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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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO THE DEPOSIT SERVICES

CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION IN RELATION TO THE PROVISION OF FINANCE LEASING SERVICES

THE SUPPLEMENTAL AGREEMENT TO THE FINANCIAL SERVICES FRAMEWORK AGREEMENT

References are made to the announcement of the Company dated 16 October 2019 and the circular of the Company dated 29 November 2019 in relation to, among others, the Financial Services Framework Agreement entered into between the Company and BEH Finance, pursuant to which BEH Finance has agreed to provide the Group with, among others, deposit services.

Considering the current needs of the Company and Shenzhen Jingneng Leasing becoming a subsidiary of the Company, on 27 July 2022, the Company entered into the Supplemental Agreement to revise the annual cap of the deposit services for the year ending 31 December 2022 from RMB5,000.0 million to RMB6,500.0 million. Save for the above amendment, all other terms and conditions of the Financial Services Framework Agreement remain unchanged.

As the highest percentage ratio applicable to the deposits services is more than 5% on an annual basis, such transactions constitute non-exempt continuing connected transactions and are subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, the deposit services under the Financial Services Framework Agreement and the Supplemental Agreement constitute financial assistance under 14.04(1)(e) of the Listing Rules, and as the highest applicable percentage ratios in respect of the Revised Annual Cap exceeds 25% but is less than 100%, the deposits services also constitute major transaction of the Company and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

SZ FINANCE LEASING FRAMEWORK AGREEMENT

On 27 July 2022, Shenzhen Jingneng Leasing and BEH entered into the SZ Finance Leasing Framework Agreement, pursuant to which Shenzhen Jingneng Leasing will provide financial leasing services, including but not limited to, sale and leaseback services and direct finance leasing services to BEH and/or its associates and receive rental income from BEH and/or its associates for the provision of such financial leasing services.

As the highest applicable percentage ratios for the proposed annual cap of the SZ Finance Leasing Framework Agreement are more than 5%, the transactions contemplated under the SZ Finance Leasing Framework Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios for the proposed annual cap of the SZ Finance Leasing Framework Agreement are more than 5% but less than 25%, the transactions contemplated under the SZ Finance Leasing Framework Agreement constitute discloseable transaction of the Company under Chapter 14 of the Listing Rules, and are subject to the announcement requirement, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

BOARD CONFIRMATION

The Board (including the independent non-executive Directors) is of the view that the terms of the Supplemental Agreement and the SZ Finance Leasing Framework Agreement, the transactions contemplated thereunder and the revised or proposed annual cap are (i) on normal commercial terms; (ii) arrived at after arm's length negotiations between the parties; and (iii) entered into in the ordinary course of business of the Group and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Due to their positions in BEH or BSCOMC, Mr. Cao Mansheng, Mr. Ren Qigui and Mr. Song Zhiyong have all abstained from voting on the Board resolutions approving the Revised Annual Cap in respect of the deposit services under the Supplemental Agreement and proposed transactions under the SZ Finance Leasing Framework Agreement and the proposed annual cap thereof.

EGM

The EGM will be held by the Company to consider and approve the Revised Annual Cap under the Supplemental Agreement and the transactions contemplated under the SZ Finance Leasing Framework Agreement and the proposed annual cap thereof.

As at the date of this announcement, BEH, BEI (HK), BSCOML, BIEE and BHEG directly held 61.64%, 5.72%, 2.72%, 1.12% and 0.19% of the issued share capital of the Company, respectively. As BSCOML, BEI (HK), BIEE and BHEG are associates of BEH as defined under the Listing Rules, BEH, BSCOML, BEI (HK), BIEE and BHEG will abstain from voting at the EGM on the ordinary resolutions approving the Revised Annual Cap under the Supplemental Agreement and the proposed transactions under the SZ Finance Leasing Framework Agreement and the proposed annual cap thereof. Any vote of the Independent Shareholders at the EGM shall be taken by poll for the resolutions proposed at the EGM. As at the date of this announcement, to the best knowledge and belief of the Directors having made all reasonable enquiries, save as disclosed herein, no other Shareholders will be required to abstain from voting in respect of the relevant resolutions.

