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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
DISCLOSEABLE TRANSACTIONS
AND
MAJOR TRANSACTIONS**

**CONTINUING CONNECTED TRANSACTIONS FRAMEWORK AGREEMENTS
BETWEEN THE COMPANY AND BEH AND/OR ITS ASSOCIATES**

References are made to the announcements of the Company dated 16 October 2019, 28 September 2021, 20 June 2022, 15 July 2022 and 27 July 2022 and the circulars of the Company dated 29 November 2019, 25 November 2021 and 17 August 2022, in relation to, among others, certain continuing connected transactions framework agreements entered into between the Company or Shenzhen Jingneng Leasing and BEH and/or its associates. As such continuing connected transactions framework agreements will expire on 31 December 2022, on 8 November 2022, the Company entered into the Continuing Connected Transactions Framework Agreements with BEH and/or its associates, including: (i) the Framework Equipment Maintenance Agreement; (ii) the Framework Service Agreement; (iii) the EPC Framework Agreement; (iv) the Equipment Purchase Framework Agreement; (v) the Finance Leasing Framework Agreement (I); (vi) the Framework Heat Sale and Purchase Agreement; (vii) the Financial Services Framework Agreement; and (viii) the Finance Leasing Business Framework Agreement. Each Continuing Connected Transactions Framework Agreement is for a term of three years commencing from 1 January 2023 and ending on 31 December 2025.

As each of the percentage ratio(s) applicable to the transactions under (i) the Framework Equipment Maintenance Agreement, (ii) the Framework Service Agreement, (iii) the EPC Framework Agreement and (iv) the Equipment Purchase Framework Agreement is more than 0.1% but less than 5% on an annual basis, respectively, such transactions under each of the above

framework agreements 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.

As the highest percentage ratio applicable to the transactions contemplated under the Framework Heat Sale and Purchase Agreement is more than 5% on an annual basis, such transactions are subject to the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest percentage ratios applicable to the transactions contemplated under the Finance Leasing Framework Agreement (I) and the Finance Leasing Business Framework Agreement exceed 5% on an annual basis, such transactions are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under the Chapter 14A of the Listing Rules. In addition, as the highest applicable percentage ratio in respect of the transactions contemplated under the Finance Leasing Framework Agreement (I) exceeds 5% but is less than 25%, such transactions also constitute discloseable transactions of the Company which are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; as the highest applicable percentage ratio for the transactions contemplated under the Finance Leasing Business Framework Agreement is more than 25% but less than 100%, such transactions also constitute major transactions of the Company, and are subject to the reporting, announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest percentage ratio applicable to the deposit services contemplated under the Financial Services Framework Agreement is more than 5% on an annual basis, such transactions are subject to the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The deposit services contemplated under the Financial Services Framework Agreement also constitute financial assistance under Rule 14.04(1)(e) of the Listing Rules and given that the relevant highest applicable percentage ratio exceeds 25% but is less than 100%, the deposit services contemplated under the Financial Services Framework Agreement also constitute major transactions of the Company and are subject to the reporting, announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

The loan services to be provided by BEH Finance to the Group under the Financial Services Framework Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Group. As such services are provided on normal commercial terms which are similar to or more favourable than those offered by Independent Third Parties for comparable services in the PRC, and no security over the assets of the Group will be granted in respect thereof, pursuant to Rule 14A.90 of the Listing Rules, such loan services are exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest percentage ratio applicable to the other financial services under the Financial Services Framework Agreement is more than 0.1% but less than 5% on an annual basis, respectively, such transactions are subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

PROPERTY LEASE FRAMEWORK AGREEMENT

Reference is made to the section headed "Connected Transactions" of the Prospectus, the announcements of the Company dated 19 March 2014, 25 October 2016 and 16 October 2019, respectively, in which the Company disclosed the annual caps for the three years ended 31 December 2013, the three years ended 31 December 2016, the three years ended 31 December 2019 and the three years ending 31 December 2022, respectively, of its continuing connected transactions with BEH and/or its associates contemplated under the Property Lease Framework Agreement dated 23 May 2011. The Property Lease Framework Agreement is for a term of twenty years commencing on the listing date of the Company.

On 8 November 2022, the Board resolved to set the annual caps for the continuing connected transactions under the Property Lease Framework Agreement for the three years ending 31 December 2025.

According to Chapter 14A of the Listing Rules, as each of the percentage ratio(s) applicable to the transactions under the Property Lease Framework Agreement for each of the three years ending 31 December 2025 is more than 0.1% but less than 5% on an annual basis, respectively, such transactions constitute continuing connected transactions and 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.

