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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 TRANSACTION IN RELATION TO
THE SUPPLEMENTARY CONSTRUCTION AGREEMENT OF
SHANGZHUANG POWER**

SUPPLEMENTARY CONSTRUCTION AGREEMENT

Reference is made to the announcement of the Company dated 22 March 2024 that Shangzhuang Power, a non-wholly owned subsidiary of the Company, entered into the Construction General Contracting Agreement with Jingneng Construction and engaged Jingneng Construction to provide construction general contracting services regarding the construction of integrated energy supervision and control center and refrigeration station project. The Board announces that on 30 August 2024, Shangzhuang Power entered into the Supplementary Construction Agreement with Jingneng Construction, pursuant to which, Shangzhuang Power engaged Jingneng Construction to provide additional construction services for the expansion project of the integrated energy supervision and control center and refrigeration station project, which mainly involve the expansion of the second and third floors of the main body and ancillary electricity and refrigeration facilities.

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 contemplated under the Supplementary Construction Agreement constitutes a connected transaction 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. Therefore, the transaction contemplated under the Supplementary Construction Agreement shall be aggregated with the transaction under the Construction General Contracting Agreement, the transaction under the Construction Agreement as disclosed in the announcement of the Company dated 22 March 2024, and the transaction under the Construction Agreement II as disclosed in the announcement of the Company dated 28 May 2024 since the counterparty to these transactions is the same and such transactions are similar in nature. As the highest applicable percentage ratio in respect of the transaction contemplated under the Supplementary Construction Agreement (on an aggregated basis together with the transaction under the Construction General Contracting Agreement, the transaction under the Construction Agreement and the transaction under the Construction Agreement II) exceeds 0.1% but is less than 5%, the transaction contemplated under the Supplementary Construction Agreement is 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 30 August 2024, Shangzhuang Power entered into the Supplementary Construction Agreement with Jingneng Construction, pursuant to which, Shangzhuang Power engaged Jingneng Construction to provide additional construction services for the expansion project of the integrated energy supervision and control center and refrigeration station project, which mainly involve the expansion of the second and third floors of the main body and ancillary electricity and refrigeration facilities.

Supplementary Construction Agreement

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

Date

30 August 2024

Parties

Service user : Shangzhuang Power

Service provider : Jingneng Construction

Project

Subject to the terms and conditions of the Supplementary Construction Agreement, Shangzhuang Power shall engage Jingneng Construction to provide additional construction services for the expansion project of the integrated energy supervision and control center and refrigeration station project, which mainly involve the expansion of the second and third floors of the main body of the integrated energy supervision and control center and refrigeration station project and ancillary electricity and refrigeration facilities, including but not limited to building decoration, air-conditioning (excluding equipment), fire-fighting, electrical engineering, intelligence of weak current, automation or expansion of refrigeration stations.

Construction period

The construction period starts from 1 September 2024 and it is expected that the construction work will be completed by 31 January 2025.

Fees and payment terms

Pursuant to the Supplementary Construction Agreement, the total fee charged by Jingneng Construction to Shangzhuang Power shall be RMB84,257,594.12 (tax inclusive) including but not limited to project construction fee of approximately RMB52.1 million, safe and civilized construction fee of approximately RMB2.0 million, professional engineering fee of approximately RMB3.4 million, and provisional amount of approximately RMB17.3 million.

The contract price shall be paid in the following manner:

- (i) a prepayment of full amount of the safe and civilized construction fee and 10% of the project construction fee;
- (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 (including the prepayment) 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 by Jingneng Construction after the expiry of two-year warranty period.

BASIS FOR DETERMINATION OF THE ESTIMATED CONTRACT PRICE UNDER THE SUPPLEMENTARY CONSTRUCTION AGREEMENT

The contract price for the Supplementary Construction Agreement is determined based on arm's length negotiations between the parties and by reference to the additional workload and the unit price of the construction under the Supplementary Construction Agreement is consistent with the unit price of the construction under the Construction General Contracting Agreement. For wire and cable, the unit price shall be determined with reference to Beijing Projects Costs Information (Construction) (北京工程造價信息(建設工程)) issued by Beijing Municipal Commission of Housing and Urban-rural Development (北京市住房和城鄉建設委員會) in June 2024, professionally measured prices (i.e. weighted average prices based on the prices of commonly used quota materials after standardization obtained from various channels and through comprehensive comparison) and market inquiry prices.

