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Beijing Jingneng Clean Energy Co., Limited

北京京能清潔能源電力股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00579)

CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 55% EQUITY INTEREST IN BEIJING JINGNENG INTERNATIONAL ENERGY TECHNOLOGY CO., LTD.

EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 29 March 2022, the Company entered into the Equity Transfer Agreement with BIEE, pursuant to which, BIEE has agreed to sell and the Company has agreed to acquire 55% equity interest in BJJET at a total consideration of RMB48,458,630.

LISTING RULES IMPLICATIONS

BEH is the controlling shareholder of the Company, directly and indirectly holding approximately 68.68% interest in the total issued share capital of the Company and is a connected person of the Company. BIEE, as a wholly-owned subsidiary of BEH, is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Equity Transfer Agreement exceeds 0.1% but is less than 5%, the transaction under the Equity Transfer Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 29 March 2022, the Company entered into the Equity Transfer Agreement with BIEE, pursuant to which, BIEE has agreed to sell and the Company has agreed to acquire 55% equity interest in BJJET at a total consideration of RMB48,458,630.

EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

Date

29 March 2022

Parties

Vendor: BIEE

Purchaser: the Company

Subject Matter

Subject to the terms and conditions of the Equity Transfer Agreement, BIEE has agreed to sell, and the Company has agreed to acquire the 55% equity interest in BJJET at a total consideration of RMB48,458,630.

Consideration

The total consideration is RMB48,458,630, which was determined after arm's length negotiation between the Company and BIEE with reference to the audit report of BJJET prepared by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)) and the Valuation Report.

Payment

The payment of the consideration should be made in a lump sum in cash within 10 business days after the Completion, subject to the Company's right to deduct any withholding tax made by the Company pursuant to applicable laws.

Conditions Precedent

Conditions precedent to be fulfilled by the Vendor and the Target Company for the transfer of the 55% equity interest in BJJET from BIEE to the Company:

- (i) the Vendor's representations, warranties and undertaking under the Equity Transfer Agreement being valid;
- (ii) the Vendor having obtained all necessary third parties' approval in relation to the Transfer (including but not limited to the approval of the other shareholder of the Target Company, Siemens Energy Co., Ltd.);

- (iii) the Vendor having obtained the consent letter of Siemens Energy Co., Ltd. to give up the pre-emptive right to acquire the 55% equity interest in the Target Company;
- (iv) the Vendor having passed all materials of the Target Company to the Company for pre-handover check so that the Company can confirm whether there is no matter unknown to the Company that may impact the Transfer and if there is any such matter, the Company has the right to suspend the acquisition until the parties reach consensus; and
- (v) the Vendor and the Target Company having obtained all approvals of internal competent decision-making authorities in relation to the Transfer.

Conditions precedent to be fulfilled by the Company:

- (i) the Company having completed the pre-delivery check of the fulfillment of the conditions precedent by the Vendor and the Target Company; and
- (ii) the Company having obtained all approvals of internal competent decision-making authorities in relation to the Transfer and completed the filing of the Valuation Report with state-owned assets management authorities.

Completion

The Transfer will be completed on the date when the 55% equity interest of BJIET to be acquired by the Company are registered under the name of the Company and the amendment filings with the competent industry and commerce authorities are completed.

Transition Period

Since the effective date of the Equity Transfer Agreement, the following shareholder's rights shall be transferred to the Company:

- (i) as a new shareholder to sign the amended articles of association of BJIET and nominate directors, supervisors and senior management of BJIET; and
- (ii) to sign relevant resolutions or other documents necessary to exercise the abovementioned rights.

The Vendor agrees and undertakes that during the Transition Period, without the prior written consent of the Company, the Vendor shall not, and shall not procure or allow the Target Company to do the following:

- (i) increasing or decreasing the registered share capital of the Target Company;
- (ii) transferring, pledging or disposing of the equity of the Target Company in any other ways;

- (iii) creating or allowing the Target Company to assume any guarantee obligations or liabilities;
- (iv) increasing the debt of the Target Company;
- (v) transferring, selling, mortgaging, pledging or disposing of the assets of the Target Company in any other ways;
- (vi) carrying out any merger and acquisition, division, cessation or other similar activities;
- (vii) making profit distribution;
- (viii) change in the business nature or business scope of the Target Company;
- (ix) executing any contract, agreement or other documents that may adversely affect the interest of the Target Company; or making any amendments or supplements to any existing contracts to which the Target Company is a party that may adversely affect the interest of the Target Company; and
- (x) other acts that may infringe the legitimate rights or impair the equity of the Target Company.