The Independent Board Committee, comprising of all of the independent non-executive Directors, namely Mr. Huang Xiang, Mr. Chan Yin Tsung, Mr. Xu Daping and Ms. Zhao Jie, will be established to advise the Independent Shareholders in relation to the Revised Annual Cap under the Supplemental Agreement and the transactions contemplated under the SZ Finance Leasing Framework Agreement and the proposed annual cap thereunder. The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the same matters.

A circular containing, among other things, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice convening the EGM is expected to be despatched to the Shareholders no later than 17 August 2022 according to the Listing Rules.

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO THE DEPOSIT SERVICES

Background

On 16 October 2019, the Company entered into the Financial Services Framework Agreement with BEH Finance, pursuant to which BEH Finance has agreed to provide the Group with, among others, deposit services. The annual cap for the deposit services (maximum daily deposit balance (including any interest accrued thereon)) under the Financial Services Framework Agreement for the three years ending 31 December 2022 were previously set at RMB3,000.0 million, RMB4,000.0 million and RMB5,000.0 million, respectively.

Considering the current needs of the Company and Shenzhen Jingneng Leasing becoming a subsidiary of the Company, the Company expects that the Existing Annual Cap will not be sufficient. On 27 July 2022, the Company entered into the Supplemental Agreement with BEH Finance to revise the Existing Annual Cap.

The Supplemental Agreement

Date: 27 July 2022

Parties: The Company

BEH Finance

Pursuant to the Supplemental Agreement, the annual cap for the deposit services (maximum daily deposit balance (including any interest accrued thereon)) for the year ending 31 December 2022 will be increased from RMB5,000.0 million to RMB6,500.0 million.

The Supplemental Agreement shall become effective upon being signed by the legal representatives or authorized representatives of BEH Finance and the Company and approved by the Shareholders at the EGM, and will expire on 31 December 2022.

Save for the above amendment, all other terms and conditions of the Financial Services Framework Agreement remain unchanged. For the principle terms and details of the Financial Services Framework Agreement, please refer to the announcement published by the Company on 16 October 2019 and the circular published by the Company on 29 November 2019.

Pricing Policy

The terms (including the interest rates) offered by BEH Finance in respect of the deposit services under the Financial Services Framework Agreement and the Supplemental Agreement shall be no less favourable than those offered by independent domestic commercial banks for provision of similar services to the Group and the interest rate to be paid by BEH Finance for the Group's deposits with BEH Finance shall not be lower than the same level deposit interest rate as published by the PBOC for the same periods.

Historical Transaction Amounts

The historical transaction amount in relation to the deposit services under the Financial Services Framework Agreement for the two years ended 31 December 2021 and the six months ended 30 June 2022 were RMB2,892.9 million, RMB3,986.4 million and RMB4,713.2 million, respectively.

Revised Annual Cap and Basis of Determination

Pursuant to the Supplemental Agreement, the maximum daily deposit balance (including any interest accrued thereon) in relation to deposit services at any time from the effective date of the Supplemental Agreement to 31 December 2022 shall not exceed RMB6,500.0 million.

In arriving at the Revised Annual Cap of RMB6,500.0 million, the Company has taken into account the following:

- (a) the maximum daily deposit balance (including interest accrued thereon) placed by the Group with BEH Finance for the six months ended 30 June 2022 were RMB4,713.2 million, which had indicated that the Existing Annual Cap is insufficient to cover the need of the Group;
- (b) as a result of the Acquisition, Shenzhen Jingneng Leasing becomes a subsidiary of the Company and deposits placed by Shenzhen Jingneng Leasing with BEH Finance was not taken into account in the Existing Annual Cap. For the two years ended 31 December 2021, the maximum daily deposit balance of Shenzhen Jingneng Leasing with BEH Finance was approximately RMB256.8 million and RMB305.5 million, respectively;
- (c) the anticipated increase in the daily outstanding balances of deposits of the Group attributable to the expected increase in revenue, which is in line with the expected increase of the Group's business operation in 2022; and
- (d) the cash and equivalents and trade and bills receivable (which will convert into cash if such trade receivables are settled) of our Group as of 31 December 2021 of approximately RMB5,097.3 million and RMB11,678.3 million, respectively, due to the nature of business, the concentrated settlement arrangements and internal funds allocation requirements of the Group.

