



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 of Directors to announce that, on 10<sup>th</sup> July 2022, the Company entered into the Acquisition and Merger Agreement with BEH, Jingneng International and ShenJingnengFengling and the Equity Transfer Agreement with BEH, pursuant to which BEH propose to bring merger with Jingneng International and transfer its 84.68% equity interest in ShenJingnengFengling 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 to the nature of the transaction, BEH, 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 ShenJingnengFengling are subsidiaries of BEH and 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 in 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 cash flow met or under the income process will be used in preparing the value of the total shareholders' equity of ShenJingneng.

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 JFE Jingneng Internation pursuant to which JFE proposes to absorb merger with Jingneng Internation and transfer its 84.68% equity interest in then JFE Jingneng Internation to the Company, and the Company is the controlling interest thereof in the form of 20% equity interest in Jingneng Internation and a total of 1,542,110,200 shares of 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 JFE Jingneng Internation;
- 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 JFE Jingneng Internation;
- 4) then JFE Jingneng Internation, as the target company of equity swap.

### Method of merger

- 1) The merger will be conducted with the absorption and merger of Jingneng Internation and JFE, which refers to the swap of 84.68% equity interest between JFE and then JFE Jingneng Internation for 20% equity interest between the Company and Jingneng Internation, for which the Company is the principal of the exchange of the consideration for 84.68% of the equity interest between JFE and then JFE Jingneng Internation 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", "lease", "license", "permit", "operation" and "personnel" of Jingneng International Co., Ltd. shall be in accordance with the law, and the right of management shall be to the "set" of Jingneng International Co., Ltd. The Company shall not be entitled to the interest of the Company after the Acquisition and Merger.
- 3) Upon the closing date, the parties shall actively cooperate in the procedure of "set" transfer owner, transfer, personnel placement and business commercial change in relation to the 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 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 Acquisition 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 Acquisition 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 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 management 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 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 in commercial registration of Shenzhen Jingneng Energy Co., Ltd. in the Acquisition and Merger Agreement.

Further, Jingneng International shall cooperate with Shenzhen Jingneng Energy Co., Ltd. to complete the procedure of change or cancellation of input and output in commercial registration and change of property right registration in relation to the Merger in a timely manner in accordance with the requirement 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 assets and interests 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 Equity Interest shall be enjoyed or 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 Co., Ltd. shall not take any action that may materially adversely change to the compliance with all the written content of the Target and the company, respectively.

## Liabilities for Breach of Contract

- 1) The parties shall strictly follow 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, 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 date on which the Leasing Party is served with written notice, the Leasing Party has the right to immediately remedy the breach. In such case, the Leasing Party reserves 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 government order or the failure of internal department of the parties or external competent department to ultimately approve the agreement, it shall not be considered a 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 valuation report of Jingneng International is approved by Jingneng Leasing involved in the Merger involving fees with the competent authorities.

## 3. Equity Transfer Agreement

### Equity Transfer of Shenzhen Jingneng Leasing

In addition to 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 (H)	30,758	30,758	15.32%	currency
<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 Fuling, holding 84.68% of the equity interest in Jinneng 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 (H)	30,758	30,758	15.32%	currency
<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 to exercise the voting rights of Jinneng Fuling in relation to the 84.68% equity interest in Jinneng 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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- 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 defuncting party is served with written notice of the defuncting party to take immediate remedial measures. In such case, the defuncting party shall have the right to terminate the Transfer Agreement and claim against the defuncting 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 parties or external competent department to authorize or approve the agreement, it shall not be considered as breach of contract by any party.