INFORMATION ON THE PARTIES

The Company

The Company is the largest gas-fired power provider in Beijing and a leading wind power and photovoltaic power operator in the PRC, with a diversified clean energy portfolio including gas-fired power and heat energy, wind power, photovoltaic power, small to medium hydropower and other clean energy projects.

The Company is held as to 68.68% by BEH. BEH is a limited liability company incorporated in the PRC and wholly-owned by Beijing State-owned Capital Operation Management Co., Ltd. (北京國有資本運營管理有限公司) (“BSCOMC”), which was established and wholly-owned by State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會). BEH is principally engaged in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate.

BIEE

BIEE is a limited liability company established in the PRC and a wholly-owned subsidiary of BEH. As at the date of this announcement, BIEE directly held approximately 1.12% interest in the total issued share capital of the Company. The business scope of BIEE is general construction contracting; professional contracting; labor sub-contracting; repair and maintenance of power station and thermal equipment; technical development and technical consultation; real estate consultation; sales of

mechanical and electrical equipment, needle textiles, general merchandise, hardware and electrical equipment (excluding electric bicycles), chemical products (excluding dangerous chemicals and category I precursor chemicals), building materials, steel, class I and II medical equipment, rubber products, lubricating oil and grease; technology import and export; import and export agent; import and export of goods; undertaking bidding business for engineering equipment of national key construction projects; and construction projects bidding agent.

The Target Company

The Target Company is a limited liability company established in the PRC and is primarily engaged in the provision of gas turbine maintenance service.

Set out below is certain financial information of the Target Company prepared in accordance with the PRC Accounting Standards for Business Enterprises:

	Year ended 31 December 2020 <i>(RMB' million)</i>	Year ended 31 December 2021 <i>(RMB' million)</i>
Revenue	134.91	101.01
Profit/(loss) before taxation	13.67	5.73
Profit/(loss) after taxation	10.19	4.23

The audited total assets and net assets of the Target Company as at 31 December 2021, prepared under the PRC Accounting Standards for Business Enterprises, were approximately RMB109.25 million and RMB68.15 million, respectively. According to the Valuation Report, the valuation amount of the total shareholders' equity of the Target Company was approximately RMB88.10 million.

There was no original acquisition cost incurred by BIEE for acquiring the Target Company since the Target Company was established by BIEE on 28 November 2018 with a 55% equity interest.

PROFIT FORECAST UNDER THE VALUATION REPORT

According to the Valuation Report, the discounted cash flow method under the income approach was adopted for the valuation of the total shareholders' equity of the Target Company, which constitutes a profit forecast under Rule 14.61 of the Listing Rules. The Company has fully complied with Rule 14.62 of the Listing Rules.

The valuation of the total shareholders' equity of the Target Company has been prepared on the following principal assumptions.

General Assumptions

- (i) Transaction assumption: it is assumed that all assets to be evaluated are already in the process of transaction, and the Valuer evaluates according to the transaction conditions of the assets to be evaluated through simulated markets.
- (ii) Open market assumption: it means that assets can be freely traded in a fully competitive market, and the price depends on the value judgments of independent buyers and sellers on the assets under certain market supply conditions.
- (iii) Continuous use assumption: it is assumed that the operating activities of an operating entity can continue and will not be suspended or terminated within a predictable time in the future.

