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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 TRANSACTIONS IN RELATION TO
THE CONSTRUCTION GENERAL CONTRACTING AGREEMENT OF
SHANGZHUANG POWER AND THE CONSTRUCTION AGREEMENT OF
SHANTOU JINGNENG**

CONSTRUCTION GENERAL CONTRACTING AGREEMENT AND CONSTRUCTION AGREEMENT

The Board announces that on 16 December 2023, Shangzhuang Power, a non-wholly owned subsidiary of the Company, entered into the Construction General Contracting Agreement with Jingneng Construction, pursuant to which, Shangzhuang Power engaged Jingneng Construction to provide construction general contracting services regarding the construction of integrated energy supervision and control center and refrigeration station project and on 3 March 2024, Shantou Jingneng, a wholly-owned subsidiary of the Company, entered into the Construction Agreement with Jingneng Construction, pursuant to which, Shantou Jingneng engaged Jingneng Construction to provide construction services regarding the construction of the main body of the Bearing Manufacturing Plant. Shangzhuang Power initiated open tender for selecting the construction general contracting service providers and Jingneng Construction finally won the bid. Shantou Jingneng also initiated open tender for selecting the construction service providers and Jingneng Construction finally won the bid.

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. Jingneng Construction, as a wholly-owned subsidiary of BEH, is an associate of BEH and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the transaction under the Construction General Contracting Agreement and the transaction under the Construction Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted within a 12-month period or were otherwise related. The counterparties to the Construction General Contracting Agreement and the Construction Agreement are both Jingneng Construction and such transactions are similar in nature. Accordingly, such transactions shall be aggregated. As the highest applicable percentage ratio in respect of the transaction under the Construction General Contracting Agreement and the highest applicable percentage ratio in respect of the transaction under the Construction Agreement (on an aggregated basis together with the transaction under the Construction General Contracting Agreement) exceed 0.1% but are less than 5%, the transaction under the Construction General Contracting Agreement and the transaction under the Construction Agreement are 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 announces that on 16 December 2023, Shangzhuang Power entered into the Construction General Contracting Agreement with Jingneng Construction, pursuant to which, Shangzhuang Power engaged Jingneng Construction to provide construction general contracting services regarding the construction of integrated energy supervision and control center and refrigeration station project and on 3 March 2024, Shantou Jingneng entered into the Construction Agreement with Jingneng Construction, pursuant to which, Shantou Jingneng engaged Jingneng Construction to provide construction services regarding the construction of the main body of the Bearing Manufacturing Plant.

CONSTRUCTION GENERAL CONTRACTING AGREEMENT

The principal terms of the Construction General Contracting Agreement are set out below:

Date

16 December 2023

Parties

Service user: Shangzhuang Power

Service provider: Jingneng Construction

Project

Subject to the terms and conditions of the Construction General Contracting Agreement, Shangzhuang Power shall engage Jingneng Construction to provide construction general contracting services regarding the construction of integrated energy supervision and control center and refrigeration station project, including procurement of equipment and materials and construction of the project. The proposed construction includes but not limited to civil engineering construction, water supply and drainage construction, ventilation and air-conditioning system construction, high and low voltage distribution system construction, lighting system construction, lightning protection system as well as power system.

Construction period

The construction period starts from 18 December 2023 and it is expected that the construction work will be completed by 31 March 2024.

Fees and payment terms

Pursuant to the Construction General Contracting Agreement, the total fees charged by Jingneng Construction to Shangzhuang Power shall be RMB168,852,794.35 (tax inclusive) including but not limited to project construction fee, safe and civilized construction fee of approximately RMB4.65 million, professional engineering fee of approximately RMB21.65 million and provisional amount of approximately RMB18.35 million. The contract price is the successful bid price submitted by Jingneng Construction in the open tender for the provision of services under the Construction General Contracting Agreement.