### Validity of the Agreement

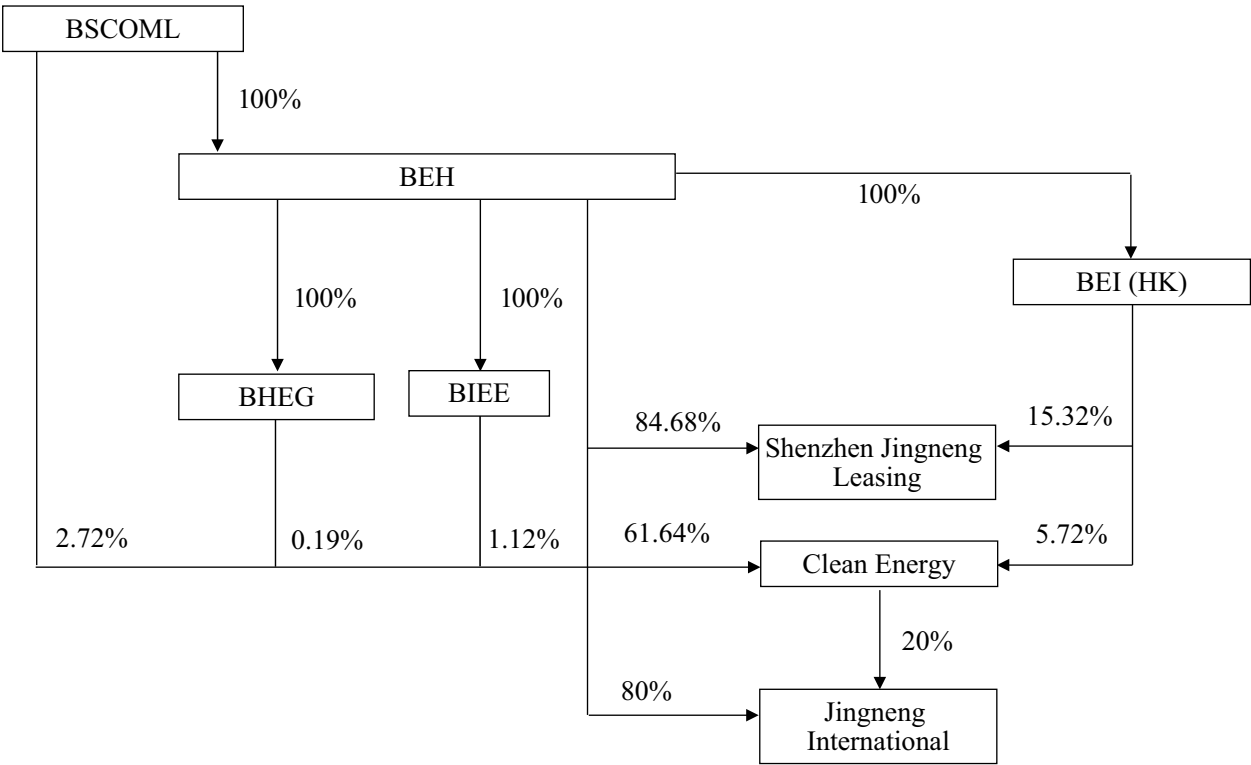
The Transfer Agreement shall be effective from the date of signing by the parties and shall become effective when all of the following conditions are met:

