



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 BEH, Jingneng International and Shenzhen Jingneng Clean Energy International Transfer Agreement with BEH, pursuant to which BEH propose to conduct merger with Jingneng International and transfer of 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 above announcement, BEH, direct and indirect holds 68.68% of the shares of the Company and controls the operations and connected persons of the Company, Jingneng International and Shenzhen Jingneng Clean Energy are subsidiaries of BEH 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 more than 25%, the Transaction is subject to the reporting, announcement and independent non-executive directors' approval requirement under Chapter 14A of the Listing Rules.

According to the Annual Report of Shenzhen Jingneng Clean Energy, the audited net cash flow met or exceeded the income target which will be used in preparing the value of the total return of equity of Shenzhen 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 JN, Jingneng Internation and then Jingneng Energy and the Equity Transfer Agreement with JN, pursuant to which JN propose to absorb merger with Jingneng Internation and transfer its 84.68% equity interest in then Jingneng Energy to the Company, and the Company will purchase the consideration thereof in the form of 20% equity interest in Jingneng Internation and cash of RMB542,110,200 from the Company.

## 2. Absorption and Merger Agreement

### Parties

- 1) JN, 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;
- 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; and
- 4) then Jingneng Energy, as the target company of equity swap.

### Method of merger

- 1) The merger will be conducted with an absorption merger of Jingneng Internation and JN, which refer to the swap of 84.68% equity interest from JN in then Jingneng Energy 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 JN in then Jingneng Energy over the consideration for 20% of the equity interest from the Company in Jingneng Internation. Upon the completion of the merger, JN will continue to hold its shares in Jingneng Internation which are 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 operation 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 and 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 and Merger in accordance with the requirement under the Acquisition 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 Acquisition on 31 March 2022 at the Valuation Benchmark Date, with the following as the 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 and Annex to the Acquisition 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 operation 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 a supplementary payment to the bank account designated by the Target with 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.

The Target, Jingneng International and Shenzhen Jingneng Energy Company Limited shall 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 the Target and 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 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 the Target 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 losses due 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 serve written notice to 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 in 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 Party; 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 authority 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 authority.

## 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 to the Leasing Party 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 Jinneng Energy was as follows:

Name of shareholders	Committed capital (RMB0'000)	Paid-up capital (RMB0'000)	Shareholding Percentage (%)	Capital contribution method
Jinneng Energy (Company)	170,000	170,000	84.68%	Monetary
Jinneng Energy (Individual)	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 Jinneng Energy, holding 84.68% of the equity interest in Jinneng Energy, 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 Jinneng Energy is 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
Jinneng Energy (Individual)	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 Jinneng Energy in relation to the 84.68% equity interest in Jinneng Energy, and Jinneng Energy will succeed to the right and obligation of the company in relation to the 20% equity interest in Jinneng International, and will have the right to request the company to pay the difference in value among the Target Equity Interest to Jinneng Energy.

### Consideration and Closing of Equity Transfer

The parties agree to evaluate the value of the Target 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 Equity Interest.

According to the Asset Valuation Report of Jinneng Energy, as of the valuation benchmark date, the net asset value of Jinneng Energy 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 International, as of the valuation benchmark date, the net asset value of Jinneng International was

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- 3) If a party receives a representation, written or oral, in connection with the Transfer Agreement, and such party does not remedy within 30 days after the date on which the defuncting party is served with written notice of the defuncting party to take immediate remedial measures in accordance with the Transfer Agreement, the defuncting party shall nevertheless have the right to terminate the Transfer Agreement and claim against the defuncting party for such remedy.
- 4) If the agreement fails to take effect or the merger fails to be performed due to the restriction of a regulatory 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

