



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 10th July 2022, the Company entered into the Acquisition and Merger Agreement with BEJ, Jingneng International and ShenJingnengFengling in the Equity Transfer Agreement with BEJ, pursuant to which BEJ propose to acquire merger with Jingneng International in transfer of 84.68% equity interest in ShenJingnengFengling to the Company, the Company will purchase the consideration thereof in the form of 20% equity interest in Jingneng International in cash of RMB542,110,200 from the Company.

LISTING RULES IMPLICATIONS

As to the effect of the announcement, BEJ direct and indirect holds 68.68% of the shares of the Company and controlling the operation and connected person of the Company, Jingneng International and ShenJingnengFengling are subsidiaries of BEJ and do constitute connected persons of the Company. According, 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 more than 25%, the Transaction is subject to the reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

According to the Annual Report of ShenJingnengFengling, the audited net cash flow met or under the income proceeds will be used in preparing the value of the total shareholders' equity of ShenJingnengJingneng.

Following the receipt of the announcement in relation to the information requirements of Rule 14.60A of the Listing Rules, the Company will continue to comply 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 May 2022, the Company entered into the Absorption and Merger Agreement with JFE, Jingneng Internation and then Jingneng Energy International Transfer Agreement with JFE, pursuant to which JFE propose to absorb merger with Jingneng Internation and transfer its 84.68% equity interest in then Jingneng Energy International to the Company, and the Company will purchase the consideration thereof in the form of 20% equity interest in Jingneng Internation and cash of HK\$542,110,200 from the Company.

2. Absorption and Merger Agreement

Parties

- 1) JFE, as the merging party, the holder of the 20% equity interest in Jingneng Internation and the holder of the 84.68% equity interest in then Jingneng Energy International;
- 2) Jingneng Internation, as the merged party and the target company of equity swap;
- 3) the Company, as the holder of the 20% equity interest in Jingneng Internation and the holder of the 84.68% of the equity interest in then Jingneng Energy International;
- 4) then Jingneng Energy International, as the target company of equity swap.

Method of merger

- 1) The merger will be conducted with of absorption and merger of Jingneng Internation and JFE, which refer to the swap of 84.68% equity interest between JFE and then Jingneng Energy International for 20% equity interest between the Company and Jingneng Internation, for which the Company will purchase the excess of the consideration for 84.68% of the equity interest between JFE and then Jingneng Energy International over the consideration for 20% of the equity interest between the Company and Jingneng Internation. Upon the completion of the merger, JFE will continue to exist as Jingneng Internation will be deregistered in accordance with the law.

- 2) Upon the closing date, the "transfer right" shall correspond to the 84.68% equity interest in Henan Jingneng Energy Co., Ltd. (the "Company"); "set", "title", "license", "permit", "operation" and "personne" of Jingneng International Co., Ltd. shall be in accordance with the law, and the right of obligation shall be to the "set" of Jingneng International Co., Ltd. The "set" shall be enjoyed in accordance with the law, and the Company shall not be entitled to the interest of the Company after the Absorption and Merger.
- 3) Upon the closing date, the parties shall actively cooperate in the procedure of "set" transfer, owner's transfer, person's placement and public commercial change in relation to the Merger in accordance with the requirement under the Absorption and 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 Merger on 31 March 2022 at the Valuation Benchmark Date, which will be the basis for the price for the value of the Target Equity Interest.
 - 2) According to the Absent Valuation Report of Jingneng International Co., Ltd. of the Valuation Benchmark Date, the net asset value of Jingneng International Co., Ltd. is RMB18,640,802,900, and the proportional value of net asset corresponding to its 20% equity interest is RMB3,728,160,600. According to the Absent Valuation Report of Henan Jingneng Energy Co., Ltd. of the Valuation Benchmark Date, the net asset value of Henan Jingneng Energy Co., Ltd. is RMB2,681,000,000, and the proportional value of net asset corresponding to its 84.68% equity interest is RMB2,270,270,800. The difference between the proportional value of net asset among the Target Equity Interest is RMB542,110,200. The Company agrees to make up the difference to the Company in cash.
- 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 top-up cash 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 as an annex to the Absorption and 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 obligation 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 obligation after the closing date:

The company shall make a supplementary payment to the bank account designated by the Target's Interim Working Committee for the difference in the price of the Target's Equity Interest within 30 Working Days after the completion of the procedure of change of input and output commercial registration of the merged Jingneng Fuling Company in the Absorption and Merger Agreement.