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

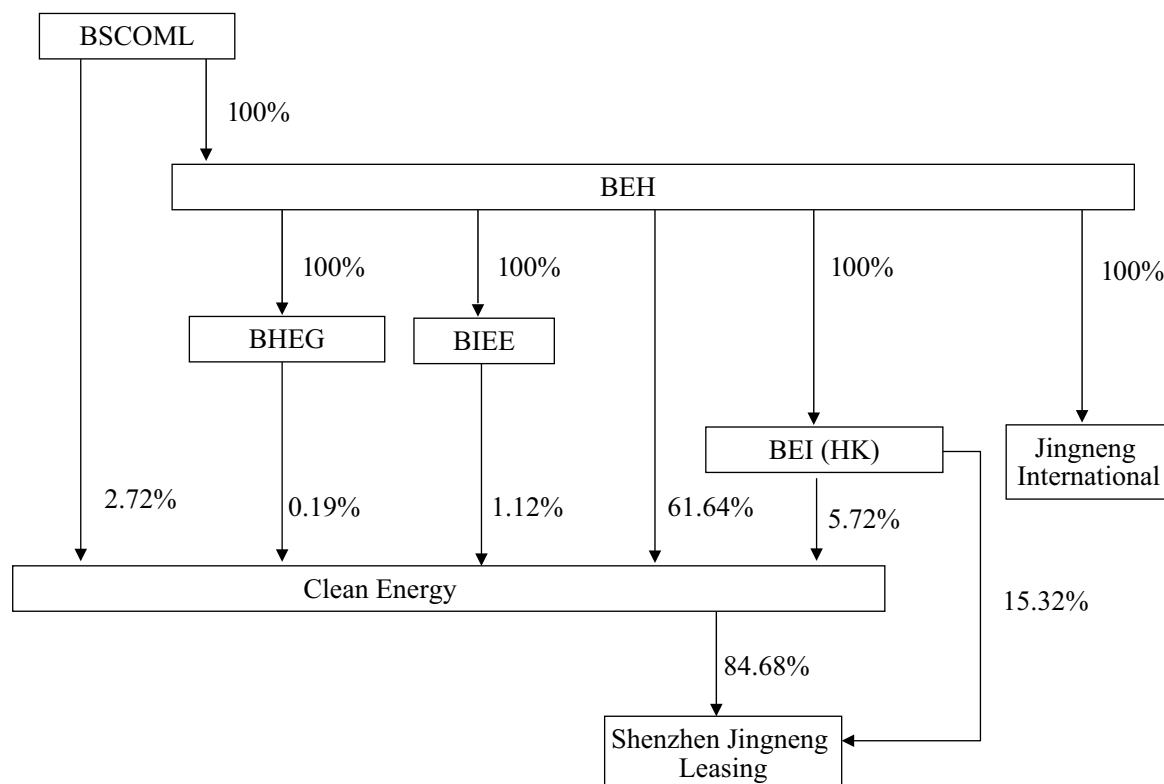


4. Shareholding Structure before and after the Transactions

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 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 the largest wind power and photovoltaic power operator in the world, with a diversified clean energy portfolio including gas-fired power, natural gas, wind power, photovoltaic power, hydro, thermal, and other clean energy projects.

As the principal engaged in the production and supply of electricity and gas, 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 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 Co., Ltd. is a wholly-owned subsidiary of SSE, and Shen Shen Jingneng Finance Co., Ltd. provides financial leasing services in commercial factoring and lease services in relation to financial leasing to the principal members of SSE.

Set out below is certain financial information of Shen Shen Jingneng Finance Co., Ltd. prepared in accordance with the <sup>1</sup>Revised Accounting Standards for the <sup>2</sup>Lease 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 Co., Ltd. was <sup>1</sup>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 above, 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 hold shares in Jingneng Internation and hence Jingneng will become a wholly-owned subsidiary of the company. On the other hand, 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 development of its financial business and 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, enhance Jingneng's financial strength and enhance its financial position, which will further strengthen the company's own capital management and the long-term effect of the financial business to enhance the value of the company and the company's performance to reduce financing costs. At the same time, enhance Jingneng's financial strength and good profit level and is expected to be able to increase the level of the company's revenue in the future, which will effectively enhance the profit level and further development of the company.

The Board considers that the Transaction was entered into on normal commercial terms and is in the best interests 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 sole shareholder, Jingneng Internation, and hence Jingneng will be a subsidiary of the company and constitute a connected person 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 board approval requirement under Chapter 14A of the Listing Rules.

According to the Annual Report of Jinneng International, the audited cash flow met under the income process was applied in preparing the value of the total board equity of Jinneng International, which contributed profit forecast under Rule 14.61 of the Listing Rules. Further announcement in relation to the information requirement 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 not approve the Transaction. As the independent non-executive director in Jinneng International, Mr. Chen is also an independent non-executive director in the board of the company, the board will not approve the Transaction. From voting on the board resolution approving the Transaction, we will do our best, none of the director has a material interest in the Transaction.