Reasons and Benefits of the Revision of Annual Cap

The Directors have been closely monitoring the deposit services under the Financial Services Framework Agreement. However, in light of the increase in the amount of deposits actually required to be placed by the Group with BEH Finance which exceeds the original projection and Shenzhen Jingneng Leasing becomes a non-wholly owned subsidiary of the Company, the Existing Annual Cap will no longer be sufficient to cover the maximum daily balance of the deposits to be placed by the Group with BEH Finance during the remaining term of the Financial Services Framework Agreement. Accordingly, the Company and BEH Finance entered into the Supplemental Agreement on 27 July 2022 to revise the annual cap for the period from the effective date of the Supplemental Agreement to 31 December 2022 from RMB5,000.0 million to RMB6,500.0 million in order to comply with Rule 14A.54 of the Listing Rules.

As BEH Finance has been providing deposit services to the Group and has a more thorough understanding of the business development and capital needs of the Group, it is expected that the revision of the Existing Annual Cap will facilitate the Group to continue to use the deposit services by BEH Finance.

BEH Finance is under the supervision of the China Banking and Insurance Regulatory Commission and has been maintaining satisfactory operating results and financial position with good risks control and well-regulated management in the past years. The interest rate on the money deposited by the Group with BEH Finance are no less favourable than the rate payable by normal commercial banks in the PRC for comparable deposits. This arrangement allows the Group to achieve a more efficient use of its current capital, since the Group can enjoy better interest rates on depositing its current capital with BEH Finance than the PRC banks can offer to the Group. In addition, the Group can still select other major and independent PRC commercial banks to act as its financial services providers as it thinks fit and appropriate for the benefits of the Group.

Internal Control Measures

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the deposit services, which include the followings:

- before entering into any deposit arrangements with BEH Finance, the Company will negotiate with BEH Finance on an arm's length basis in respect of the deposit interest rate of the deposit services, and ensure that such interest rate shall not be lower than the same level deposit interest rate as published by the PBOC for similar deposits for a similar term and the deposit interest rates offered by other independent commercial banks in the PRC for similar deposit services on normal commercial terms. In this way, the Company will be able to ensure the deposit interest rate of the deposit services will not be less favourable than that published by the PBOC for similar deposits for a similar term and that offered by other independent commercial banks in the PRC for similar deposits for a similar term;
- the Finance Management Department of the Company has been and will continue to monitor the daily balance of the deposits placed with BEH Finance and report to the management of the Company, giving an update of the deposit arrangements entered into with BEH Finance on a monthly basis;
- independent non-executive Directors will review the Financial Services Framework Agreement and the Supplemental Agreement and the transactions contemplated thereunder on a quarterly basis to ensure that the arrangements are entered into on normal commercial terms and in the interests of the Company and its Shareholders as a whole; and
- independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the Financial Services Framework Agreement and the Supplemental Agreement and provide annual confirmations in accordance with the Listing Rules that the

transactions are conducted in accordance with the terms of the Financial Services Framework Agreement and the Supplemental Agreement and the Group's pricing policy measures, and to confirm if the price and terms offered are fair and reasonable and comparable to those offered by independent third parties.

Implications under the Listing Rules

BEH is the controlling shareholder of the Company, directly and indirectly holding approximately 68.68% of the issued share capital of the Company and thus a connected person of the Company. BEH Finance is a subsidiary of BEH, and is therefore a connected person of the Company by virtue of being an associate of BEH. Accordingly, the transactions between the Group and BEH Finance constitute connected transactions of the Company under the Listing Rules.

As the highest percentage ratio applicable to the deposits services is more than 5% on an annual basis, such transactions constitute non-exempt continuing connected transactions and are subject to the reporting, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, the deposit services under the Financial Services Framework Agreement and the Supplemental Agreement constitute financial assistance under 14.04(1)(e) of the Listing Rules, and as the highest applicable percentage ratios in respect of the Revised Annual Cap exceeds 25% but is less than 100%, the deposits services also constitute major transaction of the Company and are subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

CONTINUING CONNECTED TRANSACTION AND DISCLOSEABLE TRANSACTION IN RELATION TO THE PROVISION OF FINANCE LEASING SERVICES

Background

References are made to the announcements of the Company dated 20 June 2022 and 15 July 2022 in relation to, among others, the sale and leaseback agreements, direct finance leasing agreements and factoring agreements between Shenzhen Jingneng Leasing and BEH's associates which become continuing connected transactions of the Company after the completion of the Acquisition.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with all applicable reporting, disclosure and independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the finance leasing agreements entered into by Shenzhen Jingneng Leasing and BEH's associates prior to the completion of the Acquisition.

