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Beijing Jingneng Clean Energy Co., Limited  
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## DISCLOSEABLE TRANSACTIONS AND CONNECTED TRANSACTIONS PROPOSED SWAP OF 20% EQUITY INTEREST IN JINGNENG INTERNATIONAL AND CASH HELD BY THE COMPANY FOR 84.68% EQUITY INTEREST IN SHENZHEN JINGNENG LEASING HELD BY BEH

### THE TRANSACTIONS

The Board of Directors, on 10 October 2022, has approved the Acquisition and Transfer Agreement with Jingneng International (Suzhou) Limited (Jingneng International) and the proposed swap of 84.68% equity interest in Jingneng International to the Company, and the Company will purchase 20% equity interest in Jingneng International of RMB 542,110,200 from the Company.

### LISTING RULES IMPLICATIONS

As a result of the transaction, the Company will directly or indirectly hold 68.68% of the shares of the Company and will be the controlling shareholder and connected person of the Company. Jingneng International (Suzhou) Limited is a subsidiary of the Company. Accordingly, the transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As a result of the proposed swap, the transaction will be over 5% but not more than 25%, the transaction is subject to the reporting, announcement and general approval requirements under Chapter 14A of the Listing Rules.

According to the Annual Financial Report of Suzhou Jingneng International, the net cash flow from operating activities is positive, which will improve the value of the total shareholder's equity of Suzhou Jingneng International.

Listing Rules. The transactions are subject to the information required under Rule 14.60A of the Listing Rules will be made to the Commission within 15 days after the completion of the transactions in compliance with Rule 14.60A, and Rule 14.62 of the Listing Rules.

**As the Transactions are subject to the satisfaction of the conditions precedent set out in the agreements, the Transactions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

**1. Introduction**

The Corporation entered into an agreement on 10 February 2022, the Corporation entered into the Acquisition and Regr Agreement with Jungnng Int r n t i o n l n e s n n Jungnng Listing and Transfer Agreement with the parent to which the proposed or n m r g r w i t h Jungnng Int r n t i o n l n e t r n f r i f 84.68% q u i n t r t i n S n n Jungnng Listing to the Corporation, the Corporation will purchase the shares of the form of 20% of the shares in Jungnng Int r n t i o n l n e c o f R 542,110,200 of the Corporation.

**2. Absorption and Merger Agreement**

**Parties**

- 1) The merging party, the holder of the 20% of the shares in Jungnng Int r n t i o n l n e t h e r o f t h e 84.68% q u i n t r t i n S n n Jungnng Listing,
- 2) Jungnng Int r n t i o n l n e t h e m e r g e r p a r t y t h e t a r g e t c o m p a n y o f q u i w i p,
- 3) the Corporation, the holder of the 20% of the shares in Jungnng Int r n t i o n l n e t h e h o l d e r o f t h e 84.68% o f t h e q u i n t r t i n S n n Jungnng Listing, the
- 4) S n n Jungnng Listing, the target company of q u i w i p.

**Method of merger**

- 1) The Regr will be conducted with the Acquisition and Regr of Jungnng Int r n t i o n l n e w i t h r e f r t o t h e w i p o f 84.68% q u i n t r t i n S n n Jungnng Listing for 20% of the shares in Jungnng Int r n t i o n l n e f o r w i t h t h e c o m p a n y i n c e t x c o f t h e c o n t r i b u t i o n f o r 84.68% o f t h e q u i n t r t i n S n n Jungnng Listing o v e r t h e c o n t r i b u t i o n f o r 20% o f t h e q u i n t r t i n t h e c o m p a n y i n Jungnng Int r n t i o n l n e . U p o n t h e c o m p l e t i o n o f t h e r e g r , t h e w i l l c o n t i n u e t o o p e r a t e . Jungnng Int r n t i o n l n e w i l l c o n t i n u e t o o p e r a t e i n c o o r d i n a t i o n w i t h t h e w i p .