CONTINUING CONNECTED TRANSACTIONS BETWEEN SHENZHEN JINGNENG LEASING AND BEH AND ITS ASSOCIATES

Operation Management Service Framework Agreement

Reference is made to the announcement of the Company dated 20 June 2022 in relation to, among others, the operation management service agreement entered into between Shenzhen Jingneng Leasing and Beijing Jingneng Leasing. As the operation management service agreement will expire on 31 December 2022, on 8 November 2022, Shenzhen Jingneng Leasing and Beijing Jingneng Leasing entered into the Operation Management Service Framework Agreement. The term of the Operation Management Service Framework Agreement is three years commencing from 1 January 2023 and ending on 31 December 2025.

Beijing Jingneng Leasing is a wholly-owned subsidiary of BEH and thus a connected person of the Company according to Chapter 14A of the Listing Rules. Therefore, the transactions between Shenzhen Jingneng Leasing and Beijing Jingneng Leasing constitute continuing connected transactions of the Company.

As the highest percentage ratio applicable to the transactions under the Operation Management Service Framework Agreement is more than 0.1% but less than 5% on an annual basis, such transactions constitute continuing connected transactions and 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.

CONTINUING CONNECTED TRANSACTIONS BETWEEN THE COMPANY AND SHENZHEN JINGNENG LEASING

Finance Leasing Framework Agreement (II)

On 8 November 2022, the Company and Shenzhen Jingneng Leasing entered into the Finance Leasing Framework Agreement (II), pursuant to which Shenzhen Jingneng Leasing agrees to provide finance leasing services to the Company and its subsidiaries. The term of the Finance Leasing Framework Agreement (II) is three years commencing from 1 January 2023 and ending on 31 December 2025.

As Shenzhen Jingneng Leasing is a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules, the transactions contemplated under the Finance Leasing Framework Agreement (II) constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio for the transactions contemplated under the Finance Leasing Framework Agreement (II) is more than 5%, such transactions are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for the transactions contemplated under the Finance Leasing Framework Agreement (II) is more than 25% but less than 100%, such transactions also constitute major transactions of the Company, and are subject to the reporting, announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

Financial Assistance Framework Agreement

On 8 November 2022, the Company entered into the Financial Assistance Framework Agreement with Shenzhen Jingneng Leasing, pursuant to which the Company agreed to provide loan services and guarantee services to Shenzhen Jingneng Leasing. The term of the Financial Assistance Framework Agreement is three years commencing from 1 January 2023 and ending on 31 December 2025.

As Shenzhen Jingneng Leasing is a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules, the transactions between the Company and Shenzhen Jingneng Leasing under the Financial Assistance Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the transactions contemplated under the Financial Assistance Framework Agreement is more than 5%, such transactions are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BOARD CONFIRMATION

The Board (including the independent non-executive Directors) is of the view that the terms of each of the Continuing Connected Transactions Framework Agreements, the Property Lease Framework Agreement, the Finance Leasing Framework Agreement (II), the Operation Management Service Framework Agreement and the Financial Assistance Framework Agreement are arrived at after arm's length negotiations between the parties, entered into in the ordinary course of business of the Group (other than the Financial Services Framework Agreement) and is of the view that (i) the terms of each of the Continuing Connected Transactions Framework Agreements, the Property Lease Framework Agreement, the Finance Leasing Framework Agreement (II), the Operation Management Service Framework Agreement and the Financial Assistance Framework Agreement, (ii) the transactions contemplated under those framework agreements and (iii) the respective annual caps for the three years ending 31 December 2025 are on normal commercial terms, fair and reasonable and are also in the interest of the Company and its Shareholders as a whole.

As of the date of this announcement, save for Mr. Cao Mansheng and Mr. Zhou Jianyu holding positions in BEH and Mr. Song Zhiyong holding position in BSCOMC, none of the Directors is a director or employee of the companies which have an interest or short position in the Shares and underlying shares of the Company.

Due to their positions in BEH or BSCOMC, Mr. Cao Mansheng, Mr. Zhou Jianyu and Mr. Song Zhiyong have all abstained from voting on the Board resolutions approving the aforementioned continuing connected transactions.

DESPATCH OF CIRCULAR

The Company will dispatch a circular in accordance with the requirements under the Listing Rules, which will contain, among others,

- (a) details regarding the proposed continuing connected transactions under the Finance Leasing Framework Agreement (I), the Framework Heat Sale and Purchase Agreement, the Financial Services Framework Agreement, the Finance Leasing Business Framework Agreement, the Finance Leasing Framework Agreement (II) and the Financial Assistance Framework Agreement;
- (b) the recommendations from the Independent Board Committee in respect of the proposed continuing connected transactions contemplated under the Finance Leasing Framework Agreement (I), the Framework Heat Sale and Purchase Agreement, the Finance Leasing Business Framework Agreement, the Finance Leasing Framework Agreement (II), the Financial Assistance Framework Agreement and the proposed deposit service under the Financial Services Framework Agreement;
- (c) the advice from Independent Financial Adviser in respect of the proposed continuing connected transaction contemplated under the Finance Leasing Framework Agreement (I), the Framework Heat Sale and Purchase Agreement, the Finance Leasing Business Framework Agreement, the Finance Leasing Framework Agreement (II), the Financial Assistance Framework Agreement and the proposed deposit service under the Financial Services Framework Agreement; and
- (d) other information required to be provided with the Shareholders under the Listing Rules.