Further, Jingneng Internation and the merged Jingneng Fuling Company shall cooperate with each other to complete the procedure of change or cancellation of input and output commercial registration and change of property right registration in relation to the merger in a timely manner in accordance with the requirement under the Absorption and Merger Agreement, and the company shall cooperate with them.

Succession of Creditors' Rights and Debts

All the creditor's rights and debts of the merged Jingneng Internation 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 Internation will be taken over or properly settled by the merged company.
- 2) The labor contracts signed between employees of Jingneng Internation and Jingneng Internation 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 assets and interests of the branches and subsidiaries of Jingneng Internation 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 Equity Interest shall be enjoyed or borne by the corresponding successor, and profit and loss arising from the operation of Jingneng Internation shall be vested in the merged company.
- 2) The parties confirm that during the transition period, unless otherwise expressly provided in the Absorption and Merger Agreement, Jingneng Internation and the merged Jingneng Fuling Company shall not take any action that may materially adversely change to the compliance with all the written content of the merged 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 losing 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, compensate the losing party for losses due to the losing 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 date on which the defuncting party is served with written notice, the losing party to take immediate remedial measures. In such case, the losing party shall have the right to terminate the Acquisition and Merger Agreement and claim damages from the defuncting 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 registration or the failure of internal department of the parties 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 all 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 settlement report of Jingneng International is signed by Jingneng Leasing involved in the merger and signed 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 Leasing to the interest beneficiary, and the right to receive 20% of the equity interest in Jingneng International in consideration, with the difference to be settled by the company in cash to the parties.

Prior to the Transaction, the shareholding structure of Jinneng Jingneng Fuling was as follows:

Name of shareholders	Committed capital (RMB0'000)	Paid-up capital (RMB0'000)	Shareholding Percentage (%)	Capital contribution method
Jinneng Fuling	170,000	170,000	84.68%	currency
Jinneng Fuling (Holding)	30,758	30,758	15.32%	currency
Total	200,758	200,758	100%	

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

Upon completion of the Transaction, the shareholding structure of Jinneng Jingneng Fuling 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%	currency
Jinneng Fuling (Holding)	30,758	30,758	15.32%	currency
Total	200,758	200,758	100%	

From the closing date, the company will succeed to the right to exercise the voting rights of Jinneng Fuling in relation to the 84.68% equity interest in Jinneng Jingneng Fuling, and Jinneng Fuling will succeed to the right to exercise the voting rights of the company in relation to the 20% equity interest in Jinneng Internation, and will have the right to request the company to pay the difference in value among the Target's Equity Interest to Jinneng Fuling.

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 Jinneng Jingneng Fuling, as of the Valuation Benchmark Date, the net asset value of Jinneng Jingneng Fuling 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 Jinneng Internation, as of the Valuation Benchmark Date, the net asset value of Jinneng Internation was

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Eq it Interest R/542,110,200, n the difference b e m eu p te omp n to
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The parties confirm that the final price of the Target Eq it Interest b e determine
on the price result file with the competent authority, n agree to pay the
amount of total p c b t n te in the preceding paragraph on the difference of the final
price of the Target Eq it Interest

The parties agree that the corresponding right n interest of the Target Eq it Interest will
be

- 3) If a party receives a representation, warranty or undertaking in the Transfer Agreement, the counterparty shall not remedy within 30 days after the date on which the defunct party is served with written notice of the defunct party to take immediate remedial measures in the contract, the defunct party shall have the right to terminate the Transfer Agreement and claim against the defunct party for its remedy.
- 4) If the agreement fails to take effect or the merger fails to be performed due to the restriction of law, regulation or government order or the failure of internal department of the party or external competent department to authorize approve the agreement, it shall not be considered as breach of contract by the party.