Special Assumptions

- (i) There is no major change in the current relevant PRC laws, regulations and policies and the national macroeconomic situation; there is no major change in the political, economic and social environment of the regions where the parties to this transaction are located; and there is no major adverse impact caused by other unpredictable factors and force majeure.
- (ii) According to the actual conditions of the assets on the valuation date, it is assumed that the entity operates normally.
- (iii) It is assumed that the entity's operators are responsible, and the entity's management is competent to perform their duties.
- (iv) It is assumed that the business scope and method are consistent with the current direction under the current management methods and management level.
- (v) It is assumed that the accounting policies to be adopted by the entity in the future will be substantially consistent with the accounting policies used at the time of preparing for the Valuation Report in all material aspects.
- (vi) There is no major change in interest rates, exchange rates, tax bases and tax rates, and policy related levies, etc.
- (vii) It is assumed that the cash inflows of the appraised entity after the valuation date are uniform inflows, and the cash outflows are uniform outflows.
- (viii) All assets to be evaluated are premised on the actual stock of the appraised entity on the valuation date, and the current market price of the relevant assets is based on the effective domestic price on the valuation date.

- (ix) It is assumed that the basic information and financial information provided by the entrusting party and the appraised entity are true, accurate and complete.
- (x) The scope of valuation is only based on the valuation report form provided by the entrusting party and the appraised entity, without taking into account the contingent assets and contingent liabilities that may exist beyond the list provided by the entrusting party and the appraised entity.

Pursuant to Rule 14.62(2) of the Listing Rules, the Company has engaged the Reporting Accountants to report on the calculation of the discounted cash flows used in the Valuation Report prepared by the Valuer. The Reporting Accountants have reported that so far as the calculations are concerned, the discounted cash flows have been properly compiled in all material aspects in accordance with the bases and assumptions determined by the Directors as set out in this announcement. The text of the report issued by the Reporting Accountants in relation to the calculations of the discounted cash flows is set out in Appendix I to this announcement for the purpose under Rule 14.62(2) of the Listing Rules.

The Board confirms that the profit forecasts in respect of the Target Company as set out in the Valuation Report prepared by the Valuer has been made after due and careful enquiries. The letter from the Board is set out in Appendix II to this announcement in accordance with Rule 14.62(3) of the Listing Rules.

EXPERT

The qualification of the expert who has provided its opinions and advises, which are included in this announcement, is as follows:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants

The expert mentioned above has given and has not withdrawn its written consent to the issue of this announcement with the inclusion of its letters, reports and/or opinions and the references to its name (including its qualification) included herein in the form and context in which it appears.

As at the date of this announcement, neither the expert mentioned above nor its subsidiaries held any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Deloitte Touche Tohmatsu is a third party independent of the Group and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

BJIET is primarily engaged in the provision of gas turbine maintenance service. By acquiring the equity interest in BJIET, the Company can extend the industrial chain of its gas segment, improve its gas turbine maintenance capability and control the operation and maintenance costs of its gas turbine equipment.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement and the transaction contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the shareholders as a whole.

LISTING RULES IMPLICATIONS

BEH is the controlling shareholder of the Company, directly and indirectly holding approximately 68.68% interest in the total issued share capital of the Company and is a connected person of the Company. BIEE, as a wholly-owned subsidiary of BEH, is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Equity Transfer Agreement exceeds 0.1% but is less than 5%, the transaction under the Equity Transfer Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board has resolved and approved the Equity Transfer Agreement and the transaction contemplated thereunder. Due to Mr. Ren Qigui's position in BEH and Mr. Song Zhiyong's position in BSCOMC, the sole shareholder of BEH and Mr. Chen Dayu serving as a director of BJIET, they have all abstained from voting on the Board resolutions approving the Equity Transfer Agreement and the transaction contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Equity Transfer Agreement.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meaning:

“BEH” Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司), a limited liability company established in the PRC and a controlling shareholder of the Company