The Company expects that the circular will be dispatched on or around 6 December 2022, which is more than 15 business days after the publication of this announcement, as additional time is required to finalize the contents of the circular. The Shareholders and potential investors should refer to the circular for further information.

CONTINUING CONNECTED TRANSACTIONS, DISCLOSEABLE TRANSACTIONS AND MAJOR TRANSACTIONS

I. BACKGROUND AND GENERAL INFORMATION OF THE COMPANY AND ITS CONNECTED PERSONS

1. Background and General Information of the Company

The Company is the largest gas-fired power provider in Beijing and a leading wind power and photovoltaic power operator in the PRC, with a diversified clean energy portfolio including gas-fired power and heat energy, wind power, photovoltaic power, small to medium hydropower and other clean energy projects. The Company is directly and indirectly held as to approximately 68.68% by BEH.

2. Background and General Information of BEH and its Associates

We conduct connected transactions with BEH and/or its associates in the ordinary and usual course of business and on normal commercial terms. We set out below the information regarding the main connected persons under the Continuing Connected Transactions Framework Agreements, the Property Lease Framework Agreement and the Operation Management Service Framework Agreement:

- BEH is a limited liability company incorporated in the PRC which principally engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. BEH is wholly owned by BSCOMC which was established and wholly-owned by stated-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. BEH is the controlling shareholder of the Company, directly and indirectly holds approximately 68.68% of the issued share capital of the Company as at the date of this announcement, and therefore is our connected person pursuant to Rule 14A.07(1) of the Listing Rules.
- BEH Finance, a limited liability company incorporated in the PRC, which engages in providing financial services such as financial consulting, payment, insurance agency, bill acceptance and discounting, entrusted loans to its member units. BEH Finance is held as to 60% by BEH, 20% by the Company and 20% by Beijing Jingneng Electric Co., Ltd. (a company held by BEH directly and indirectly as to approximately 66.83%). BEH Finance, as a subsidiary of BEH, is our connected person according to Rule 14A.07(4) of the Listing Rules.
- Beijing Jingneng Leasing is a limited liability company incorporated in the PRC and is wholly owned by BEH. Beijing Jingneng Leasing primarily provides financial leasing services to the public and members of BEH. Beijing Jingneng Leasing is our connected person according to Rule 14A.07(4) of the Listing Rules.

3. Background and General Information of Shenzhen Jingneng Leasing

Shenzhen Jingneng Leasing was incorporated in the PRC with limited liability. As of the date of this announcement, Shenzhen Jingneng Leasing is directly held as to approximately 84.68% by the Company and as to approximately 15.32% by BEI (HK), a wholly-owned subsidiary of BEH. Shenzhen Jingneng Leasing primarily provides financial leasing services and commercial factoring business services in relation to financial leasing to the public and members of BEH. Shenzhen Jingneng Leasing is a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules.

II. CONTINUING CONNECTED TRANSACTIONS FRAMEWORK AGREEMENTS

1. Particulars of the Continuing Connected Transactions

(a) Framework Equipment Maintenance Agreement

Description of the Transaction

In the ordinary and usual course of business, the Company entered into the Framework Equipment Maintenance Agreement with BEH on 8 November 2022, pursuant to which BEH and/or its associates has/have agreed to provide equipment maintenance services to the Group. The term of such agreement is three years commencing from 1 January 2023 and ending on 31 December 2025.

Pricing Policy

Under the Framework Equipment Maintenance Agreement, the maintenance fees shall be agreed following arm's length negotiations between the 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 Company estimates that the annual caps for the Framework Equipment Maintenance Agreement for each of the three years ending 31 December 2025 is RMB250 million, RMB260 million and RMB270 million, respectively, after taking into account the following considerations:

- the historical amounts of such continuing connected transactions for the two years ended 31 December 2021 and the six months ended 30 June 2022 being approximately RMB238.0 million, RMB279.7 million and RMB44.4 million, respectively;
- the market price of the services to be purchased; and
- the demand in maintaining equipment of the Company in the future.