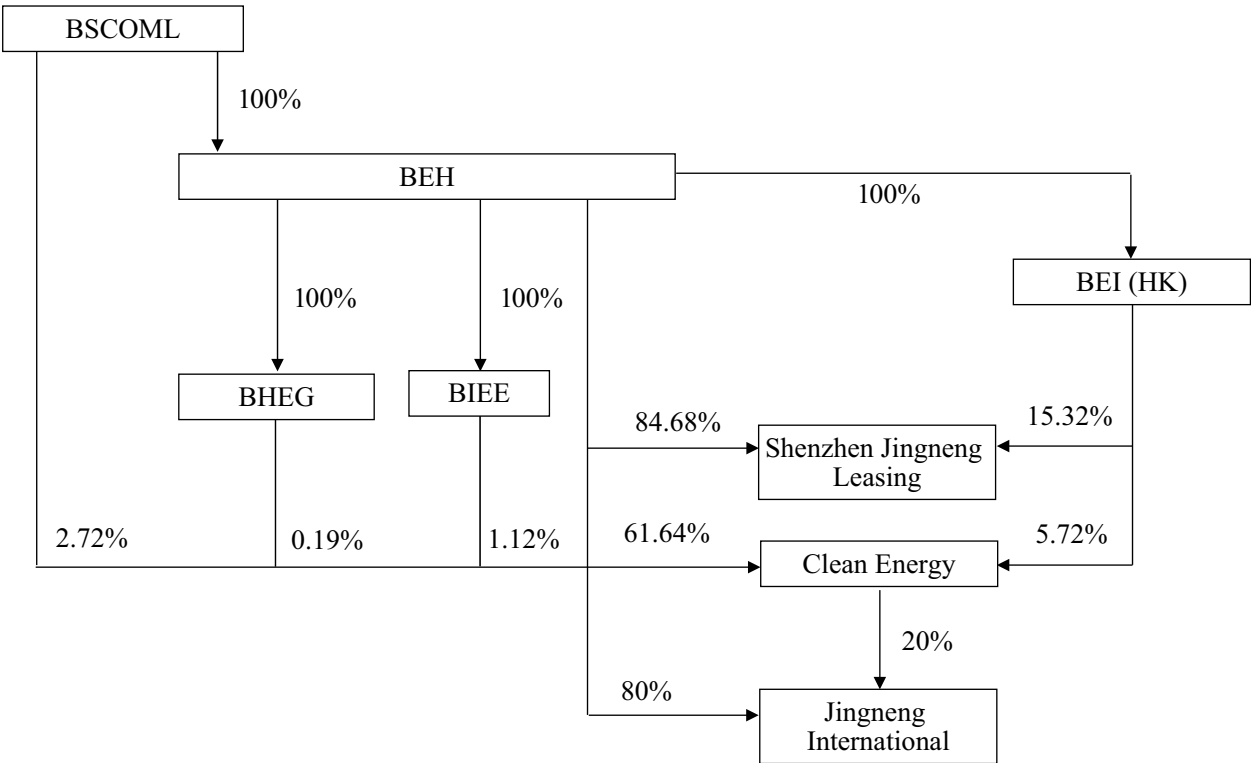
Validity of the Agreement

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:

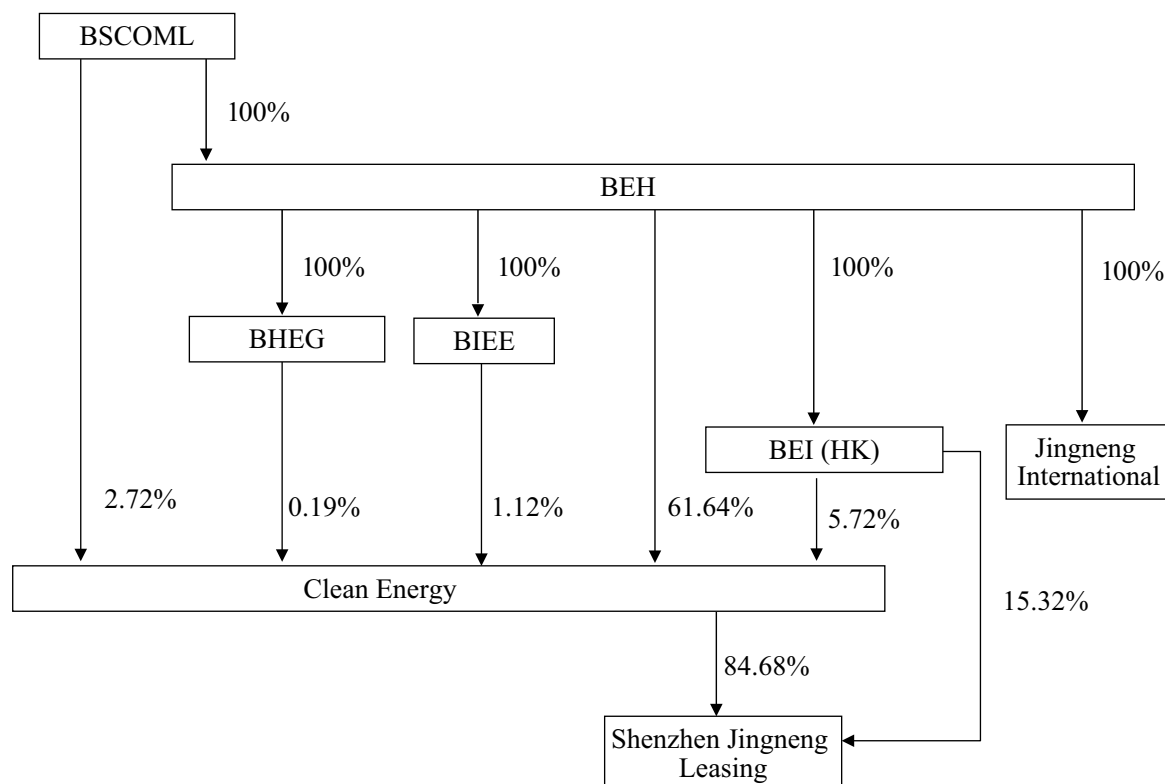
- 1) The parties to the Transfer Agreement obtaining necessary approval from the competent authority for the transaction;
- 2) The Acquisition and Merger Agreement coming into effect.

