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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 TRANSACTIONS
IN RELATION TO PROPERTY LEASE**

**REVISE ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS UNDER
THE PROPERTY LEASE FRAMEWORK AGREEMENT**

References are made to the section headed “Connected Transactions” of the Prospectus, the announcements of the Company dated 19 March 2014, 25 October 2016, 16 October 2019 and 8 November 2022 in relation to, among others, the Property Lease Framework Agreement entered into between the Company and BEH.

The Property Lease Framework Agreement was entered into between BEH and the Company on 23 May 2011 for a term of twenty years commencing on the listing date of the Company. Pursuant to the Property Lease Framework Agreement, the Company leases properties from BEH and/or its associates. On 8 November 2022, the Board resolved that the annual caps for the property leases under the Property Lease Framework Agreement for each of the three years ending 31 December 2025 are RMB60.1 million.

Considering the current business operation needs of the Company for property leases, the Company expects that the existing annual caps under the Property Lease Framework Agreement will not be sufficient. On 23 July 2024, the Board resolved that the existing annual caps for the continuing connected transactions under the Property Lease Framework Agreement for each of the two years ending 31 December 2025 were revised from RMB60.1 million to RMB70.1 million.

As the highest applicable percentage ratios in respect of the revised annual caps set for the Property Lease Framework Agreement for 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 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 (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. 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. THE PROPERTY LEASE FRAMEWORK AGREEMENT

1. Revised Annual Caps under the Property Lease Framework Agreement

Description of the Transaction

References are made to the section headed "Connected Transactions" of the Prospectus, the announcements of the Company dated 19 March 2014, 25 October 2016, 16 October 2019 and 8 November 2022 in relation to, among others, the Property Lease Framework Agreement entered into between the Company and BEH. The Property Lease Framework Agreement was entered into between BEH and the Company on 23 May 2011 for a term of twenty years commencing on the listing date of the Company. Pursuant to the Property Lease Framework Agreement, the Company leases properties from BEH and/or its associates. On 8 November 2022, the Board resolved that the annual caps for the property leases under the Property Lease Framework Agreement for each of the three years ending 31 December 2025 are RMB60.1 million.

Considering the current business operation needs of the Company for property leases, the Company expects that the existing annual caps under the Property Lease Framework Agreement for each of the two years ending 31 December 2025 will not be sufficient. On 23 July 2024, the Board resolved to revise the existing annual caps for the continuing connected transactions under the Property Lease Framework Agreement for each of the two years ending 31 December 2025 from RMB60.1 million to RMB70.1 million.

Pricing Policy

The pricing policy for the property lease remains unchanged. Under the Property Lease Framework Agreement, 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.

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 of such continuing connected transactions for the three years ended 31 December 2021, 2022 and 2023 were approximately RMB44.5 million, RMB51.0 million and RMB52.1 million, respectively. The annual caps for the property leases under the Property Lease Framework Agreement for the two years ending 31 December 2025 are increased from RMB60.1 million per year to RMB70.1 million per year.

In determining the above revised annual caps, the Company has considered, among other things, (i) the historical transaction amounts; (ii) the rentals to be paid for the existing leases; (iii) the potential rise in rent for premises in the vicinity of the relevant properties; and (iv) the recent development of the property market.

Reasons for and Benefits of the Transactions

As disclosed in the announcement of the Company dated 8 November 2022 and the Prospectus, the long-term nature of the property lease agreement enables the Group to secure a location for its business operation at a fair market price and to prevent unnecessary cost, effort, time and interruption of business caused by relocation in the case of short-term leases. In addition, in line with the significant increase in the business volume of the new energy business of the Company in recent years, the needs of the Company for ancillary business operation locations have also increased.

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 Property Lease Framework Agreement for 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 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. BOARD CONFIRMATION

The Board has resolved and approved the revised annual caps for the two years ending 31 December 2025 under the Property Lease Framework Agreement. Due to Mr. Zhou Jianyu's position in BEH and Mr. Song Zhiyong's position in BSCOMC, they have all abstained from voting on the Board resolution approving the revised annual caps. Save as disclosed above, none of the Directors has any material interest in the Property Lease Framework 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 resolution for reasons as mentioned above) are of the view that (i) the terms of the Property Lease Framework Agreement, (ii) the transactions contemplated under the Property Lease Framework Agreement 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”	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), a shareholder which directly held 2.721% of the total issued share capital of the Company as at the date of this announcement and the sole shareholder of BEH
“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 on the Main Board of the Stock Exchange (stock code: 00579)
“Director(s)”	the directors of the Company
“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
“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”	《物業租賃框架協議》 (Property Lease Framework Agreement) entered into between BEH and the Company on 23 May 2011
“Prospectus”	the prospectus issued by the Company on 12 December 2011
“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
23 July 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.