SZ Finance Leasing Framework Agreement

Date: 27 July 2022

Parties: Shenzhen Jingneng Leasing

BEH

Pursuant to the SZ Finance Leasing Framework Agreement, Shenzhen Jingneng Leasing will provide finance leasing services, including sale and leaseback services and direct finance leasing services to BEH and/or its associates and receive rental income from BEH and/or its associates for the provision of such finance leasing services. It is anticipated that assets which would be subject to the finance leases contemplated under the SZ Finance Leasing Framework Agreement mainly include thermal power equipment and power generation equipment for renewable energy.

The SZ Finance Leasing Framework Agreement shall become effective upon being signed by the legal representatives or authorized representatives of BEH and Shenzhen Jingneng Leasing and approved by the Shareholders at the EGM, and will expire on 31 December 2022.

Both parties will enter into specific agreement for each such lease service.

Pricing policy

The transaction price and credit structure under the SZ Finance Leasing Framework Agreement are determined based on normal commercial terms after arm's length negotiation between both parties following the principles of good faith and fairness for their respective benefits. In determining the comprehensive interests to be charged against BEH and/or its associates, the Company has considered, among others, (i) the terms and conditions which are no less favourable to Shenzhen Jingneng Leasing than those offered to members of the Group of similar qualification with the lessee; (ii) the LPR published by the National Interbank Funding Center with the authorization from the PBOC as may be adjusted from time to time; and (iii) the credit evaluation of the lessee, term of the finance leasing agreements, the principal amount, regulatory policy orientation, our strategy on industry development, and business model and credit enhancement measures of the lessee.

- In terms of the sale and leaseback services, Shenzhen Jingneng Leasing will purchase the leased properties from BEH and/or its associates and then lease the same back for an agreed term and receive lease payment on a periodic basis. The basis for determining the value of the leased properties follows the market practice and the lease amount will not exceed the net book value or appraised value of the leased properties.
- In terms of the direct finance leasing services, Shenzhen Jingneng Leasing will purchase the leased properties from suppliers upon the instructions and selection of BEH and/or its associates, and then lease the properties to BEH and/or its associates for an agreed term and receive lease payment on a periodic basis. The principal amount is the purchase price of the leased properties from the supplier which is negotiated by the lessee with the supplier on normal commercial terms and by reference to the market price of such properties

Shenzhen Jingneng Leasing may also charge management fees for the finance leasing services, which is not lower than one over ten thousand of the principal amount and payable in installments or in a lump sum. Shenzhen Jingneng Leasing generally determines the actual amount of the management fees based on the project scale and complexity, qualification of the lessee and negotiation with the lessee.

Historical Transaction Amounts

As of the completion of the Acquisition, the outstanding principal amount of the sale and leaseback services and direct finance leasing services by Shenzhen Jingneng Leasing to BEH's associates is approximately RMB3,018.9 million.

Proposed Annual cap and Basis of Determination

The proposed annual cap for the financial leasing services to be provided by Shenzhen Jingneng Leasing to BEH and/or its associates under the SZ Finance Leasing Framework Agreement for 2022 is proposed to be RMB2,500.0 million (including principal, interest payment and other fees if any). In terms of finance leasing agreements entered into between Shenzhen Jingneng Leasing and BEH's associates before the completion of the Acquisition, the principal amount refers to the outstanding principal amount when varying or amending or terminating the financial leasing agreements. In terms of new finance leasing agreements after the completion of the Acquisition, the principal amount refers to the amount set out in the finance leasing agreements. Interest income refers to the interest income accrued from the financial leasing agreements varied or amended or terminated after the completion of the Acquisition and any new financial leasing agreements to be received by Shenzhen Jingneng Leasing in 2022.