The contract price shall be paid in the following manner:

- (i) a prepayment of full amount of the safe and civilized construction fee and 30% of the project construction fee before the commencement of the construction;
- (ii) project progress payment on a monthly basis based on 90% of the actual amount of the construction work completed during that month (the “**Progress Payment**”); when the payments reach 50% of the contract price (excluding the professional engineering fee and provisional amount), Shangzhuang Power only needs to pay 70% of the Progress Payment of each month with the remaining 30% of that month to be deducted from the prepayments of the project construction fee;
- (iii) up to 97% of the contract price within 60 days after signing the settlement agreement by the parties; and
- (iv) the remaining 3% of the contract price retained as quality warranty, which shall be paid upon verification of completion of defect liability after the expiry of two-year warranty period.

CONSTRUCTION AGREEMENT

The principal terms of the Construction Agreement are set out below:

Date

3 March 2024

Parties

Service user: Shantou Jingneng

Service provider: Jingneng Construction

Project

Subject to the terms and conditions of the Construction Agreement, Shantou Jingneng shall engage Jingneng Construction to provide construction services regarding the construction of the main body of the Bearing Manufacturing Plant. The proposed construction includes but not limited to civil engineering construction, mechanical and electrical installation and exterior projects.

Construction Period

The construction period starts from 4 March 2024 and it is expected that the construction work will be completed by 3 July 2024.

Fees and payment terms

Pursuant to the Construction Agreement, the total fees charged by Jingneng Construction to Shantou Jingneng shall be RMB94,916,831.78 (tax inclusive) including but not limited to project construction fee, safe and civilized construction fee of approximately RMB2.42 million and provisional amount of RMB6.00 million. The contract price is the successful bid price submitted by Jingneng Construction in the open tender for the provision of services under the Construction Agreement. Jingneng Construction shall provide a letter of guarantee, which is irrevocable and payment on demand with maximum guaranteed amount representing 10% of the contract price (excluding the provisional amount), to Shantou Jingneng after the signing of the Construction Agreement.

The contract price shall be paid in the following matter:

- (i) a prepayment of 50% of the safe and civilized construction fee and 30% of the contract price (excluding the safe and civilized construction fee and provisional amount) within 28 days after the preparation work is ready;

- (ii) project progress payment on a monthly basis based on 85% of the actual amount of the construction work completed during that month and up to 90% of the contract price; when Jingneng Construction completes 40% of the construction work, 20% of the contract price prepaid by Shantou Jingneng shall be deducted as progress payment until when Jingneng Construction completes 75% of the construction work;
- (iii) up to 97% of the contract price after passing the completion acceptance and project audit; and
- (iv) the remaining 3% of the contract price retained as quality warranty, which shall be paid after the expiry of two-year warranty period.

BASIS FOR DETERMINATION OF THE ESTIMATED CONTRACT PRICE UNDER THE CONSTRUCTION GENERAL CONTRACTING AGREEMENT AND THE CONSTRUCTION AGREEMENT

Shangzhuang Power held an open tender for the construction work of the integrated energy supervision and control center and refrigeration station project on 7 December 2023 and four service providers have participated in the open tender and submitted the requisite information and documents including the estimated contract price. The contract price under the Construction General Contracting Agreement was the successful tender price offered by Jingneng Construction in the open tender and was accepted by the bid evaluation committee (評標委員會), which consisted of five members, of which four were randomly selected from the experts database and one was representative of Shangzhuang Power, after thorough evaluation pursuant to the relevant rules and regulations of the PRC and the tender documents.

Shantou Jingneng held an open tender for the construction work of the main body of the Bearing Manufacturing Plant on 30 January 2024 and five service providers have participated in the open tender and submitted the requisite information and documents including the estimated contract price. The contract price under the Construction Agreement was the successful tender price offered by Jingneng Construction in the open tender and was accepted by the bid evaluation committee (評標委員會), which consisted of seven members, of which five were randomly selected from the experts database and two were representatives of Shantou Jingneng, after thorough evaluation pursuant to the relevant rules and regulations of the PRC and the tender documents.

Factors that have been taken into consideration by the bid evaluation committee during the tender process for each of the construction services under the Construction General Contracting Agreement and the Construction Agreement include: (i) the background, qualifications, past project experience of the participating bidders; (ii) the terms of tender proposals offered by the participating bidders, including the construction plan, quality control and assurance; and (iii) the contract price. The bidding process for the construction services under both the Construction General Contracting Agreement and the Construction Agreement full complied with the provisions of the Tendering and Bidding Law of the PRC (《中華人民共和國招投標法》) and other relevant laws and regulations.