Reasons for and Benefits of the Transactions

Our Group is required to conduct maintenance for our gas-fired powers equipment to comply with relevant PRC laws and regulations. During the ordinary courses of business, we conduct routine maintenance, regular inspections and repairs for our gas-fired powers equipment. As BEH and/or its associates have extensive experience in our industry and are familiar with the equipment, the Company considers that the maintenance requirement of our Group could be better satisfied by entering such agreement with BEH and/or its associates.

(b) *Framework Service Agreement*

Description of the Transaction

In the ordinary and usual course of business, the Company entered into the Framework Service Agreement with BEH on 8 November 2022, pursuant to which 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.

Pricing Policy

Under the Framework Services Agreement, the service fees are agreed based on the following pricing policy:

- 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 proposed annual caps of each type of the transactions under the Framework Service Agreement are set out below:

Transaction	Historical amount (RMB millions)			Proposed annual caps (RMB millions)		
	For the year ended		For the	For the year ending		
	31 December	31 December	six months	31 December	2024	2025
	2020	2021	ended 30	2023		
			June			
			2022			
Property management services	62.3	63.4	21.1	85.0	90.0	95.0
Administration services	47.4	44.7	14.9	85.0	90.0	95.0
Total	109.7	108.1	36.0	170.0	180.0	190.0

In determining the above annual caps, the Company has considered (i) the historical transaction amounts; (ii) its future demand for such services in line with the development of the Company's business; and (iii) the estimated increase in market rates to be charged for these services to be received attributable to the increase in labor cost.

Reasons for and Benefits of the Transactions

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

- (i) Jingneng Electricity Logistic Services Co., Ltd. (京能電力後勤服務有限公司), 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 our 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 our 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 we operate and their service charge is competitive, our Directors believe it is in the interest of the Company to receive such services from BEH and/or its associates.

(c) *EPC Framework Agreement*

Description of the Transaction

In the ordinary and usual course of business, the Company entered into the EPC Framework Agreement with BEH on 8 November 2022, pursuant to which BEH and/or its associates has/have agreed to provide energy performance contracting services to the Group. The term of such agreement is three years commencing from 1 January 2023 and ending on 31 December 2025.

Pricing Policy

Under the EPC Framework Agreement, the service fees are agreed following arm's length negotiations between the 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 Company estimates that the proposed annual caps for the EPC Framework Agreement for each of the three years ending 31 December 2025 is RMB26.5 million, after taking into account:

- the historical amounts of such continuing connected transactions for the two years ended 31 December 2021 and the six months ended 30 June 2022 being approximately RMB4.6 million, RMB16.8 million and nil, respectively;
- the future demand of such service by the Company; and
- the estimated increase in market rates charged for providing such service.

Reasons for and Benefit of the Transactions

BEH and/or its associates have extensive knowledge and experience in energy management. The Directors believe that energy performance contracting services to be provided by BEH and/or its associates can help the Company to reduce operating cost and save energy.

(d) *Equipment Purchase Framework Agreement*

Description of the Transaction

In the ordinary and usual course of business, the Company entered into the Equipment Purchase Framework Agreement with BEH on 8 November 2022, pursuant to which, BEH and/or its associates has/have agreed to purchase equipment for the Group. The goods purchased under the Equipment Purchase Framework Agreement is mainly materials and spare parts such as lubrication oil and other materials. The term of such agreement is three years commencing from 1 January 2023 and ending on 31 December 2025.

Pricing Policy

Fees payable to BEH for the equipment purchase include equipment cost and service charges. Equipment cost shall be the actual purchase price paid by BEH and the service charges shall be agreed following arm's length negotiation between the parties with reference to 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 Company estimates that the proposed annual caps for the Equipment Purchase Framework Agreement for each of the three years ending 31 December 2025 is RMB160 million, after taking into account the following considerations:

- the historical amounts of such continuing connected transactions for the two years ended 31 December 2021 and the six months ended 30 June 2022 being approximately RMB143.7 million, RMB115.6 million and RMB11.0 million, respectively;
- the market price of the equipment to be purchased; and
- the growth demand for equipment purchases of the Company.

Reasons for and Benefits of the Transaction

BEH and/or its associates have extensive knowledge and experience in the industry in which the Company operates its business and have stronger bargaining power as a group in the procurement process. BEH, through one of its subsidiaries, has established a centralized procurement and tendering platform and has been purchasing equipment for BEH's associates since the establishment of that subsidiary. The Company considers procuring equipment in a centralized way could help the Company obtain more favorable terms as suppliers generally offer better price to customers with large orders.

(e) *Framework Heat Sale and Purchase Agreement*

Description of the Transaction

In the ordinary and usual course of business, the Company entered into the Framework Heat Sale and Purchase Agreement with BEH on 8 November 2022, pursuant to which, the Group agrees to sell as BEH and/or its associates agree to purchase from time to time, heat generated by power plants of the Group. The term of such agreement is three years commencing from 1 January 2023 and ending on 31 December 2025.

