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Beijing Jingneng Clean Energy Co., Limited



ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

NEW CONTINUING CONNECTED TRANSACTION FRAMEWORK AGREEMENTS WITH BEH

On 5 September 2024, the Company entered into the Property Lease Framework Agreement (II) and the Integrated Energy Supply Framework Agreement with BEH, which shall become effective upon being signed by the legal representative(s) or authorized representative(s) of the Company and BEH (i.e., 5 September 2024) and will expire on 31 December 2025.

Pursuant to the Property Lease Framework Agreement (II), the Company has agreed to lease properties to BEH and/or its associates. The annual caps for the property leases under the Property Lease Framework Agreement (II) for each of the two years ending 31 December 2025 is RMB40.0 million. Pursuant to the Integrated Energy Supply Framework Agreement, the Company has agreed to provide and BEH and/or its associates has/have agreed to purchase various energy (including cooling, heat, electricity and water) from the Group. The annual caps for the energy supply services under the Integrated Energy Supply Framework Agreement for the two years ending 31 December 2025 is RMB35.0 million and RMB65.0 million, respectively.

BEH is the controlling shareholder of the Company, directly and indirectly holding approximately 68.68% of the issued share capital of the Company, and therefore is a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Accordingly, the transactions contemplated under the Property Lease Framework Agreement (II) and the Integrated Energy Supply Framework Agreement constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio(s) in respect of the annual caps set for each of the Property Lease Framework Agreement (II) and the Integrated Energy Supply Framework Agreement for each of the two years ending 31 December 2025 is more than 0.1% but less than

5% on an annual basis, the transactions contemplated under the Property Lease Framework Agreement (II) and the Integrated Energy Supply Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement according to Chapter 14A of the Listing Rules.

SUPPLEMENTAL CONTINUING CONNECTED TRANSACTIONS FRAMEWORK AGREEMENT WITH BEH

Reference is made to the announcement of the Company dated 8 November 2022 in relation to, among others, the Framework Service Agreement entered into between the Company and BEH.

The Framework Service Agreement is for a term of three years commencing from 1 January 2023 and ending on 31 December 2025. Pursuant to the Framework Service Agreement, BEH and/or its associates has/have agreed to provide property management services and administration services to the Group. The annual caps for the property management services under the Framework Service Agreement for the two years ending 31 December 2025 were previously set at RMB90.0 million and RMB95.0 million, respectively; and the annual caps for the administration services under the Framework Service Agreement for the two years ending 31 December 2025 were previously set at RMB90.0 million and RMB95.0 million, respectively.

Considering the current business operation needs of the Company for property management services and administration services, the Company expects that the existing annual caps under the Framework Service Agreement will not be sufficient. On 5 September 2024, the Supplemental Framework Service Agreement was entered into with BEH to revise the existing annual caps under the Framework Service Agreement.

As the highest applicable percentage ratios in respect of the revised annual caps set for the Framework Service Agreement is more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the Framework Service Agreement and the Supplemental Framework Service Agreement are subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement according to Chapter 14A of the Listing Rules.

I. BACKGROUND AND GENERAL INFORMATION OF THE COMPANY AND BEH

1. Background and General Information of the Company

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%.

2. Background and General Information of BEH

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 the People's Government of Beijing Municipality (). 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. 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 therefore is a connected person of the Company pursuant to Rule 14A.07(1) of the Listing Rules.

II. NEW CONTINUING CONNECTED TRANSACTIONS FRAMEWORK AGREEMENTS

1. Particulars of the New Continuing Connected Transactions

a. *Property Lease Framework Agreement (II)*

Description of the Transaction

In the ordinary and usual course of business, the Company entered into the Property Lease Framework Agreement (II) with BEH on 5 September 2024, pursuant to which the Company has agreed to lease properties to BEH and/or its associates. The Property Lease Framework Agreement (II) shall become effective upon being signed by the legal representative(s) or authorized representative(s) of the Company and BEH (i.e., 5 September 2024) and will expire on 31 December 2025.