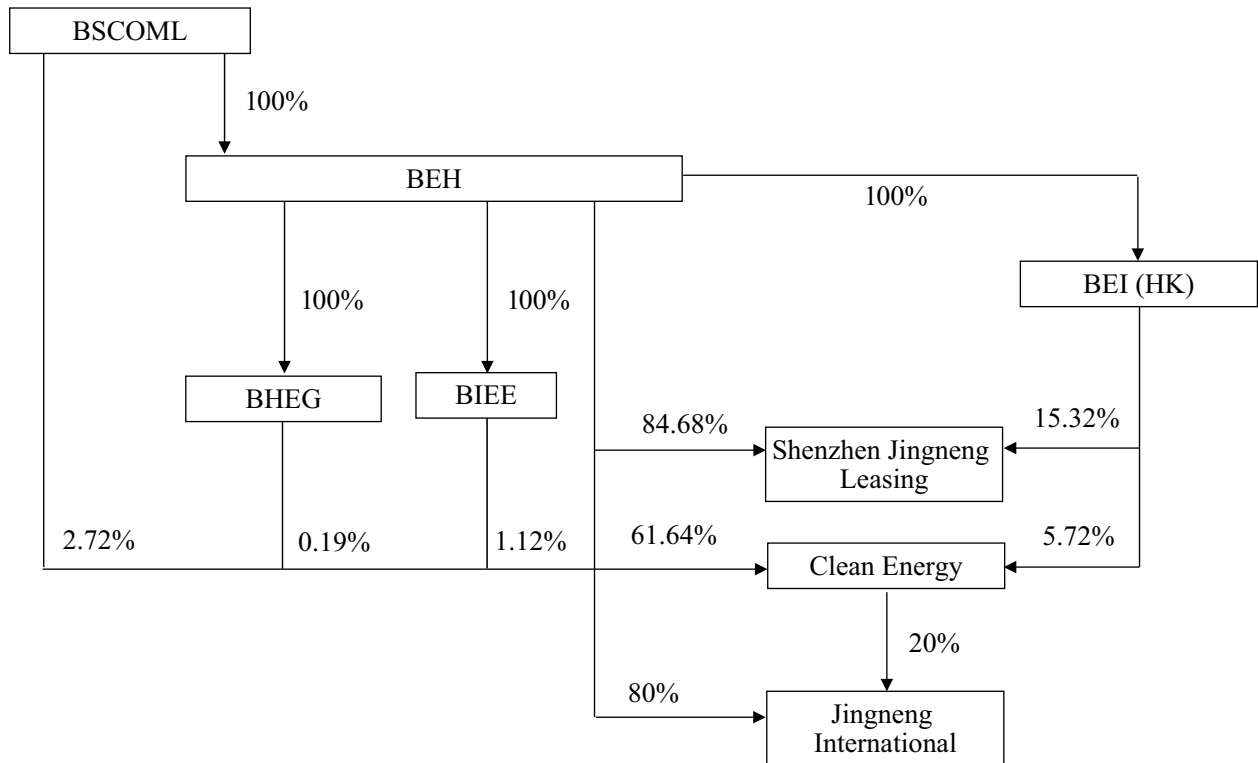
The Transfer Agreement shall be effective from the date of signing by the parties and shall become effective when all of the following conditions are met:

- 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;