Pricing Policy

Heating is the basic living needs of Beijing urban and rural residents in winter, and heat supply is infrastructural public service directly relating to the public interests. The transaction under the Framework Heat Sale and Purchase Agreement is conducted at state-prescribed unit price, which is determined by Beijing Municipal Commission of Development and Reform from time to time.

The Company is of the view that the pricing in respect of the transactions under the Framework Heat Sale and Purchase Agreement is reasonable and sufficient to cover the costs incurred by the Company after taking into account the following considerations:

- according to the Interim Measures for the Price Control of Urban Heat Supply (FA GAI JIA GE [2007] No.1195) (《城市供熱價格管理暫行辦法》(發改價格[2007] 1195 號)), the state-prescribed unit price is determined by reference to, among others, the costs incurred by the heat suppliers (such as the price of natural gas, electricity, water, fixed asset depreciation, repairs, wages), the consideration for the profitability of the heat suppliers and the tax imposed on the heat suppliers; and
- the gas-fired power and heat energy generation business of the Company based on the operation model of “heat-power cogeneration” (熱電聯產) is profitable as evidenced by the historical financial results of the Company.

Historical Amounts, Annual Caps and Basis of Annual Caps

The Company estimates that the proposed annual caps for the Framework Heat Sale and Purchase Agreement is RMB2,351.80 million for each of the three years ending 31 December 2025.

The proposed annual caps for the Framework Heat Sale and Purchase Agreement for the three years ending 31 December 2025 are determined after taking into account:

- the historical amounts of such transactions for the two years ended 31 December 2021 and the six months ended 30 June 2022 being approximately RMB1,845.0 million, RMB1,735.5 million and RMB1,075.4 million, respectively;
- the total production capacity and historical heat supply volume (in GJ) of the power plants of the Group;
- the current state-prescribed unit price of the heat energy;
- the prescribed 4-month heat supply period in Beijing, which is from 15 November to 15 March next year, as stipulated in the Administrative Measures of Heat Supply and Heating of Beijing Municipality (《北京市供熱採暖管理辦法》); and
- relatively stable prices of heat energy.

The Company currently operates seven gas-fired cogeneration plants. Historically, only five gas-fired cogeneration plants of the Company supplies to BEH. In response to Guiding Opinions on the Separation and Transfer of “Three Supply and One Property” in the Family Areas of Staff and Workers of State-Owned Enterprises (《關於國有企業職工家屬區 (三供一業)分離移交工作指導意見》) and for a better centralized management and aftersales management (e.g. dispute resolution, payment collection, etc.), the Company is optimizing its heat supply mechanism from “the Group supplies to BEH and also other clients/end-users at the same time” to “the Group supplies to BEH only and then BEH supplies to other clients/end-users”. Historically the heat supply volume (in GJ) of the gas-fired cogeneration plants of the Company in total remained stable from 2019 to 2021. As such, the Company expects that the heat supply volume (in GJ) of the gas-fired cogeneration plants of the Group for each of the three years ending 31 December 2025 would remain the same level as for the year ended 31 December 2021 (i.e. approximately 26.0 million GJ). The state-prescribed unit prices of heat supply period of 2019 to 2021 were at a range between 82.6 RMB/GJ to 88.6 RMB/GJ, which is prescribed by Beijing Municipal Commission of Development and Reform (北京市發展和改革委員會). Based on the historical trend, the state-prescribed unit price is expected to be stable with minor fluctuations. Therefore, the maximum amount payable by BEH (the proposed annual caps) in each year is approximately RMB2,351.80 million.

The Company considers such annual caps, based on the abovementioned factors are reasonable, taking into account the following circumstances: (i) the implementation of the relevant clean-air action plans of Beijing Municipal, which will further reduce the coal-fired heat supply and increase the use of gas-fired heat in Beijing; (ii) the Company’s objective to make full use of the current production capacity so as to increase utilization rate and improve production efficiency; and (iii) the public policy reasons associated with this transaction given the heat supplied to BEH and/or its associates is used for heating during winter times for citizens in Beijing.

Reasons for and Benefits of the Transactions

The gas-fired power and heat energy generation business of the Company based on the operation model of “heat-power cogeneration” (熱電聯產) can make full use of power plants of the Group and is more profitable compared to the single power generation or single heat generation business model.

According to Administrative Measures of Heat Supply and Heating of Beijing Municipality (《北京市供熱採暖管理辦法》), heat supply should comply with the principle of unified planning and localized management. As Beijing District Heating (Group) Co., Ltd. (the “BDHG”), a wholly-owned subsidiary of BEH, is the only central heat supply company whose network covers the area where power plants of the Group are located and thus, the Company must sell the gas-fired heat energy through BDHG network in the absence of any alternative purchasers, and more

importantly, the Company must sell heat energy generated by power centers to BDHG in order to meet the requirement of “subject to the unified schedule by BDHG based on heat supply standard”.