2) Upon the closing date, the transferor's right to interest corresponding to 84.68% of the interest in SNN Jijiang Engineering Limited Company, Limited, Hubei, China, permit, operation and personnel of Jijiang International Limited Company in accordance with the law, and the right to obligation to the extent of Jijiang International Limited Company's net assets in accordance with the law, and the company will not until the interest of the former Acquisition Agreement.

3) Upon the closing date, the parties will actively cooperate in the process of the transfer of the transfer, personnel placement in the relevant commercial company in relation to the former in accordance with the former Acquisition Agreement and the relevant laws and regulations.

### Determination of the Consideration for and Closing of the Merger

1) The parties agree to value the value of the Target's Interest in the former 31st Dec 2022 as the Valuation Benchmark, which will be used for the price for the value of the Target's Interest.

2) According to the Asset Valuation Report of Jijiang International Limited, of the Valuation Benchmark, the net value of Jijiang International Limited is RMB 8,640,802,900, and the proportional value of net assets corresponding to it is 20% of the interest with RMB 1,728,160,600. According to the Asset Valuation Report of SNN Jijiang Engineering Limited, of the Valuation Benchmark, the net value of SNN Jijiang Engineering Limited is RMB 2,681,000,000, and the proportional value of net assets corresponding to it is 84.68% of the interest with RMB 2,270,270,800. The difference between the proportional value of net assets among the Target's Interest is RMB 542,110,200. The company agrees to make the price difference to be included.

The parties confirm that the final price of the Target's Interest will be determined on the basis of the proportional value of net assets, and the amount of top-level interest in the price for the former difference of the final price of the Target's Interest.

3) The parties agree to sign the Transfer Agreement in annex to the Acquisition Agreement in relation to the transfer of the 84.68% of the interest in SNN Jijiang Engineering Limited to the company to further clarify the right to obligation of the parties to the former.

4) The parties confirm that the right to the Target's Interest will be transferred to the corresponding counterparty from the closing date and the parties will complete the following post-closing obligation of the former.

The Company shall make all payments to the bank, contingent upon the completion of the process of closing of the trial, including the registration of the company in the appropriate register.

The company shall cooperate with the other to complete the process of closing or cancellation of the trial, including the registration, closing of property rights registration in relation to the company, in accordance with the requirements of the appropriate register, and the company shall cooperate with the

### Succession of Creditors' Rights and Debts

All the creditors' rights of the company shall be transferred to the company.

### Employees Placement Plan

- 1) In the case of the company, all employees of the company will take over or provide the company.
- 2) The labor contract signed between the employees of the company and the company shall continue to validly perform the company.

### Disposal of Branches and Subsidiaries of the Merged Party

The parties confirm that, of the various commitments, the corresponding amount of the company shall be the company.

### Transition Period

- 1) During the transition period from the various commitments to the closing, the profit and loss arising from the company shall be borne by the corresponding account, the profit and loss arising from the operation of the company shall be valid in the company.
- 2) The parties confirm that during the transition period, notwithstanding the provisions in the appropriate register, the company shall not take any action to the company without the written consent of the company, respectively.

## Liabilities for Breach of Contract

- 1) The party who violated the relevant provision of the Lease Agreement shall be liable to the other party for the breach of contract.
- 2) A party fails to perform or does not fully perform the Lease Agreement, in addition to the right for breach of contract in accordance with the provision of the Lease Agreement, the other party has the right to terminate the Lease Agreement, and the party who fails to perform shall be liable to the other party.
- 3) If a party breaches the representation, warranty and undertaking in the Lease Agreement, the other party shall not terminate within 30 days after the date on which the defaulting party receives written notice. The other party has the right to terminate the Lease Agreement immediately after the breach, and the other party has the right to terminate the Lease Agreement immediately after the defaulting party for breach.
- 4) If the party fails to take effect or the other party fails to perform due to the restriction of law, regulation, ordinance or the failure of the other party to perform or the other party's failure to perform, the other party shall not be liable for breach of contract.