4. Shareholding Structure before and after the Transactions

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



Immediately following the completion of the Transaction, the reorganizational 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 the largest wind power and photovoltaic power operator in the world, with a diversified clean energy portfolio including gas fire power, natural gas, wind power, photovoltaic power, hydroelectricity, and other clean energy projects.

As the principal engaged in the production and supply of electricity and heat, the production and supply of coal is the development of renewable energy.

Jingneng International is the owner of the principal engaged in the construction and investment management of power and energy projects.

Set out below is certain financial information of Jingneng International prepared in accordance with the IFRS Accounting standards for the "Enterprise" on consolidated basis.



	As of 31 December 2020	As of 31 December 2021
Total assets	80,523,618,485.08	81,978,270,694.37
Total owner's 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 Leasing Co., Ltd. (Shen Shen Jingneng Finance Leasing Co., Ltd.) is a company wholly owned by the Company. Shen Shen Jingneng Finance Leasing Co., Ltd. provides financial leasing services in commercial factoring and lease service in relation to financial leasing to the principal members of the Company.

Set out below is certain financial information of Shen Shen Jingneng Finance Leasing Co., Ltd. prepared in accordance with the Revised Accounting Standards for the Enterprise.



	As of 31 December 2020	As of 31 December 2021
Total assets	3,370,892,171.71	4,003,319,933.22
Total owner's 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 Leasing Co., Ltd. was RMB2,009,077,194.86.

6. Financial Effect of the Transactions

As at 31 March 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 consolidated 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. However, on the whole, 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 hence Jingneng's earnings will become independent of the company. In the future, the Transaction will enable the company to further focus on its core energy business. At the same time, the Transaction will facilitate the company's improvement of its financial performance and provide long-term capital support for the company's development in the energy sector.

In the financial future, the Transaction will help reduce the impact of the operating uncertainty of Jingneng's power on the company's financial statement. Also, the Transaction will increase the company's own capital, enhance Jingneng's earnings and have a significant contribution, which will further strengthen the company's own capital and maximize the synergistic effect of the earnings in the future to enhance the value of the company and enable the company to reform to reduce financing costs. At the same time, enhance Jingneng's earnings and good profit will not be expected to be increased by the increase of the company's revenue in the future, which will effectively enhance the profit and further development of the company.

The Board considers that the Transaction was entered into on normal commercial terms and is fair and reasonable in the interest of the company and its shareholders as a whole.

8. Listing Rules Implications

As to the nature of the transaction, 68.68% of the shares of the company are controlled by the controlling shareholder, Jingneng Internation, and hence Jingneng's earnings are derived from the business of the company. According, the Transaction constitutes a connected transaction for the company under Chapter 14A of the Listing Rules.

A "eligible" public percentage of the Transaction is above 5% but not 25%, the Transaction is subject to the reporting, notification and independent review approval requirement under Chapter 14A of the Florida Rules.

