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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 of the Company, on 10 October 2022, has approved the Acquisition and Transfer Agreement with Jingneng International Limited ("Jingneng International") and the Transfer Agreement with Shenzhen Jingneng Leasing International Limited ("Jingneng Leasing International") for 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 for a total amount 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 and Shenzhen Jingneng Leasing International are listed companies of the Hong Kong Stock Exchange and are connected persons of the Company. Accordingly, the transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the aggregate percentage of the transaction is over 5% but not more than 25%, the transaction is subject to the reporting, announcement and general provisions of Chapter 14A of the Listing Rules.

According to the Annual Financial Report of Shenzhen Jingneng Leasing, the net cash flow from operating activities is positive, which will improve the value of the total return to shareholders of Shenzhen Jingneng Leasing.

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 publication of the disclosure document 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 the transactions, 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 entire amount 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, and
- 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 e 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 for which the Corporation will purchase the entire amount of the shares for 84.68% of the shares in Jungnng Listing over the entire period for 20% of the shares in Jungnng Int r n t i o n l n e. Upon the completion of the Regr, the Corporation will continue to hold the shares in Jungnng Int r n t i o n l n e w i t h r e f e 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.

2) Upon the closing date, the transferor's right to interest corresponding to 84.68% of the interest in SNN Jijiang Engineering and Construction, Limited, the subsidiary, permit, operation and personnel of Jijiang International Engineering and Construction will be in accordance with the law, and the right to obligation of the company of Jijiang International Engineering and Construction will be in accordance with the law, and the company will not be liable to the interest of the transferee.

3) Upon the closing date, the parties will actively cooperate in the process of the transfer of the personnel, the personnel placement in the commercial engineering in relation to the transfer in accordance with the requirements of the Transferee 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 Targeting 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 Engineering and Construction, Limited, the net value of Jijiang International Engineering and Construction is RMB 8,640,802,900, and the proportional value of the interest corresponding to it is 20% of the interest with RMB 1,728,160,600. According to the Asset Valuation Report of SNN Jijiang Engineering and Construction, the net value of SNN Jijiang Engineering and Construction is RMB 2,681,000,000, and the proportional value of the interest corresponding to it is 84.68% of the interest with RMB 2,270,270,800. The difference between the proportional value of the interest among the Targeting Interest is RMB 542,110,200. The company agrees to make the difference to the income.

The parties confirm that the final price of the Target's Interest will be determined on the basis of the proportional value of the interest, and the company agrees to pay the amount of the difference to the transferee on the basis of the difference of the final price of the Target's Interest.

3) The parties agree to sign the Transfer Agreement in accordance with the Transferee Agreement in relation to the transfer of the 84.68% of the interest in SNN Jijiang Engineering and Construction to the company to further clarify the right to obligation of the parties to the interest transfer.

4) The parties confirm that the right to the Target's Interest will be transferred to the transferee in accordance with the effect from the closing date, and the parties will complete the following post-closing obligation of the interest transfer.

The Company shall make all payments to the bank, contingent upon the completion of the process of closing of the trial period, registration of the company in the National Register of Enterprises.

The company shall cooperate with the other to complete the process of closing or cancellation of the trial period, registration, closing of property rights registration in relation to the company in the manner in accordance with the requirements of the National Register of Enterprises, 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 all employees of the company, the company shall continue to validly perform the company.

Disposal of Branches and Subsidiaries of the Merged Party

The parties confirm that, of the valuation mechanism, the corresponding amount of the company shall be the company.

Transition Period

- 1) During the transition period from the valuation mechanism to the closing, profit and loss arising from the company shall be borne by the corresponding account, and 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 National Register of Enterprises, 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 violates 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 shall have the right to terminate the Lease Agreement immediately after the defaulting party for breach.
- 4) If the agreement 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 other party to the Lease Agreement obtains necessary approval from the competent authority for the other party,
- 2) The other party's report of Jingneng International is not in Jingneng International involving the other party's failure 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 other party to transfer 84.68% equity interest in Shenzhen Jingneng International to the other party, and the other party has the right to exercise equity interest in accordance with law to the company, and the other party to 20% of the equity interest in Jingneng International, and the other party shall have the right to exercise the equity interest in the company to the other party.