## Validity of the Agreement

The Lease Agreement shall be valid from the date of signing and shall be fully effective when all of the following conditions are met:

- 1) The party to the Lease Agreement obtains approval from the competent authority for the lease;
- 2) The relevant report of Jingneng International and the Jingneng International involving the lease is filed with the competent authority.

## 3. Equity Transfer Agreement

### Equity Transfer of Shenzhen Jingneng Leasing

According to the terms and conditions of the Equity Transfer Agreement, the party agrees to transfer 84.68% of the equity in Shenzhen Jingneng International Leasing to the other party, and the other party has the right to exercise the equity in accordance with the law to the company, and the other party agrees to pay 20% of the equity in Jingneng International Leasing to the other party, with the difference to be paid by the company to the other party.

Prior to the Transaction, the controlling shareholder of Shenzhen Jungneng Inc. is as follows:

Name of shareholders	Committed capital (RMB0'000)	Paid-up capital (RMB0'000)	Shareholding Percentage (%)	Capital contribution method
Company	170,000	170,000	84.68%	cash
Individual	30,758	30,758	15.32%	cash
<b>Total</b>	<b>200,758</b>	<b>200,758</b>	<b>100%</b>	

Upon completion of the Transaction, the company will continue to be controlled by Shenzhen Jungneng Inc., holding 84.68% of the equity interest in Shenzhen Jungneng Inc., and will continue to be the controlling shareholder in accordance with the law.

Upon completion of the Transaction, the controlling shareholder of Shenzhen Jungneng Inc. is as follows:

Name of shareholders	Committed capital (RMB0'000)	Paid-up capital (RMB0'000)	Shareholding Percentage (%)	Capital contribution method
Company	170,000	170,000	84.68%	cash
Individual	30,758	30,758	15.32%	cash
<b>Total</b>	<b>200,758</b>	<b>200,758</b>	<b>100%</b>	

From the beginning, the company has been the controlling shareholder of Shenzhen Jungneng Inc. in relation to the 84.68% equity interest in Shenzhen Jungneng Inc., and has been the controlling shareholder of the company in relation to the 20% equity interest in Jungneng International, and has always retained the right to request the company to purchase the difference in value among the right equity interest to the company.

### Consideration and Closing of Equity Transfer

The purchase price is to be paid in full of the Target equity interest on 31st Dec 2022 in the Valuation market, which will be the price for the valuation of the Target equity interest.

According to the Asset Valuation Report of Shenzhen Jungneng Inc., of the Valuation market, the net value of Shenzhen Jungneng Inc. is RMB 2,681,000,000, and the purchase price of the 84.68% equity interest is RMB 2,270,270,800. According to the Asset Valuation Report of Jungneng International, of the Valuation market, the net value of Jungneng International is

R 8,640,802,900 net par value of net trust corresponding to a 20% quantity interest with R 1,728,160,600. The difference between net trust value among the Target quantity interest R 542,110,200, net difference in market value component to increase.

The parties confirm that the final price of the Target quantity interest shall be determined on the parallel market with the component interest, in order to determine the amount of top-up payment in the pricing program on the difference of the final price of the Target quantity interest.

The parties agree that the corresponding right in interest of the Target quantity interest will

- 3) If a party receives a representation, warrant or other thing made in the quiet Transfer Agreement, if a contract is not formed within 30 days after the date on which the filing party is served with written notice of the filing party to take immediate action in the manner required by the filing party, the filing party shall have the right to terminate the quiet Transfer Agreement, and claim against the filing party for a breach.
- 4) If the agreement fails to take effect or the party fails to perform as to the restriction of law, regulation, ordinance or the full or partial of internal department of the party or external competent authority to the approval of the agreement, it shall not constitute a breach of contract on the part of the party.