As heating is the basic living needs of Beijing urban and rural residents in winter, and heat supply is infrastructural public service directly relating to the public interests, heat supply during the heat supply period is and will become the Group’s yearly permanent and stable source of income. As such, the Board is of the view that the entering into of the Framework Heat Sale and Purchase Agreement is in the interest of the Company and the Shareholders as a whole.

Internal Control Measures

To safeguard the interests of our Shareholders as whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the Framework Heat Sale and Purchase Agreement, which include the followings:

- to ensure the proposed annual caps for the transaction under the Framework Heat Sale and Purchase Agreement will not be exceeded, the Company will monitor the transactions under the Framework Heat Sale and Purchase Agreement in accordance with its terms;
- the independent non-executive Directors will review the transaction amounts under the Framework Heat Sale and Purchase Agreement on a monthly basis to ensure the proposed annual caps will not be exceeded; and
- the independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the Framework Heat Sale and Purchase Agreement and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreement, on normal commercial terms and in accordance with the pricing policy.

(f) *Finance Leasing Framework Agreement (I)*

Description of the Transaction

In the ordinary and usual course of business, the Company entered into the Finance Leasing Framework Agreement (I) on 8 November 2022 with Beijing Jingneng Leasing (instead of BEH for the framework agreement for the three years ending 31 December 2022), pursuant to which, Beijing Jingneng Leasing has agreed to provide

financial lease services to the Group. The term of the Finance Leasing Framework Agreement (I) is three years commencing from 1 January 2023 and ending on 31 December 2025.

Financial Lease Services

Pursuant to the Finance Leasing Framework Agreement (I), Beijing Jingneng Leasing will provide finance lease services, including but not limited to, direct leasing and leaseback services to the Group.

In respect of the direct leasing service, as requested or instructed by the Group, Beijing Jingneng Leasing will provide financial leasing solutions to the Group for the purchase of equipment. Beijing Jingneng Leasing will make the payment for the equipment to the suppliers in accordance with the conditions set by the Group and charge the Group with the lease rental for such equipment according to the schedule.

In respect of the leaseback service, based on the financing needs of the Group, Beijing Jingneng Leasing will purchase equipment owned by the Group which is in accordance with the requirement of the leaseback service within the extent permitted by laws, and lease such equipment back to the Group with the lease rental. The equipment leased under the Finance Leasing Framework Agreement (I) is large equipment and of high value such as wind turbine set and photovoltaic generator equipment.

In respect of each finance lease, the relevant member(s) of the Group will enter into separate implementation contract(s) with Beijing Jingneng Leasing. The terms of each implementation contract will be in line with the terms of the Finance Leasing Framework Agreement (I), and each implementation contract shall be subject to and conditional upon the Finance Leasing Framework Agreement (I) continuing to be in force.

Lease Consideration

The lease consideration consists of the principal amount and lease interests. The lease consideration will be determined by the Group and Beijing Jingneng Leasing, respectively after arm's length negotiations and with reference to the market price of the same type of financial leasing assets. 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.

Cost in respect of such financing services of the Company (including relevant rent plus handling fees and excluding other costs may be saved according to favourable terms, such as deductible VAT) shall be not higher than the consolidated cost

(including relevant rent plus handling fees and excluding other costs may be saved according to favourable terms, such as deductible VAT) incurred from similar transactions with Independent Third Parties during the relevant period.

Implication of IFRS 16 (Leases) on the financial lease services

The Company adopted, among others, International Financial Reporting Standards (“IFRS”) 16 (Leases) in its consolidated statement of financial position in connection with leases and finance leases with effect from the beginning of its accounting period on 1 January 2019.

Pursuant to the IFRS 16 (Leases), the Company recognises right-of-use assets at the commencement date of the lease period (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at the amount of cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. At the commencement date of the lease period, the Company recognises lease liabilities measured at the present value of lease payments that have not been paid. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Accordingly, under IFRS 16 (Leases), the Company will recognise the leased assets of relevant direct lease(s) representing its right to use the leased assets (except short-term leases and low-value leases), subject to the specific lease terms and conditions to be set out in each of the lease agreement. For the sale-and-leaseback, the relevant transactions will be accounted for as a financing arrangement by the Company.

Historical Amounts, Annual Caps and Basis for the Annual Caps

Historically, there was a finance leasing transaction between a wholly-owned subsidiary of the Company and Beijing Jingneng Leasing, the historical total principal lease amount of the transaction is RMB226 million. For details, please refer to the announcement dated 28 September 2021.