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

## 9. Circular

A general meeting of the company will be convened for the board to consider, if it so 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 board 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 interest 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

“Beijing Jingneng”

Beijing Jingneng Energy Co., Ltd. (the “Company”) is a wholly-owned subsidiary of Beijing Jingneng Energy Co., Ltd. (the “Parent Company”). The Company is a public company listed on the Shanghai Stock Exchange. The Company is a wholly-owned subsidiary of Beijing Jingneng Energy Co., Ltd. (the “Parent Company”). The Company is a public company listed on the Shanghai Stock Exchange. The Company is a wholly-owned subsidiary of Beijing Jingneng Energy Co., Ltd. (the “Parent Company”). The Company is a public company listed on the Shanghai Stock Exchange.

“Independent Appraiser”

Independent Appraiser, a qualified independent valuer in the PRC, has issued an independent valuation report on the 2021 financial statements of the Company on 12 April 2022.

“United Appraiser”

United Appraiser Group, a qualified independent valuer in the PRC, has issued a United Appraiser Letter on the 2021 financial statements of the Company on 14 April 2022.

“Going”

the going concern of the Target. The interest of the Company in the Target is under the Transaction.

“Going Rate”

the rate on which the parties shall calculate the corresponding interest in accordance with the terms of the Acquisition and Merger Agreement and the Target Transfer Agreement. The parties agree that the effective date of the Acquisition and Merger Agreement and the Target Transfer Agreement shall be the date of closing under the Acquisition and Merger Agreement and the Target Transfer Agreement. On the going rate, the Company will calculate 100% of the equity interest in Jingneng Internation and not in the right to request the Company to pay the difference in value among the Target's interest in the Company to the Company, the Company will calculate 84.68% of the equity interest in the 2021 financial statements.

“Company” or “Jingneng Energy”

Beijing Jingneng Energy Co., Ltd. (the “Company”), joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange.

“Director”

Director of the Company

“Equity Transfer Agreement” the Equity Transfer Agreement in respect of Jinneng International Finance Co., Ltd. entered into between the company and Jinneng on 10 November 2022, in annex to the Acquisition and Merger Agreement, pursuant to which Jinneng agreed to transfer 84.68% equity interest in Jinneng International Finance Co., Ltd. to the company; benefit in right to receive the equity interest in accordance with the company, and the company agreed to purchase the consideration thereof in form of 20% of the equity interest in Jinneng International Finance Co., Ltd. and the company shall make up the difference in cash to Jinneng.

“Group” the company and its subsidiaries

“Jiangsu Jiangsu” the Jiangsu Special Administrative Region of the PRC

“Jiangsu Jiangsu Stock Exchange” The Stock Exchange of Jiangsu Province

“Independent Director” an independent director committee established by the company, comprising Mr. Wang Xiang, Mr. Chen Yuntong, Mr. Xu Jiping and Mr. Guo Jie (being the independent non-executive director), to advise the independent director on the Transaction

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

“Jinneng International” Beijing Jinneng International (bore) Co., Ltd., a limited liability company incorporated in the PRC, and a subsidiary of Jinneng, a wholly owned subsidiary of the company, Jinneng International was established to 80% owned by Jinneng and 20% owned by the company

“Listing Rules” the Rules Governing the Listing of Securities on The Stock Exchange of Jiangsu Province



“Merger

the absorption merger of Jingneng International Co., Ltd. (hereinafter referred to as “Jingneng International”), which refers to the acquisition of 84.68% equity interest in Jingneng International by the Company 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 Jingneng International over the consideration for 20% of the equity interest in Jingneng International. Upon the completion of the merger, the Company will continue to operate in Jingneng International will be registered in accordance with the relevant laws and regulations.

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