### Validity of the Agreement

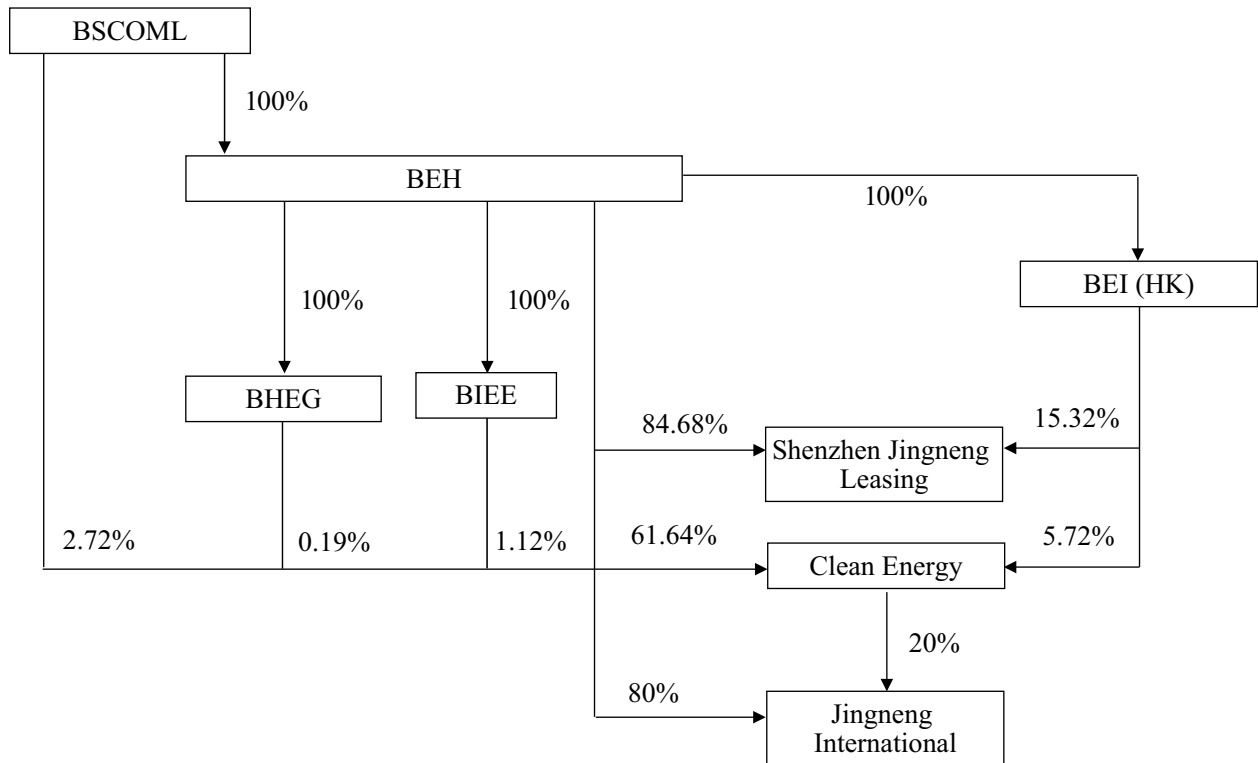
The quiet Transfer Agreement shall be valid from the date of signing by the party, and shall be fully valid when all of the following conditions are met:

- 1) The party to the quiet Transfer Agreement obtaining a contract approval from the competent authority for the transaction;
- 2) The Agreement is a legal agreement coming into effect.