INFORMATION ON THE PARTIES

The Company, Shangzhuang Power and Shantou Jingneng

The Company is a leading wind power and photovoltaic power operator in the PRC and the largest gas-fired power provider in Beijing, with a diversified clean energy portfolio including wind power, photovoltaic power, gas-fired power and heat energy, small to medium hydropower and other clean energy projects. The Company was directly and indirectly held by BEH as to approximately 68.68%. BEH is a limited liability company incorporated in the PRC and wholly-owned by 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.

Shangzhuang Power is a limited liability company established in the PRC and owned as to 60.03% by the Company and 39.97% by China Agriculture Development Key Construction Fund Co., Ltd. (中國農發重點建設基金有限公司), a wholly-owned subsidiary of China Agriculture Development Bank (中國農業發展銀行), which was established by the State Council of the PRC. China Agriculture Development Bank is a state-owned policy bank which supports the sustainable and healthy development of agriculture and rural areas of the PRC.

Shangzhuang Power is mainly engaged in gas-fired power and heat energy generation.

Shantou Jingneng is a limited liability company established in the PRC and wholly owned by the Company. Shantou Jingneng is mainly engaged in the generation and supply of electricity.

Jingneng Construction

Jingneng Construction is a limited liability company established in the PRC and a wholly-owned subsidiary of BEH. Jingneng Construction is mainly engaged in general construction contracting, construction project management, engineering survey and design.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION GENERAL CONTRACTING AGREEMENT AND THE CONSTRUCTION AGREEMENT

The connected transactions under the Construction General Contracting Agreement and the Construction Agreement are the work that must be carried out by Shangzhuang Power and Shantou Jingneng during normal production and operation. The Construction General Contracting Agreement and the Construction Agreement have undergone open tender and are the results of successful bid made by Jingneng Construction.

Jingneng Construction is a well-known service provider in the construction industry of China with necessary qualifications and extensive experience, and has participated in several construction projects, which will help to ensure the quality and cycle of the project construction and bring economic benefits to the Group.

The Directors of the Company (except for Mr. Zhou Jianyu due to his position in BEH and Mr. Song Zhiyong due to his position in BSCOMC, who have abstained from expressing views on entering into the Construction General Contracting Agreement and the Construction Agreement and the transactions thereunder) are of the view that the transaction under each of the Construction General Contracting Agreement and the Construction Agreement is ordinary commercial conduct and the contract price under each of the Construction General Contracting Agreement and the Construction Agreement was determined through public bidding, on a fair, transparent basis and at a fair and reasonable price, and under no foreseeable circumstances which will harm the interests of the Company and all shareholders of the Company, especially the minority shareholders, or will adversely affect the Company. Save as disclosed above, none of the Directors has any material interest in the Construction General Contracting Agreement and the Construction Agreement and the transactions thereunder.

The Directors (including the independent non-executive Directors but excluding Mr. Zhou Jianyu and Mr. Song Zhiyong who have abstained from expressing views for reasons as mentioned above) are of the view that the terms of the Construction General Contracting Agreement and the Construction Agreement and the transactions 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. Jingneng Construction, as a wholly-owned subsidiary of BEH, is an associate of BEH and therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction under the Construction General Contracting Agreement and the transaction under the Construction Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted within a 12-month period or were otherwise related. The counterparties to the Construction General Contracting Agreement and the Construction Agreement are both Jingneng Construction and such transactions are similar in nature. Accordingly, such transactions shall be aggregated. As the highest applicable percentage ratio in respect of the transaction under the Construction General Contracting Agreement and the highest applicable percentage ratio in respect of the transaction under the Construction Agreement (on an aggregated basis together with the transaction under the Construction General Contracting Agreement) exceed 0.1% but are less than 5%, the transaction under the Construction General

Contracting Agreement and the transaction under the Construction Agreement are subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