The annual caps for the Finance Leasing Framework Agreement (I) comprises of (i) as to the direct leasing transactions, the expected total value of the right-of-use assets for the newly added direct leasing agreements for the year, and (ii) as to sale and leaseback transactions, the total of the expected principal, interest and other fees for the newly added sale and leaseback agreements for the year.

The Company estimates the proposed annual caps for the Finance Leasing Framework Agreement (I) for each of the three years ending 31 December 2025 is RMB1,000.0 million, after taking into account the following consideration:

- the expected demand for the financial leasing service of the Group in accordance with the Company's current business strategy; and
- the capacity of providing financial lease services by Beijing Jingneng Leasing.

Reasons for and Benefits of the Transaction

Beijing Jingneng Leasing has been providing financial lease services to the Group and has a thorough understanding of the operations and development needs of the Group. The reason for entering into the Finance Leasing Framework Agreement (I) is to avoid large amount of capital expenditure for the purchase of the large machinery equipment, since the Company is paying for the cost of equipment by installments. The entering into of the Finance Leasing Framework Agreement (I) and participation in the finance lease business will expand the financing channels of the Company, enable the Company to control financing risk and lower the financing cost for the follow-on construction projects of the Company as well as satisfy our demand of funds for project construction in a timely manner.

Internal Control Measures

To safeguard the interests of our Shareholders as whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the Finance Leasing Framework Agreement (I), which include the followings:

- the finance management department of the Company is responsible for collecting and monitoring the information under the Finance Leasing Framework Agreement (I). Prior to entering into individual lease contracts under the Finance Leasing Framework Agreement (I), the finance management department will compare the major terms and financing costs associated with such arrangements to, to the extent practicable, at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference. Officers handling the relevant matters shall seek approval from the head of the finance management department and the chief financial officer of the Company, which is subject to the preliminary and final review by them based on the relevant rules and regulations;
- the securities & capital operation department of the Company and other relevant operation departments of the Company are jointly responsible for conducting reviews on compliance with relevant laws, regulations, the Group's internal policies and the Listing Rules in respect of both continuing connected transactions and connected transactions. They are also jointly responsible for evaluating the transaction terms under each underlying agreement of the

Finance Leasing Framework Agreement (I), in particular, the fairness and reasonableness of the pricing terms under each agreement, before each separate agreement under the Finance Leasing Framework Agreement (I) is entered into;

- independent non-executive Directors have also reviewed and will continue to review the transaction amounts under the Finance Leasing Framework Agreement (I) on a monthly basis to ensure the proposed annual caps will not be exceeded;
- the finance management department of the Company will monitor the financial lease transactions under the Finance Leasing Framework Agreement (I) on a monthly basis. Meanwhile, the business planning department of the Company will be in close contact with the Group's business teams responsible for financial lease so that the business planning department will be able to reasonably anticipate expected transaction amount in advance; and
- the independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the Finance Leasing Framework Agreement (I) (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreement, on normal commercial terms and in accordance with the pricing policy.

As the Group has adopted a set of effective internal control measures to supervise the continuing connected transactions of the Group, the Directors consider that the procedures in place will ensure such transactions be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

(g) *Financial Services Framework Agreement*

Description of the Transaction

BEH Finance and the Company entered into the Financial Services Framework Agreement on 8 November 2022, pursuant to which, BEH Finance has agreed to provide the Group with deposit services, loan services and the other financial services, subject to the terms and conditions provided therein. The term of such agreement is three years commencing from 1 January 2023 and ending on 31 December 2025.

Principal Terms and Pricing Policy

Pursuant to the Financial Services Framework Agreement, BEH Finance shall provide the following financial services to the Group on normal commercial terms no less favourable than those available to the Group from Independent Third Parties:

(i) Deposit Services

The Group may from time to time deposit cash with BEH Finance. The terms (including the interest rates and commission charged) offered by BEH Finance in respect of the transactions under the Financial Services Framework Agreement shall be no less favourable than those offered by independent domestic commercial banks for provision of similar services to the Group and the interest rate to be paid by BEH Finance for the Group's deposits with BEH Finance shall not be lower than the same level deposit interest rate as required by the PBOC for the same periods.

(ii) Loan Services

The Group may from time to time request BEH Finance to provide loan services to it. The interest rate for loans granted to the Group by BEH Finance shall refer to the benchmark interest rates as required by the PBOC from time to time and should not be higher than the interest rates granted by independent commercial banks which provide similar service on the same conditions.

(iii) Other Financial Services

The other financial services which may be provided by BEH Finance to the Group including but not limited to, accounting and financing consulting service, credits and related consulting and agency, insurance agency, providing guarantees, acceptance and discount of bills, entrusted loans and underwriting of corporate bonds.