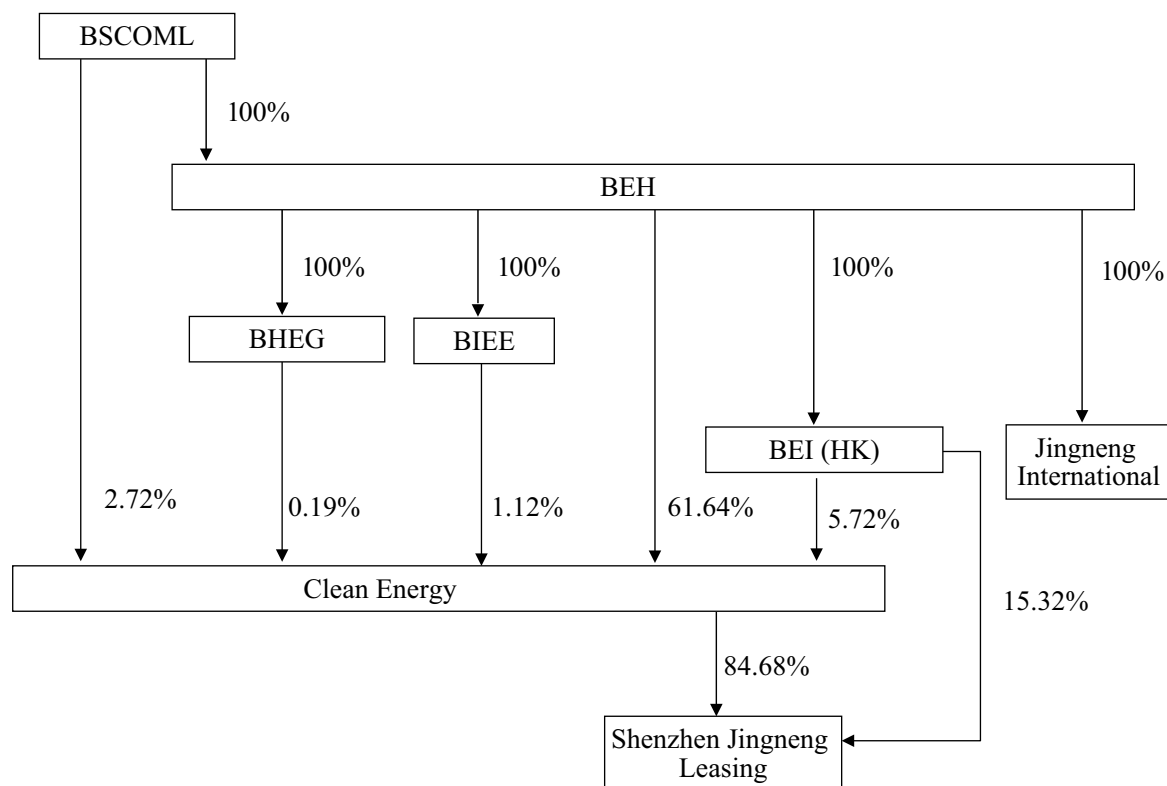


#### 4. Shareholding Structure before and after the Transactions

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

## 5. Information of the Parties

The company is the largest fire power provider in Beijing and is a leading wind power and photovoltaic power operator in the world, with a diversified clean energy portfolio including gas-fired power, wind energy, wind power, photovoltaic power, hydroelectricity, and other clean energy projects.

The company is principally engaged in the production and supply of electricity. In the future, the company will continue to develop and invest in other clean energy projects.

Jingneng International is a wholly-owned subsidiary of the company and is principally 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 "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
	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>
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 Jinguang Finance Limited wholly-owned subsidiary of HBS, Shen Shen Jinguang Finance Limited provides financial leasing service in commercial factoring and lease service in relation to financial leasing to the principal members of HBS.

The following is certain financial information of Shen Shen Jinguang Finance Limited prepared in accordance with the <sup>1</sup> R Accounting standards for the <sup>2</sup> Limited 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
	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>
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 Jinguang 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-monetary 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 own or be related to Jingneng Internation and hence Jingneng Energy will become a wholly-owned subsidiary of the company. On the one hand, the Transaction will enable the company to diversify focus on its core 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 energy sector.

On the financial side, 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, hence enhance Jingneng Energy's financial soundness, which will further strengthen the company's own capital management of the overall effect of the energy business to target the value creation and the energy company's reform to reduce financing costs. At the same time, hence enhance Jingneng Energy's gross profit and is expected to be increased due to 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 fair and reasonable in the interest of the company and its shareholders.

## 8. Listing Rules Implications

As at the date of this announcement, the direct and indirect ownership of 68.68% of the company is controlled by the re-organized and connected person of the company, Jingneng Internation and hence Jingneng Energy is a wholly-owned subsidiary of the company. According to the Transaction, 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 target equity of Jinneng International, which contributed profit forecast under Rule 14.61 of the Listing Rules. Further announcement in relation to the information requirements 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 members of the Board, the Board will endeavor to ensure that the independent members of the Board are not involved in the decision-making process of the Transaction. After the Board has approved the Transaction, the Board will endeavor to ensure that 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 Jie (being independent non-executive directors) 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 director to consider, if that is appropriate, to 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 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) (0.1219) issued in United Application 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) (0.099A) issued in United Application 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, and the ultimate holder of the ownership, 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>



“Eq uity Transfer Agreement” the Eq uity Transfer Agreement in respect of Jinneng International in respect of the shareholding of Jinneng International, entered into between the Company and Jinneng International on 10 November 2022, in connection with the Acquisition and Merger Agreement, pursuant to which Jinneng International agreed to transfer 84.68% equity interest in Jinneng International to the Company; and the Company agreed to purchase the shares of Jinneng International in form of 20% of its equity interest in Jinneng International, and the Company shall make up the difference in cash to Jinneng International.

“Group” the Company and its subsidiaries.

“Jiangsu Jiangsu” the Jiangsu Provincial Administrative Region of the PRC.

“Jiangsu Jiangsu Stock Exchange” The Stock Exchange of Jiangsu Jiangsu Limited.

“Independent Director” an independent director committee established by the Company, comprising Mr. Wang Xiang, Mr. Chen Yuntang, Mr. Xu Junping and Mr. Luo Jie (being the independent non-executive director), to advise the independent director on the Transaction.

“Independent Financial Adviser or ‘Group Adviser’” Grampit Finance, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity defined under the SFO. The Company proposed to engage Grampit as the independent financial adviser to advise the Independent Director Committee and the independent director on the Transaction.

“Jinneng International” Beijing Jinneng International (broadly), a wholly owned subsidiary of the Company, incorporated in the PRC, and a subsidiary of Jinneng International. As at the date of the announcement, Jinneng International was owned by the Company to 80% and Jinneng International to 20%.

“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 Henan Jingneng Energy upon the completion of the merger, which will continue to exist in Jingneng International will be registered in accordance with the relevant laws and regulations.

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Beijing Jingneng Clean Energy Co., Limited

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