However, due to unintentional and inadvertent oversights of the Company's personnel in the subsidiary level, the Company had failed to make timely disclosure of the Construction General Contracting Agreement and the Construction Agreement when they were entered into pursuant to the relevant requirements under the Listing Rules. The announcement was made by the Company as soon as practicable after the Company became aware of the inadvertent oversight on its initiative. The Company deeply regrets the delay of the publication of this announcement, and it would like to stress that such delay was unintentional and inadvertent and the Company had no intention to withhold any information relating to the Construction General Contracting Agreement and the Construction Agreement, in particular, the transactions underwent public tender with all information disclosed publicly.

The Company has taken a series of remedial measures to prevent the re-occurrence of such event and ensure timely compliance with relevant connected transaction requirements under the Listing Rules, including:

- (i) the Company re-circulated to responsible persons of all business departments of the Company and those at the Company's subsidiary level the internal control policies of the Company governing connected transactions and list of connected persons and requires them to closely follow such policies before entering into any agreement;
- (ii) the Company has reminded responsible persons at the Company's subsidiary level of timely reporting of connected transactions conducted by subsidiaries of the Company;
- (iii) the Company has designated the business plan department to monitor the results of any open tender to check and confirm whether any connected person wins such bid as a supplementary method of identifying potential connected transactions;
- (iv) the Company has arranged internal trainings in relation to the procedures for connected transactions to the responsible persons of all business departments of the Company and those at the Company's subsidiary level so as to enhance their understanding of the applicable requirements under the Listing Rules; and
- (v) the Company will work more closely with its legal advisers on compliance issues and shall, as and when appropriate, consult other professional advisers before entering into any potential connected transaction.

DEFINITIONS

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

“Bearing Manufacturing Plant”	the bearing manufacturing plant (6 [#]) of Shantou Offshore Wind Power Smart Energy “Four Integration” Project Phase II (汕頭海上風電智慧能源「四個一體化」)項目二期工程6#軸承製造廠房), the main body of which is under construction by Jingneng Construction pursuant to the Construction Agreement
“BEH”	北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd.), a limited liability company established in the PRC and a controlling shareholder of the Company
“Board”	the board of Directors of the Company
“BSCOMC”	北京國有資本運營管理有限公司 (Beijing State-owned Capital Operation Management Co., Ltd.), which was established and wholly-owned by State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會)
“Company”	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 and the H shares of which are listed the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 00579)
“Construction Agreement”	the construction agreement entered into by Shantou Jingneng and Jingneng Construction on 3 March 2024 in relation to the construction of the main body of the Bearing Manufacturing Plant
“Construction General Contracting Agreement”	the construction general contracting agreement entered into by Shangzhuang Power and Jingneng Construction on 16 December 2023 in relation to the construction of integrated energy supervision and control center and refrigeration station project of Shangzhuang Power
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jingneng Construction”	北京京能建設集團有限公司 (Beijing Jingneng Construction Group Co., Ltd.), a limited liability company established under the laws of the PRC on 1 December 1980 and wholly owned by BEH

“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shangzhuang Power”	北京上莊燃氣熱電有限公司 (Beijing Shangzhuang Gas-fired Thermal Power Co., Ltd.), a limited liability company established under the laws of the PRC on 15 June 2012, owned as to 60.03% by the Company and 39.97% by China Agriculture Development Key Construction Fund Co., Ltd. (中國農發重點建設基金有限公司)
“Shantou Jingneng”	汕頭京能清潔能源有限公司 (Shantou Jingneng Clean Energy Co., Ltd.), a limited liability company established under the laws of the PRC on 6 January 2023 and a wholly-owned subsidiary of the Company
“%”	percentage

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

Beijing, the PRC
22 March 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Fengyang, Mr. Chen Dayu, Mr. Zhang Wei and Mr. Li Minghui; the non-executive Directors are Mr. Zhou Jianyu, Mr. Song Zhiyong and Ms. Zhang Yi; the independent non-executive Directors are Ms. Zhao Jie, Mr. Wang Hongxin, Mr. Qin Haiyan and Ms. Hu Zhiying.