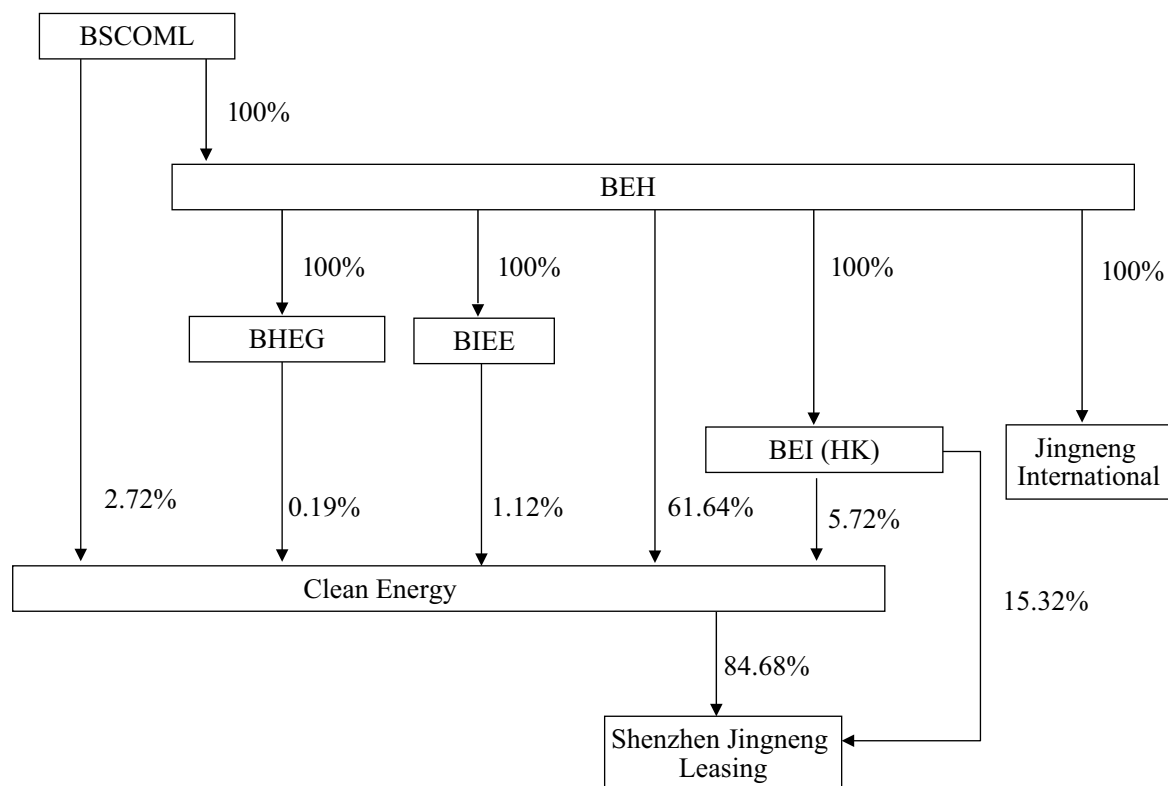


#### 4. Shareholding Structure before and after the Transactions

As at the end of the reporting period, the shareholding structure was as follows:



Immediately following the completion of the Transaction, the following structure follows:



There is no direct or indirect ownership relationship between the Company and Shenzhen Jingneng Leasing, and the Company is not a shareholder of Shenzhen Jingneng Leasing.

## 5. Information of the Parties

The Company is a large-scale power provider in China, having won power generation projects in various regions, with a diversified portfolio including gas-fired power generation, wind power, photovoltaic power, and other clean energy projects.

The principal business of the Company is the production and supply of electricity, and the production and supply of coal-fired power generation.

Jingneng International is a subsidiary of the principal business of the Company, and its main business is the investment, management and operation of power generation projects.

So that you can get a better understanding of the financial information of Jingneng International, we have provided the following information for your reference (consolidated).

	As of 31 December 2020	As of 31 December 2021
Total assets	80,523,618,485.08	81,978,270,694.37
Total owners' equity (or partners' equity)	31,110,865,386.90	25,851,189,584.15
	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>
Operating income	20,097,478,839.34	22,236,992,401.29
Total profit	1,868,597,549.55	-3,853,626,563.55
Net profit	1,761,975,134.87	-3,870,368,177.18

Shin Jungnung Engineering Co., Ltd. is a wholly-owned subsidiary of Shin Jungnung Engineering Co., Ltd. Shin Jungnung Engineering Co., Ltd. is a public company listed on the Korea Stock Exchange.

The following table shows the financial information of Shin Jungnung Engineering Co., Ltd. in accordance with the IFRS Accounting Standards for consolidated financial statements.