According to the Audit Verification Report of Jien Jien Jungneng Engineering, the audited cash flow met our under the income process applied in preparing the value of the total re-order equity of Jien Jien Jungneng Engineering, which constitutes 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 this announcement in compliance with Rule 14.60A and Rule 14.62 of the Listing Rules.

The Board resolved to approve the Transaction. As a result, the following positions in Jingneng International, its wholly owned subsidiary, Renji Long, and its wholly owned subsidiary, the sole director of (REJ), the relevant time from voting on the Board resolution approving the Transaction to the date above, none of the Director has a material interest in the Transaction.

The Independent Board Committee comprising Mr. Wang Xiang, Mr. Chen Yintung, Mr. Xie Jiping and Mr. Luo Jie (being independent non-executive director) has been entitled to advise the independent director on the Transaction. The company propose 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 purpose to consider, if it can fit, approve the Transaction. A circular containing, among other things, details of the Transaction, together with notice of the general meeting, is expected to be sent to the members 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 this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“Absorption Merger Agreement”	the Absorption Merger Agreement in respect of Beijing Energy Group Co., Ltd. and Beijing Jingneng Internation Power Co., Ltd. entered into among the company, BEI, Jingneng Internation and Beijing Jingneng Energy on 10 May 2022, pursuant to which BEI propose to absorb and merge with Jingneng Internation and transfer its 84.68% equity interest in Beijing Jingneng Energy to the company, and the company is the controlling party thereof in the form of 20% equity interest in Jingneng Internation and control the company
“Annual Valuation Report of Jingneng Internation”	the annual valuation report issued by Beijing Huoqiu [2022] (01219) Ltd. in United Appraisal on 14 April 2022
“Annual Valuation Report of Beijing Jingneng Energy”	the annual valuation report issued by Beijing Huoqiu [2022] (01099A) Ltd. in United Appraisal on 12 April 2022
“BEI”	Beijing Energy Group Co., Ltd. (), limited liability company incorporated in the PRC under the controlling power of the company, and the ultimate controller of this announcement, BEI directly and indirectly holds 68.68% of the shares of the company
“BEI Group”) ”	Beijing Energy Investment Group (Hong Kong) Co., Ltd. (), limited liability company incorporated in Hong Kong with limited liability and wholly-owned subsidiary of BEI
“BEI Group”	Beijing Energy Group Co., Ltd. (), limited liability company incorporated in the PRC and wholly-owned subsidiary of BEI
“Jingneng”	Beijing Internation Electric Engineering Co., Ltd. (), limited liability company incorporated in the PRC and wholly-owned subsidiary of BEI
“Board”	the board of directors of the company

“Eq u Transfer Agreement	the Eq u Transfer Agreement in respect of Jengneng Inc. (hereinafter referred to as the Company) on 10/10/2022, in accordance with the provisions of the Merger Agreement, pursuant to which the Company agrees to transfer 84.68% of its interest in Jengneng Inc. to the Company; the Company shall, in accordance with the provisions of the Merger Agreement, transfer 20% of its interest in Jengneng Inc. to the Company, and the Company shall make up the difference in cash to the Company.
“Group	the Company and its subsidiaries.
“Jong Jong	the Jong Jong Special Administrative Region of the PRC.
“Jong Jong Stock Exchange	The Stock Exchange of Hong Kong Limited.
“Independent Board Committee	an independent board committee established by the Company, comprising Mr. Wang Xiang, Mr. Chen Yung Tung, Mr. Xu Jiping and Mr. Qiao Jie (being the independent non-executive director), to advise the independent board members on the Transaction.
“Independent Financial Adviser or “Group Put	Group Put Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity defined under the SFO. The Company proposes to engage Group Put as the independent financial adviser to advise the Independent Board Committee and the independent board members on the Transaction.
“Jingneng Intern tion	Beijing Jingneng Intern tion (hereinafter referred to as the Company), a limited liability company incorporated in the PRC, the ultimate controlling shareholder of the Company, and the Company holds 80% of the share capital, and the Company holds 20% of the share capital.
“Jingneng Intern tion	the PRC Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

“merger

the absorption merger of Jingneng International, which refers to the swap of 84.68% equity interest in the company in the Jingneng Group 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 the Jingneng Group 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 the Jingneng International, and the equity interest in the company will be transferred to the company in the Jingneng International.

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Beijing Jingneng Clean Energy Co., Limited

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Beijing, the 10th 2022

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