Pricing Policy

Under the Property Lease Framework Agreement (II), the rent shall be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates. Market rates refer to the rates at which the same or similar type of products or services are provided by Independent Third Parties under normal commercial terms. Specifically, in considering the rent, the parties will refer to publicly available rental prices for offices and shops in the vicinity of relevant properties of the Group which are available for lease. It is currently expected that the Group will have vacant properties available for lease in Chaoyang, Haidian and Changping districts of Beijing. The current public rental price ranges for offices and shops are RMB4.5 - 17.0 per square meter per day in Chaoyang District, Beijing, RMB6.0 - 10.0 per square meter per day in Haidian District, Beijing and RMB3.0 - 5.0 per square meter per day in Changping District, Beijing.

When determining the pricing standard, to the extent practicable, management of the Company will take into account the rates of at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference.

Historical Amounts, Annual Caps and Basis of Annual Caps

There is no historical transaction amount of the transactions contemplated under the Property Lease Framework Agreement (II).

The Company estimates that the proposed annual caps for the Property Lease Framework Agreement (II) for each of the two years ending 31 December 2025 is RMB40.0 million.

In determining the above annual caps, the Company has considered:

- rental areas of the Company's vacant properties available for lease;
- the proposed usage of the leased properties as production, operations and offices premises;
- the current market prices for leased premises under similar leases;
- the trend of increase in the rental prices of properties in the vicinity of relevant properties; and
- the recent development of the property market.

Reasons for and Benefits of the Transaction

By entering into the Property Lease Framework Agreement (II), the Group could make full use of its vacant properties, optimize assets allocation and generate additional income. Some of the vacant properties owned by the Group were originally used for production and operations in the energy industry and the decoration and facilities settings have certain characteristics of the energy industry. Due to the business relevance, these vacant properties could meet the needs of BEH and its associates.

b. Integrated Energy Supply Framework Agreement

Description of the Transaction

In the ordinary and usual course of business, the Company entered into the Integrated Energy Supply Framework Agreement with BEH on 5 September 2024, pursuant to which, the Group has agreed to provide and BEH and/or its associates has/have agreed to purchase various energy (including cooling, heat, electricity and water) from the Group. The Integrated Energy Supply Framework Agreement shall become effective upon being signed by the legal representative(s) or authorized representative(s) of the Company and BEH (i.e., 5 September 2024) and will expire on 31 December 2025.

Pricing Policy

Under the Integrated Energy Supply Framework Agreement, the price is agreed following arm's length negotiations between the relevant parties with reference to government guided price, among which, the price of heating supply is determined and adjusted by the local development and reform commission on an annual basis; and the prices of water and electricity supply are determined and adjusted by local municipal commission of urban management and local electricity industry authorities from time to time and with respect to the price of cooling supply, with reference to the market price. Market price of the cooling supply refers to the average price of cooling supply transactions between the Group and Independent Third Parties over the past three years.

Historical Amounts, Annual Caps and Basis of Annual Caps

There is no historical transaction amount of the transactions contemplated under the Integrated Energy Supply Framework Agreement.

The Company estimates that the proposed annual caps for the Integrated Energy Supply Framework Agreement for each of the two years ending 31 December 2025 is RMB35.0 million and RMB65.0 million, respectively.

In determining the above annual caps, the Company has considered:

- the current prescribed unit price of the heat energy determined by the local development and reform commission;
- the water and electricity prices determined by the local municipal commission of urban management and local electricity industry authorities;
- the average market price of cooling supply; and

- the estimated scale of use of cooling, heat, electricity and water supply.

Reasons for and Benefits of the Transaction

The provision of various energy under the Integrated Energy Supply Framework Agreement, to some extent, is ancillary to the lease of vacant properties to BEH and/or its associates under the Property Lease Framework Agreement (II). The Group provides with the appropriate minimum basic energy for the vacant properties, as part of the necessary maintenance of the properties. The lease of the vacant properties will result in a greater demand for various energy and by entering into the Integrated Energy Supply Framework Agreement, the Group could generate additional income.