	As of 31 December 2020	As of 31 December 2021
Total assets	3,370,892,171.71	4,003,319,933.22
Total owners' equity (or partners' equity)	1,264,363,709.61	1,321,441,999.81
	<b>For the year ended 31 December 2020</b>	<b>For the year ended 31 December 2021</b>
Operating income	129,166,083.94	157,705,422.05
Total profit	82,478,673.15	76,133,519.12
Net profit	61,857,210.96	57,078,290.20

The initial cost of the acquisition of 84.68% equity interest in Shin Jungnung Engineering Co., Ltd. was KRW 2,009,077,194.86.

## 6. Financial Effect of the Transactions

As at 31 March 2022, the net book value of the 20% equity interest in Jungnng International was R 1,690,657,000. The company will recognize the gain on transfer of the 20% equity interest in Jungnng International in the consolidated income statement of the parent of completion of the disposal of Jungnng International.

The company expects to recognize an increase of approximately R 37,503,000 in the owner's equity in the consolidated income statement of the Group upon completion of the Transaction. As the Transaction is a non-reciprocal transaction, no proceeds will be generated from the disposal. In addition, the company does not expect that the Transaction will have a material impact on the consolidated financial position of the Group.

## 7. Reasons for and Benefits of the Transactions

Upon completion of the Transaction, the company will no longer own or have an interest in Jungnng International. Since Jungnng International will continue to be controlled by the company, the Transaction will help the company to further focus on its core business. At the same time, the Transaction will facilitate the company's implementation of its financial strategy in providing long-term capital support for the company's development in the core business sector.

On the financial side, the Transaction will have a positive impact on the operating performance of Jungnng International on the company's financial statement. Also, the Transaction will increase the company's own capital. Since Jungnng International will continue to exist on the balance sheet, it will further promote the company's own capital management of the leverage effect of the long-term value of capital. The long-term value of the company's platform to reduce financing costs. At the same time, since Jungnng International is a good profit unit, the company expects to further increase its share of income in the future, which will effectively increase the profit and the overall development of the company.

The overall result of the Transaction will not result in any abnormal related transactions or financial arrangements in the interest of the company and its shareholders.

## 8. Listing Rules Implications

As a result of the announcement, the direct and indirect holding of 68.68% of the shares of the company by the controlling shareholder is connected person of the company. Jungnng International is a subsidiary of Jungnng International. According to the Listing Rules, the Transaction constitutes a connected transaction for the company under paragraph 14A of the Listing Rules.



10. Definitions

In this memorandum, the following expression have the following meaning, unless the context otherwise requires:

“Agreement” means the Agreement in respect of the Joint Venture Company, the Joint Venture Company, incorporated in the Philippines, on 10 August 2022, pursuant to which the Company has acquired 84.68% of the share capital of the Joint Venture Company, the Company shall contribute in the form of 20% of the share capital of the Joint Venture Company.

“Annual Report of the Joint Venture Company” means the Annual Report of the Joint Venture Company for the year 2022, filed with the SEC on 14 April 2022.

“Annual Report of the Company” means the Annual Report of the Company for the year 2022, filed with the SEC on 12 April 2022.

“Company” means the company incorporated in the Philippines, limit liability company, the controlling interest of the Company. As at the date of this memorandum, the Company is controlled by 68.68% of the share capital of the Company.

“Investment” means the investment (Long Term) of the Company, limit liability company, incorporated in the Philippines with limit liability, wholly-owned subsidiary of the Company.

“Group” means the group of companies, limit liability company incorporated in the Philippines, wholly-owned subsidiary of the Company.

“JV” means the Joint Venture Company, limit liability company, incorporated in the Philippines, wholly-owned subsidiary of the Company.

“Director” means the director of the Company.

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Beijing Jingneng Clean Energy Co., Limited

KANG Jian

Director General of the Company

10 2022

At the date of this report, the executive director of the Company is Kang Jian, Mr. Kang Jian, the executive director of the Company, is also the chairman of the Board of Directors of the Company. Mr. Kang Jian is also the chairman of the Board of Directors of the Company.