Prior to the Transaction, the controlling shareholder of Sunn Jungneng Inc. will follow:

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
Total	200,758	200,758	100%	

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

Upon completion of the Transaction, the controlling shareholder of Sunn Jungneng Inc. will follow:

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
Total	200,758	200,758	100%	

From the closing date, the company will continue to hold the controlling interest of Sunn Jungneng Inc. in relation to the 84.68% equity interest in Sunn Jungneng Inc., and will continue to hold the controlling interest of the company in relation to the 20% equity interest in Jungneng International, and will have the right to request the company to pay the difference in value among the right equity interest to the company.

Consideration and Closing of Equity Transfer

The parties agree to value the value of the Target equity interest as of 31st Dec 2022 at the Valuation Benchmark, which will be the basis for determining the price for the value of the Target equity interest.

According to the Asset Valuation Report of Sunn Jungneng Inc. of the Valuation Benchmark, the net value of Sunn Jungneng Inc. was RMB 2,681,000,000, and the fair value of the corresponding 84.68% equity interest was RMB 2,270,270,800. According to the Asset Valuation Report of Jungneng International, of the Valuation Benchmark, the net value of Jungneng International was

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

The parties confirm that the final price of the Target quantity of interest shall be determined on the basis of the final bid with the component of the net assets to the amount of top priority in the pricing program on the difference of the final price of the Target quantity of interest.

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

3) If a party receives a representation, warrant or other thing in writing from the Transfer Agreement, if a contract is not formed within 30 days after the date on which the offering party is required to write a notice to the offering party to take immediate action in the event of a change in the offering party, the offering party shall have the right to terminate the offering Transfer Agreement, and the offering party shall have the right to terminate the offering party for a contract.

4) If the agreement fails to take effect or to be performed in accordance with the provisions of the agreement, the offering party shall have the right to terminate the agreement, and the offering party shall have the right to terminate the agreement.

Validity of the Agreement

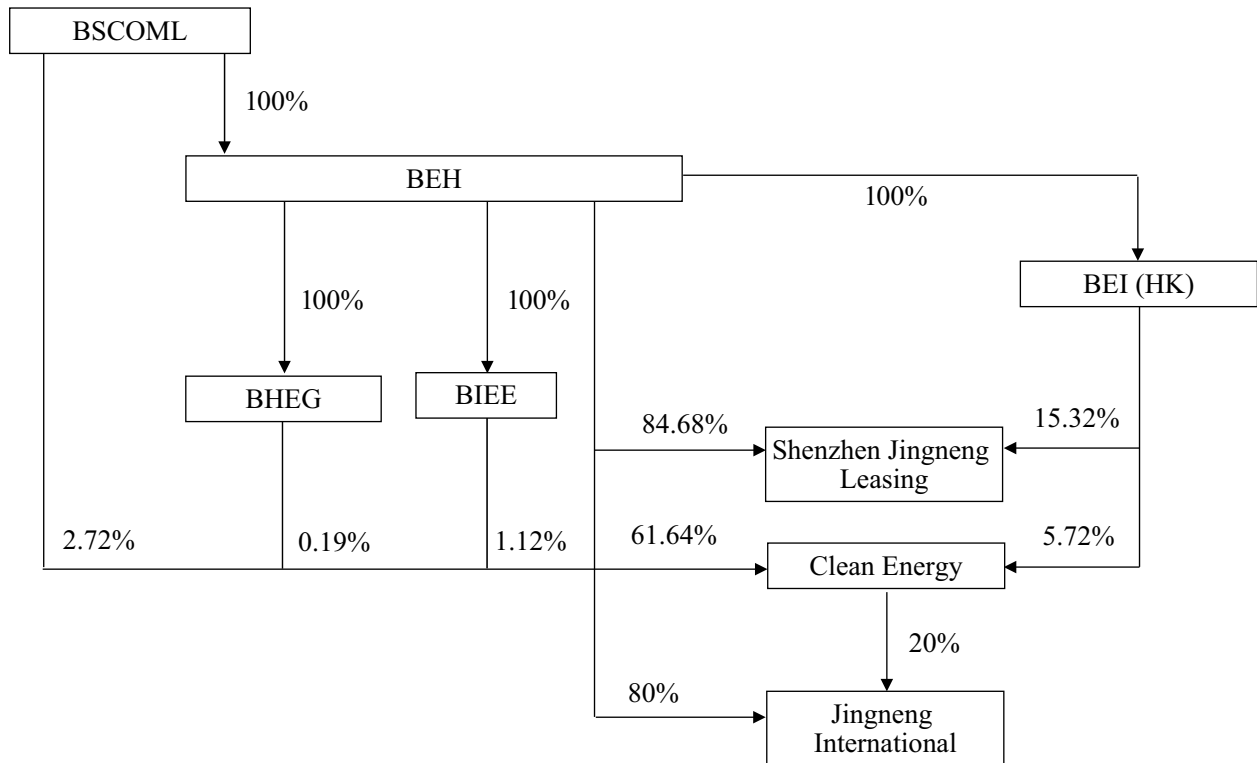
The offering Transfer Agreement shall be valid from the date of signing by the parties, and shall be valid when all of the following conditions are met:

1) The parties to the offering Transfer Agreement are duly authorized and approved from the competent authority for the transaction;

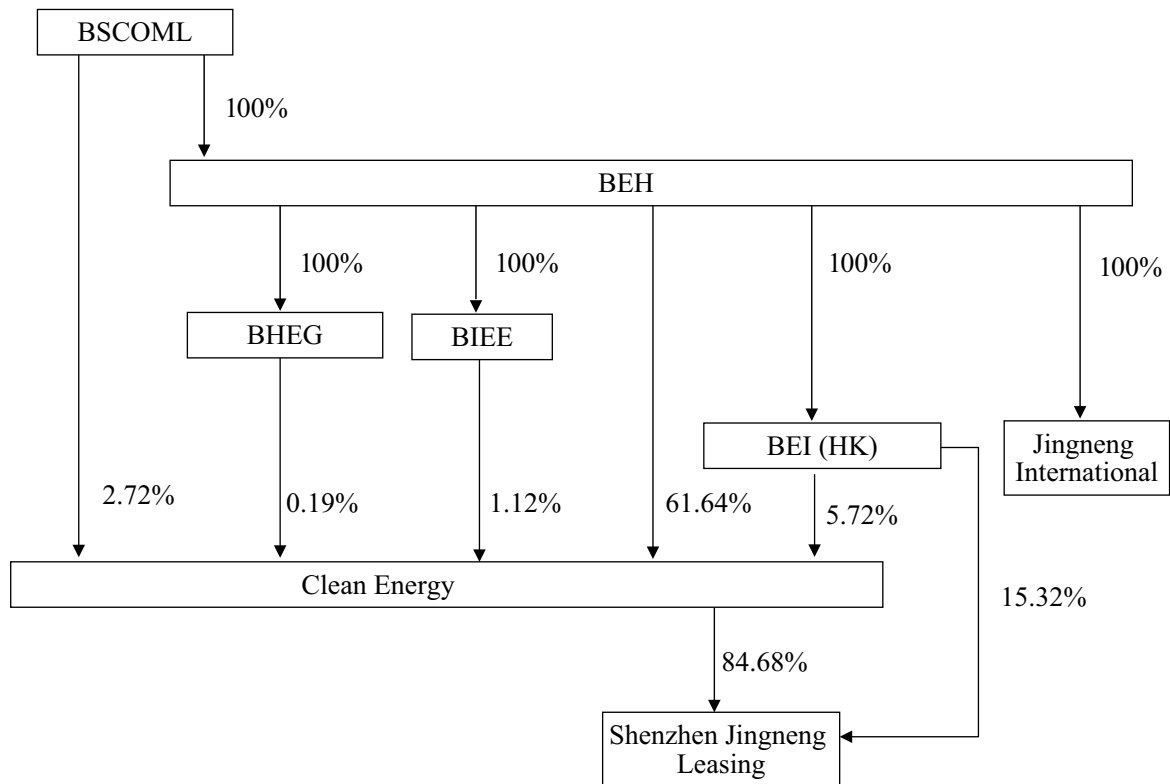
2) The Agreement is a legal agreement coming into effect.