2. Listing Rules Implications

As BEH directly and indirectly holds approximately 68.68% of the issued share capital of the Company as at the date of this announcement, it is a controlling shareholder of the Company and thus a connected person of the Company. Accordingly, the transactions between the Group and BEH and/or its associates constitute connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio(s) in respect of the annual caps set for each of the Property Lease Framework Agreement (II) and the Integrated Energy Supply Framework Agreement is more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the Property Lease Framework Agreement (II) and the Integrated Energy Supply Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement according to Chapter 14A of the Listing Rules.

III. THE SUPPLEMENTAL CONTINUING CONNECTED TRANSACTIONS FRAMEWORK AGREEMENT

1. Supplemental Framework Service Agreement

Description of the Transaction

Reference is made to the announcement of the Company dated 8 November 2022 in relation to, among others, the Framework Service Agreement entered into between the Company and BEH. Pursuant to the Framework Service Agreement, BEH and/or its associates has/have agreed to provide various services to the Group from time to time, including (i) property management services, including gardening and greening, cleaning, security and catering services; and (ii) administration services, including conference services and information management services. The term of such agreement is three years commencing from 1 January 2023 and ending on 31 December 2025. The annual caps for

the property management services under the Framework Service Agreement for each of the two years ending 31 December 2025 were previously set at RMB90.0 million and RMB95.0 million, respectively; and the annual caps for the administration services under the Framework Service Agreement for each of the two years ending 31 December 2025 were previously set at RMB90.0 million and RMB95.0 million, respectively.

Considering the current business operation needs of the Company for property management services and administration services, the Company expects that the existing annual caps under the Framework Service Agreement will not be sufficient. On 5 September 2024, the Company entered into the Supplemental Framework Service Agreement with BEH to revise the existing annual caps. As of the date of the Supplemental Framework Service Agreement, the property management services and administration services provided by BEH and/or its associates under the Framework Service Agreement have not exceeded the original cap for the year of 2024.

The Supplemental Framework Service Agreement shall become effective upon being signed by the legal representative(s) or authorized representative(s) of BEH and the Company (i.e., 5 September 2024), and will expire on 31 December 2025.

Save for the above amendments, all other terms and conditions of the Framework Service Agreement remain unchanged. For the principle terms and details of the Framework Service Agreement, please refer to the announcement of the Company dated 8 November 2022.

Pricing Policy

The pricing policy for the services fees under the Framework Service Agreement remains unchanged, which is:

- the price to be agreed following arm's length negotiations between the relevant parties with reference to government guided price; or
- where no government guided price is involved, the price to be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates. Market rates refer to the rates at which the same or similar type of products or services are provided by Independent Third Parties under normal commercial terms. When determining the pricing standard, to the extent practicable, management of the Company will take into account the rates of at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference.

Historical Amounts, Annual Caps and Basis of Annual Caps

The historical amounts and the annual caps of each type of the transactions under the Framework Service Agreement are set out below:

Transaction	Historical amount			Annual caps			
	For the year ended 31 December			For the year ending 31 December			
	2021	2022	2023	2024		2025	
				Previous	Revised	Previous	Revised
Property management services	63.4	21.1	71.2	90.0	120.0	95.0	130.0
Administration services	<u>44.7</u>	<u>14.9</u>	<u>67.3</u>	<u>90.0</u>	<u>160.0</u>	<u>95.0</u>	<u>160.0</u>
Total	<u>108.1</u>	<u>36.0</u>	<u>138.5</u>	<u>180.0</u>	<u>280.0</u>	<u>190.0</u>	<u>290.0</u>

In determining the above revised annual caps under the Supplemental Framework Service Agreement, the Company has considered, among other things, (i) the historical transaction amounts; (ii) the property management and administration services fees to be paid for the existing contracts with BEH and/or its associates; and (iii) the Group's business expansions in 2023 and 2024 which led to the increasing demand for property management services and administration services for its business operation needs in different areas.