In arriving at the proposed annual cap, the Company has taken into account the following:

- since the market interest rate is in a continuous downward stage and may fluctuate frequently in the near future, Shenzhen Jingneng Leasing is considering to amending the interest rate of 12 financing leasing agreements entered into with BEH's associates before the completion of the Acquisition with a total outstanding principal amount of approximately RMB1,955.3 million so as to keep the market competitiveness of Shenzhen Jingneng Leasing. In addition, due to actual development of certain projects, Shenzhen Jingneng Leasing may amend the principal amount of two direct finance leasing agreements entered into with BEH's associates before the completion of the Acquisition of a total amount of approximately RMB391.9 million according to the lessee's application; and
- the expected demand for financial leasing services by BEH and/or its associates in accordance with their current business strategy.

Reasons and Benefits of Entering into the SZ Finance Leasing Framework Agreement

Shenzhen Jingneng Leasing primarily provides financial leasing services and commercial factoring business services in relation to financial leasing to the public and members of BEH. The sale and leaseback services and direct finance leasing services are transactions carried out in the ordinary and usual course of business of Shenzhen Jingneng Leasing. The terms of any agreements (including the interest rate) under the SZ Finance Leasing Framework Agreement will be arrived at by Shenzhen Jingneng Leasing and the counterparties after arm's length negotiations, with reference to prevailing commercial practice.

The provision of finance leasing services by Shenzhen Jingneng Leasing to BEH and/or its associates is able to satisfy the business needs of both parties. On the one hand, Shenzhen Jingneng Leasing has been providing finance leasing services to BEH and/or its associates and is familiar with the business and demands of BEH and/or its associates and the provision of finance leasing services to BEH and/or its associates provides stable and low-risk income to Shenzhen Jingneng Leasing; on the other hand, the provision of finance leasing services is able to facilitate BEH and/or its associates to continue to receive efficient financial leasing services from Shenzhen Jingneng Leasing.

Internal Control Measures

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the SZ Finance Leasing Framework Agreement, which include the followings:

- the business departments of Shenzhen Jingneng Leasing are responsible for collecting information and initiating a transaction under the SZ Finance Leasing Framework Agreement and will also conduct due diligence. The risk control department and financial management department of Shenzhen Jingneng Leasing will review the details of the transaction and compare the major terms to finance leasing services in relation to similar underlying assets provided to members of the Company with similar qualification and terms obtained by the lessee from other financial institutions if applicable at the relevant time. The transaction shall be submitted to the general manager's office meeting of Shenzhen Jingneng Leasing for approval. When assessing a specific transaction, the risk control department and financial management department of Shenzhen Jingneng Leasing will take into account factors including regulatory compliance, ownership and operation of the leased properties, litigations involved by the lessee, procurement conditions of the leased equipment, financial condition, cash flow, solvency and control on trade receivables of the lessee, capital resource of Shenzhen Jingneng Leasing for such transaction, financial costs and return to Shenzhen Jingneng Leasing;
- the Securities & Capital Operation Department of the Company and other relevant operation departments of the Company are jointly responsible for conducting reviews on compliance with relevant laws, regulations, the Group's internal policies and the Listing Rules in respect of both continuing connected transactions and connected transactions. They are also jointly responsible for evaluating the transaction terms under each underlying agreement of the SZ Finance Leasing

Framework Agreement, in particular, the fairness and reasonableness of the pricing terms under each agreement, before each separate agreement under the SZ Finance Leasing Framework Agreement is entered into;

- the Financial Management Department of the Company will monitor the finance leasing transactions under the SZ Finance Leasing Framework Agreement on a monthly basis;
- independent non-executive Directors will review the SZ Finance Leasing Framework Agreement and the transactions contemplated thereunder on a quarterly basis to ensure that the agreements are entered into on normal commercial terms and in the interests of the Company and its Shareholders as a whole; and
- independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the SZ Finance Leasing Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the SZ Finance Leasing Framework Agreement and the Group's pricing policy measures, and to confirm if the price and terms offered are fair and reasonable and comparable to those offered by independent third parties.