“BIEE” or “Vendor”	Beijing International Electrical Engineering Co., Ltd. (北京國際電氣工程有限公司), a limited liability company established in the PRC on 8 May 1998 and a wholly-owned subsidiary of BEH
“BJIET” or “Target Company”	Beijing Jingneng International Energy Technology Co., Ltd. (北京京能國際能源技術有限公司), a limited liability company established in the PRC on 28 November 2018 and owned as to 55% by BIEE and 45% by Siemens Energy Co., Ltd. (西門子能源有限公司), respectively
“Board”	the board of directors of the Company
“business day”	a day on which banks in the PRC are open to the general public for business
“Company”	Beijing Jingneng Clean Energy Co., Limited (北京京能清潔能源電力股份有限公司), a joint stock company incorporated in the PRC with limited liability and the issued H shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 00579)
“Completion”	the completion of the registration of the 55% equity interest in BJIET under the name of the Company and the filing of such change with the competent industry and commerce authorities
“Director(s)”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into by the Vendor and the Company on 29 March 2022 in relation to the transfer of the 55% equity interest in the Target Company from BIEE to the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Reporting Accountants”	Deloitte Touche Tohmatsu

“RMB”	Renminbi, the lawful currency of the PRC
“Transfer”	the transfer of 55% equity interest in the Target Company from BIEE to the Company
“Transition Period”	from 1 November 2021, the day following the benchmark date for the audit report of BJIET and the Valuation Report until the date of Completion
“Valuation Report”	the valuation report of BJIET by the Valuer
“Valuer”	Beijing Zhongtianhua Assets Appraisal Co., Ltd. (北京中天華資產評估有限責任公司), a qualified independent valuer

By order of the Board
Beijing Jingneng Clean Energy Co., Limited
KANG Jian
Deputy General Manager and Company Secretary

Beijing, the PRC
29 March 2022

As at the date of this announcement, the executive Directors are Mr. Zhang Fengyang, Mr. Chen Dayu, Mr. Gao Yuming and Mr. Cao Mansheng; the non-executive Directors are Mr. Ren Qigui, Mr. Song Zhiyong and Mr. Wang Bangyi; the independent non-executive Directors are Mr. Huang Xiang, Mr. Chan Yin Tsung, Mr. Xu Daping and Ms. Zhao Jie.

APPENDIX I

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE ENTIRE EQUITY INTEREST IN BEIJING JINGNENG INTERNATIONAL ENERGY TECHNOLOGY CO., LTD.

TO THE DIRECTORS OF BEIJING JINGNENG CLEAN ENERGY CO., LIMITED

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Beijing ZhongTianhua Assets Appraisal Co., Ltd dated 15 March 2022, of the entire equity interest in Beijing Jingneng International Energy Technology Co., Ltd. (“**International Energy Co., Ltd.**”) as at 31 October 2021 (the “**Valuation**”) is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and will be included in an announcement dated 29 March 2022 to be issued by Beijing Jingneng Clean Energy Co., Limited (the “**Company**”) in connection with the acquisition of 55% equity interest in International Energy Co., Ltd. (the “**Announcement**”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of International Energy Co., Ltd.

Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
29 March 2022



Beijing Jingneng Clean Energy Co., Limited

北京京能清潔能源電力股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00579)

Listing Department
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place
Central
Hong Kong
29 March 2022

**CONNECTED TRANSACTION IN RELATION TO
THE ACQUISITION OF 55% EQUITY INTEREST IN BEIJING JINGNENG
INTERNATIONAL ENERGY TECHNOLOGY CO., LTD.**

We refer to the valuation report dated 15 March 2022 prepared by Beijing Zhongtianhua Assets Appraisal Co., Ltd. (北京中天華資產評估有限責任公司) in relation to the valuation of BJJET, which constitutes profit forecasts under Rule 14.61 of the Listing Rules. Terms defined in the announcement of the Company dated 29 March 2022 in respect of acquisition of 55% equity interest in BJJET shall have the same meanings in this letter unless the context otherwise requires.

We have reviewed the bases and assumptions based upon which the valuation of BJJET has been prepared by the Valuer for which the Valuer is responsible. We have also considered the report from the Reporting Accountants regarding whether the discounted cash flows, so far as the calculations are concerned, have been properly complied, in all material aspects, in accordance with their respective bases and assumptions.

On the basis of the foregoing, we are of the opinion that the valuation prepared by the Valuer have been made after due and careful enquiries.

By order of the Board
Beijing Jingneng Clean Energy Co., Limited
ZHANG Fengyang
Director and Chairman of the Board