As disclosed in the announcement of the Company dated 22 March 2024, Shangzhuang Power held an open tender for the construction work of the integrated energy supervision and control center and refrigeration station project and Jingneng Construction finally won the bidding. 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) after thorough evaluation pursuant to the relevant rules and regulations of the PRC and the tender documents.

INFORMATION ON THE PARTIES

The Company and Shangzhuang Power

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 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.

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, heat energy generation and cooling supply.

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 SUPPLEMENTARY CONSTRUCTION AGREEMENT

The connected transaction under the Supplementary Construction Agreement is the expansion of the integrated energy supervision and control center and refrigeration station project and the unit price of the construction under the Supplementary Construction Agreement is consistent with the unit price of the construction under the Construction General Contracting Agreement. For wire and cable, the unit price shall be determined with reference to Beijing Projects Costs Information (Construction) (北京工程造價信息(建設工程)) issued by Beijing Municipal Commission of Housing and Urban-rural Development (北京市住房和城鄉建設委員會) in June 2024, professionally measured prices (i.e. weighted average prices based on the prices of commonly used quota materials after standardization obtained from various channels and through comprehensive comparison) and market inquiry prices.

Jingneng Construction has participated in the construction of the integrated energy supervision and control center and refrigeration station project under the Construction General Contracting Agreement and is familiar with the construction status of the project. Engaging Jingneng Construction in the construction for the expansion of the integrated energy supervision and control center and refrigeration station project will help to ensure the construction schedule remains on track, ensure the quality and cycle of the project construction and bring economic benefits to the Group. In addition, 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.

The Board has resolved and approved the Supplementary Construction Agreement and the transaction contemplated thereunder. 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 Board resolution approving the Supplementary Construction Agreement and the transaction contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Supplementary Construction 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 the terms of the Supplementary Construction Agreement and the transaction contemplated 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 contemplated under the Supplementary Construction Agreement constitutes a connected transaction 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. Therefore, the transaction contemplated under the Supplementary Construction Agreement shall be aggregated with the transaction under the Construction General Contracting Agreement, the transaction under the Construction Agreement as disclosed in the announcement of the Company dated 22 March 2024 and the transaction under the Construction Agreement II as disclosed in the announcement of the Company dated 28 May 2024 since the counterparty to those transactions is the same and such transactions are similar in nature. As the highest applicable percentage ratio in respect of the transaction contemplated under the Supplementary Construction Agreement (on an aggregated basis together with the transaction under the Construction General Contracting Agreement, the transaction under the Construction Agreement and the transaction under the Construction Agreement II) exceeds 0.1% but is less than 5%, the transaction contemplated under the Supplementary Construction Agreement is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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)

“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 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 (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), which was disclosed in the announcement of the Company dated 22 March 2024
“Construction Agreement II”	the construction agreement entered into by Shantou Jingneng and Jingneng Construction on 28 May 2024 in relation to the construction of the main body of the blade manufacturing plants (7#) 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7#葉片製造廠房), including two blade manufacturing plants and relevant ancillary buildings of Shantou Jingneng
“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 the integrated energy supervision and control center and refrigeration station project by Jingneng Construction, which was disclosed in the announcement of the Company dated 22 March 2024
“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
“Supplementary Construction Agreement”	the supplementary construction agreement entered into by Shangzhuang Power and Jingneng Construction on 30 August 2024 in relation to the construction of the expansion project of the integrated energy supervision and control center and refrigeration station project of Shangzhuang Power, which mainly involve the expansion of the second and third floors of the main body and ancillary electricity and refrigeration facilities
“%”	percentage

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

Beijing, the PRC
30 August 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.