As the Group has adopted a set of effective internal control measures to supervise the continuing connected transactions of the Group, the Directors consider that the procedures in place will ensure such transactions be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

Implications Under the Listing Rules

BEH is the controlling shareholder of the Company, directly and indirectly holding approximately 68.68% of the issued share capital of the Company as at the date of this announcement and thus a connected person of the Company. Shenzhen Jingneng Leasing, upon completion of the Acquisition, has become a non-wholly owned subsidiary of the Company. Accordingly, the transactions contemplated under the SZ Finance Leasing Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratios for the proposed annual cap of the SZ Finance Leasing Framework Agreement are more than 5%, the transactions contemplated under the SZ Finance Leasing Framework Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios for the proposed annual cap of the SZ Finance Leasing Framework Agreement are more than 5% but less than 25%, the transactions contemplated under the SZ Finance Leasing Framework Agreement constitute discloseable transaction of the Company under Chapter 14 of the Listing Rules, and are subject to the announcement requirement, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Since the duration of certain specific agreements under the SZ Finance Leasing Framework Agreement may be longer than three years, pursuant to Rule 14A.52 of the Listing Rules, the Company must appoint an independent financial adviser to explain why the specific agreements require a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration. For this purpose, the Company has engaged Gram Capital as the Independent Financial Adviser.

BOARD CONFIRMATION

The Board (including the independent non-executive Directors) is of the view that the terms of the Supplemental Agreement and the SZ Finance Leasing Framework Agreement, the transactions contemplated thereunder and the revised or proposed annual cap are (i) on normal commercial terms; (ii) arrived at after arm's length negotiations between the parties; and (iii) entered into in the ordinary course of business of the Group and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As of the date of this announcement, save for Mr. Cao Mansheng and Mr. Ren Qigui holding positions in BEH and Mr. Song Zhiyong holding position in BSCOML, none of the Directors is a director or employee of the companies which have an interest or short position in the Shares and underlying shares of the Company.

Due to their positions in BEH or BSCOML, Mr. Cao Mansheng, Mr. Ren Qigui and Mr. Song Zhiyong have all abstained from voting on the Board resolutions approving the Revised Annual Cap in respect of the deposit services under the Supplemental Agreement and proposed transactions under the SZ Finance Leasing Framework Agreement and the proposed annual cap thereof.

BACKGROUND AND GENERAL INFORMATION OF THE PARTIES OF THE SUPPLEMENTAL AGREEMENT AND THE SZ FINANCE LEASING FRAMEWORK AGREEMENT

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 directly and indirectly held as to approximately 68.68% by BEH.

BEH

BEH is a limited liability company incorporated in the PRC which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. BEH is wholly owned by BSCOML 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 the controlling shareholder of the Company, directly and indirectly holding approximately 68.68% of the issued share capital of the Company as at the date of this announcement.

BEH Finance

BEH Finance, a limited liability company incorporated in the PRC, principally engages in providing financial services such as financial consulting, payment, insurance agency, bill acceptance and discounting, entrusted loans to its member units. BEH Finance is a subsidiary of BEH. The Company also held 20% equity interest of BEH Finance.

Shenzhen Jingneng Leasing

Shenzhen Jingneng Leasing was incorporated in the PRC with limited liability. As of the date of this announcement, Shenzhen Jingneng Leasing was directly held as to approximately 84.68% by the Company and as to approximately 15.32% by Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of BEH. Shenzhen Jingneng Leasing primarily provides financial leasing services and commercial factoring business services in relation to financial leasing to the public and members of BEH.

EGM

The EGM will be held by the Company to consider and approve the Revised Annual Cap under the Supplemental Agreement and the transactions contemplated under the SZ Finance Leasing Framework Agreement and the proposed annual cap thereof.

As at the date of this announcement, BEH, BEI (HK), BSCOML, BIEE and BHEG directly held 61.64%, 5.72%, 2.72%, 1.12% and 0.19% of the issued share capital of the Company, respectively. As BSCOML, BEI (HK), BIEE and BHEG are associates of BEH as defined under the Listing Rules, BEH, BSCOML, BEI (HK), BIEE and BHEG will abstain from voting at the EGM on the ordinary resolutions approving the Revised Annual Cap under the Supplemental Agreement and the proposed transactions under the SZ Finance Leasing Framework Agreement and the proposed annual cap thereof. Any vote of the Independent Shareholders at the EGM shall be taken by poll for the resolutions proposed at the EGM. As at the date of this announcement, to the best knowledge and belief of the Directors having made all reasonable enquiries, save as disclosed herein, no other Shareholders will be required to abstain from voting in respect of the relevant resolutions.