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 are no other significant interests in the above structure. The above structure is subject to change, and the actual structure may be different from the above structure.

5. Information of the Parties

The company is a large-scale power provider in China, including wind power, photovoltaic power, and other power, with a diversified portfolio including gas-fired power, wind power, photovoltaic power, and other power.

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

Jingneng International is a subsidiary of the principal business of the company, and its main business is the investment and management of power and energy projects.

For more detailed financial information of Jingneng International, please refer to the annual report of the company (including the consolidated financial statements).

	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
	For the year ended 31 December 2020	For the year ended 31 December 2021
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 Jungnong is a wholly-owned subsidiary of Shin Jungnong, a primary provider of financial services and commercial factoring in relation to financial institutions to the public members of

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	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
	For the year ended 31 December 2020	For the year ended 31 December 2021
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 Jungnong was ₩2,009,077,194.86.

6. Financial Effect of the Transactions

As at 31 Dec 2022, the net book value of the 20% quoted interest in Jungnng International was R 1,690,657,000. The company will recognize the gain on transfer of the 20% quoted 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 quoted share 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 a subsidiary of the company, in the future, 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 market, it will further promote the company's own capital market. In view of the long-term impact of the listing on the overall capital market, the listing company platform to raise financing costs. At the same time, since Jungnng International is a good profit unit, it is expected to further increase the value of the parent 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 relationships 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 to the company. Jungnng International is a subsidiary of Jungnng International, which is a subsidiary of the company. According to the Transaction, the connected person of the company is not a director of the company under Rule 14A of the Listing Rules.

According to the public percentage of the Transaction is over 5% but less than 25%, the Transaction is subject to the reporting, disclosure and other provisions of Article 14A of the Listing Rules.

According to the Annual Financial Report of Sun Junqing, the director, the flow of net income process was applied in preparing the value of the total shareholder's equity of Sun Junqing, which constitutes profit for the year. Article 14.61 of the Listing Rules further provides information regarding the net income of the company with 15% in the financial statement in compliance with Article 14.60 and Article 14.62 of the Listing Rules.

The director also provides the Transaction. According to the position in Junqing International, the director. Renqing also position in the company. Song Long also position in the company. The director of the company, the director, from voting on the director position providing the Transaction. The director, the director, of the director in the Transaction.

The independent director comprising Mr. Wang Xiang, Mr. Yan Ting, Mr. Xu Ping, Mr. Jia Jialing (independent non-executive director) and Mr. Li to vote in the independent director on the Transaction. The independent director proposed to the independent director in the company. The independent director on the Transaction.

9. Circular

According to the company will convene for the director to convene, if the director provides the Transaction. A circular containing, among other things, further details of the Transaction, together with notice of the general meeting, is expected to be sent to the director of the company on or before 31 March 2022.

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.

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 holding of the Joint Venture Company, entered into amongst the Joint Venture Company, the Shareholders of the Joint Venture Company on 10 October 2022, pursuant to which the proposed formation of the Joint Venture Company is for 84.68% of the share capital of the Joint Venture Company, and the Company shall contribute a portion of 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 ending 31 December 2022 [2022] (2021) in Unit A, April 14, 2022.
- “Annual Report of the Shareholders” means the annual report of the Shareholders for the year ending 31 December 2022 [2022] (2021) in Unit A, April 12, 2022.
- “Company” means the company limited liability company incorporated in the Republic of the Philippines, the controlling shareholder of the company. As at the date of this memorandum, the shareholder is 68.68% of the share capital of the company.
- “Investment” means the investment (Long Term) of the company limited liability company incorporated in the Republic of the Philippines with limited liability and will own the share capital of the company.
- “Group” means the group of companies limited liability company incorporated in the Republic of the Philippines will own the share capital of the company.
- “JV” means the Joint Venture Company limited liability company incorporated in the Republic of the Philippines will own the share capital 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 the Chairman of the Board of Directors of the Company. Mr. Kang Jian is the Chairman of the Board of Directors of the Company. Mr. Kang Jian is the Chairman of the Board of Directors of the Company.