsu Limited
“Independent Director Committee	an independent director committee established by the company, comprising Mr. Wang Xiang, Mr. Chen Yuntang, Mr. Xu Jiping and Mr. Luo Jie (being the independent non-executive director), to advise the independent director on the Transaction
“Independent Financial Adviser or “Group Adviser	Group Adviser Limited, a licensed corporation to carry out Type 6 advising on corporate finance) registered under the Securities and Futures Ordinance. The company proposes to engage Group Adviser as the independent financial adviser to advise the Independent Director Committee and the independent director on the Transaction
“Jinneng International	Beijing Jinneng International (broadly referred to as the Company), a limited liability company incorporated in the PRC, the wholly-owned subsidiary of the Company. Jinneng International wholly-owned to 80% of the Company and 20% of the company
“Listing Rules	the Rules Governing the Listing of Securities on the Stock Exchange of Jiangsu Jiangsu Limited



“Merger

the absorption merger of Jingneng International, which refers to the swap of 84.68% equity interest in Henan Jingneng Energy for 20% equity interest in the company in Jingneng International, for which the company will pay the excess of the consideration for 84.68% of the equity interest in Henan Jingneng Energy over the consideration for 20% of the equity interest in the company in Jingneng International. Upon the completion of the merger, the company will continue to operate in Henan Jingneng Energy, which is a wholly-owned subsidiary of the company since the merger.

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