The Independent Board Committee, comprising of all of the independent non-executive Directors, namely Mr. Huang Xiang, Mr. Chan Yin Tsung, Mr. Xu Daping and Ms. Zhao Jie, will be established to advise the Independent Shareholders in relation to the Revised Annual Cap under the Supplemental Agreement and the transactions contemplated under the SZ Finance Leasing Framework Agreement

and the proposed annual cap thereunder. The Company has appointed Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the same matters.

A circular containing, among other things, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice convening the EGM is expected to be despatched to the Shareholders no later than 17 August 2022 according to the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition”	the transfer of 84.68% equity interest in Shenzhen Jingneng Leasing by BEH to the Company pursuant to the absorption and merger agreement entered into among the Company, BEH, Beijing Jingneng International Power Co., Ltd. (北京京能國際能源股份有限公司) and Shenzhen Jingneng Leasing on 10 May 2022
“BEH”	北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd.), a limited liability company incorporated in the PRC and the controlling shareholder of the Company
“BEH Finance”	京能集團財務有限公司 (BEH Finance Co., Ltd.), a limited liability company incorporated in the PRC and held as to 60% by BEH, 20% by the Company and 20% by Beijing Jingneng Electric Co., Ltd., a company held by BEH directly and indirectly as to 66.83%
“BEH (HK)”	Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of BEH
“BHEG”	北京市熱力集團有限責任公司 (Beijing Heat Energy Group Co., Ltd.), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of BEH
“BIEE”	北京國際電氣工程有限責任公司 (Beijing International Electric Engineering Co., Ltd.), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of BEH
“Board”	the board of Directors of the Company

“BSCOML”	北京國有資本經營管理有限公司 (Beijing State-owned Capital Operation and Management Co., Limited), a Shareholder which directly held 2.72% of the total issued share capital of the Company as at the date of this announcement. BSCOML is the sole shareholder of BEH
“Company”, “we”, “our” or “us”	北京京能清潔能源電力股份有限公司 (Beijing Jingneng Clean Energy Co., Limited), a joint stock company incorporated in the PRC with limited liability, whose H shares are listed on the Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of 2022 of the Company to be held to consider, and if thought fit, approve the Revised Annual Cap under the Supplemental Agreement and the transactions contemplated under the SZ Finance Leasing Framework Agreement and the proposed annual cap thereof
“Existing Annual Cap”	the existing annual cap of RMB5,000.0 million for the year ending 31 December 2022 for the deposit services under the Financial Services Framework Agreement
“Financial Services Framework Agreement”	《金融服務框架協議》(Financial Services Framework Agreement), entered into between BEH Finance and the Company on 16 October 2019
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	a committee of the Board comprising Mr. Huang Xiang, Mr. Chan Yin Tsung, Mr. Xu Daping and Ms. Zhao Jie, the independent non-executive Directors of the Company

“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Revised Annual Cap under the Supplemental Agreement, proposed transactions under the SZ Finance Leasing Framework Agreement and the proposed annual cap thereunder
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LPR”	Loan Prime Rate published on the 20th of each month by the National Interbank Funding Center under the authorization of the PBOC
“PBOC”	The People’s Bank of China, the central bank of the PRC
“PRC” or “China”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Revised Annual Cap”	the revised annual cap for the maximum transaction amount in respect of the deposit services between the Group and BEH Finance for the year ending 31 December 2022 pursuant to the Supplemental Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the ordinary share(s) of RMB1.00 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s) of the Company
“Shenzhen Jingneng Leasing”	深圳京能融資租賃有限公司 (Shenzhen Jingneng Financial Leasing Co., Ltd.), a limited liability company incorporated in the PRC and held as to 84.68% by the Company and as to 15.32% by Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of BEH

“Supplemental Agreement”	the supplemental agreement to the Financial Services Framework Agreement dated 27 July 2022 entered into between BEH Finance and the Company to revise the annual cap for the year ending 31 December 2022 in relation to the deposits services to be provided by BEH Finance to the Company pursuant to the Financial Services Framework Agreement
“SZ Finance Leasing Framework Agreement”	《融資租賃業務框架協議》 (Finance Leasing Framework Agreement) entered into between BEH and Shenzhen Jingneng Leasing on 27 July 2022
“%”	per cent

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

Beijing, the PRC
27 July 2022

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