Reasons for and Benefits of the Transactions

The reasons for and benefits of the entering into the Framework Service Agreement and the Supplemental Framework Service Agreement are:

- (i) Jingneng Electricity Logistic Services Co., Ltd. (), a subsidiary of BEH, is engaged in providing property management services and has been providing property management services on normal commercial terms or better to the Group since 2010. It is unnecessary for the Group to engage third parties to provide the same services;
- (ii) a subsidiary of BEH, is engaged in providing information technology services and has been providing such services on normal commercial terms or better to the Group since 2018. It is unnecessary for the Group to engage third parties to provide the same services; and

- (iii) as BEH and/or its associates has/have conference centers in certain locations where the Group operates and their service charge is competitive, the Directors believe it is in the interest of the Company to receive such services from BEH and/or its associates.

2. Listing Rules Implications

As BEH directly and indirectly holds approximately 68.68% of the issued share capital of the Company as at the date of this announcement, it is a controlling shareholder of the Company and thus a connected person of the Company. Accordingly, the transactions between the Group and BEH and/or its associates constitute connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio(s) in respect of the revised annual caps set for the Framework Service Agreement is more than 0.1% but less than 5% on an annual basis, the transactions contemplated under the Framework Service Agreement and the Supplemental Framework Service Agreement are subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement according to Chapter 14A of the Listing Rules.

IV. BOARD CONFIRMATION

The Board has resolved and approved the Property Lease Framework Agreement (II) and the Integrated Energy Supply Framework Agreement and the transactions contemplated thereunder, the Supplemental Framework Service Agreement and the revised annual caps for the two years ending 31 December 2025. Due to Mr. Zhou Jianyu's position as a full-time investment director at BEH and Mr. Song Zhiyong's position as the business manager of the capital operation department at BSCOMC, they have all abstained from voting on the relevant Board resolutions approving the abovementioned continuing connected transactions. Save as disclosed above, none of the Directors has any material interest in the Property Lease Framework Agreement (II), the Integrated Energy Supply Framework Agreement and the Supplemental Framework Service Agreement.

The Directors (including the independent non-executive Directors but excluding Mr. Zhou Jianyu and Mr. Song Zhiyong who have abstained from voting on the Board resolutions for reasons as mentioned above) are of the view that (i) the terms of each of the Property Lease Framework Agreement (II), the Integrated Energy Supply Framework Agreement and the Supplemental Framework Service Agreement, (ii) the transactions contemplated under those agreements and (iii) the respective annual caps for the two years ending 31 December 2025 are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable and are in the interests of the Company and its shareholders as a whole.

DEFINITIONS

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

“BEH”	(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”	(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 ()
“Company”	(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 on the Main Board of the Stock Exchange (stock code: 00579)
“Director(s)”	the directors of the Company
“Framework Service Agreement”	(Framework Service Agreement), entered into between BEH and the Company on 8 November 2022
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	parties who are not connected (within the meaning of the Listing Rules) with any Director, supervisor, chief executive or substantial shareholder of the Company or any of its subsidiaries or any associate of any of them
“Integrated Energy Supply Framework Agreement”	(Integrated Energy Supply Framework Agreement) entered into between BEH and the Company on 5 September 2024, involving the supply of chilled water, the supply of electricity, the supply of heat, and the supply of water for domestic use by the Company
“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
“Property Lease Framework Agreement (II)”	(Property Lease Framework Agreement (Lease)) entered into between BEH and the Company on 5 September 2024
“Supplemental Framework Service Agreement”	(Supplemental Framework Service Agreement) entered into between BEH and the Company on 5 September 2024
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

By order of the Board
Beijing Jingneng Clean Energy Co., Limited
CHEN Dayu
Chairman

Beijing, the PRC
5 September 2024

As at the date of this announcement, the executive Directors of the Company are Mr. Chen Dayu, Mr. Li Minghui and Mr. Zhang Wei; 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.