BEH Finance charges commission for the other financial services provided to the Group. The other financial services to be provided by BEH Finance to the Group shall be made on normal commercial terms and on terms similar to or no less favourable than those offered by Independent Third Parties for same services in the PRC.

Historical Amounts, Annual Caps and Basis of Annual Caps

(i) Deposit Services

The Company estimates that the proposed annual caps for the maximum daily deposit balance (including any interest accrued thereon) with BEH Finance are RMB8.0 billion, RMB9.5 billion and RMB11.0 billion, respectively, for the three years ending 31 December 2025.

The proposed annual caps of the deposit services under the Financial Services Framework Agreement for the three years ending 31 December 2025 are determined after taking into account: (i) the maximum daily deposit balance (including interest accrued thereon) for the two years ended 31 December 2021 and the six months ended 30 June 2022 were approximately RMB2,892.9 million, RMB3,986.4 million and RMB4,713.2 million, respectively; (ii) Shenzhen Jingneng Leasing becomes a subsidiary of the Company in 2022 and deposits placed by Shenzhen Jingneng Leasing with BEH Finance shall be taken into account. For the two years ended 31 December 2021, the maximum daily deposit balance of Shenzhen Jingneng Leasing with BEH Finance was approximately RMB256.8 million and RMB305.5 million, respectively; (iii) the anticipated increase in the daily outstanding balances of deposits of the Group attributable to the expected increase in revenue, which is in line with the increase in revenue in recent years and the expected increase of the Group's business operation; (iv) the sudden increase in the fund balance raised from the Company's issuance of corporate bonds, medium-term notes, short-term financing bonds and ultra-short-term financing bonds from time to time; and (v) the cash and equivalents and trade and bills receivable (which will convert into cash if such trade receivables are settled) of our Group due to the nature of business, the concentrated settlement arrangements and internal funds allocation requirements of the Group. Given that BEH Finance has a more thorough understanding of the business operation and development of the Group and can provide the financial services in a more timely manner and at comparable or better terms to the Group, the Company intends to place more deposit with BEH Finance to further strengthen its capital management.

(ii) Loan Services

As the loan services provided by BEH Finance to the Group are on normal commercial terms which are similar to or no less favourable than those offered by Independent Third Parties for comparable services in the PRC, and no security over the assets of the Group will be granted in respect of such loan services, the loan services are exempted from reporting, annual review,

announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As such, no cap has been set for such services.

(iii) Other Financial Services

The proposed annual cap for the other financial services under the Financial Services Framework Agreement for each of the three years ending 31 December 2025 is RMB15.0 million, which are determined after taking into account: (i) the historical transaction amount of such services for the two years ended 31 December 2021 and the six months ended 30 June 2022 being approximately RMB17.4 million, RMB14.4 million and RMB2.2 million, respectively; and (ii) the need for larger and more flexible capital investment and management of the Group in line with the developments of business operation of the Group.

Reasons for and Benefits of the Transaction

BEH Finance is under the supervision of the China Banking and Insurance Regulatory Commission and it has been maintaining satisfactory operating results and financial position with good risks control and well-regulated management in the past years.

We believe BEH Finance has a more thorough understanding of the business development and capital needs of the subsidiaries of the Company at a lower cost and in a more timely manner. As such, BEH Finance has an advantage in communicating information on capital needs and business development of the Company with its subsidiaries.

The entering into of the Financial Services Framework Agreement will not prevent the Group from using services offered by other independent PRC commercial banks. The Group may still select other major and independent PRC commercial banks to act as its financial services providers as it thinks fit and appropriate for the benefits of the Group.

The transactions under the Financial Services Framework Agreement form part of the daily operations of the Group. In addition, the operation of the Group requires flexible and diversified financial services. The terms (including the interest rates and commission charged) offered by BEH Finance in respect of the transactions under the Financial Services Framework Agreement shall be no less favourable than those offered by domestic commercial banks for provision of similar services to the Group and the interest rate to be paid by BEH Finance for the Group's deposits with BEH Finance shall not be lower than the same level deposit interest rate as required by the PBOC for the same periods. The Company is of the view that the transactions do not

have any adverse effect on the assets and liabilities of the Group. Instead, the Group can earn interests out of the deposit transactions and enjoy benefits derived from diversified financing channels.

Internal Control Measures

To safeguard the interests of our Shareholders as whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the Financial Services Framework Agreement, which include the followings:

- before entering into any new deposit arrangements with BEH Finance, the Company will negotiate with BEH Finance on an arm's length basis in respect of the deposit interest rate of the deposit services, and ensure that such interest rate shall not be lower than the same level deposit interest rate as required by the PBOC for similar deposits for a similar term and the deposit interest rates offered by other independent commercial banks in the PRC for similar deposit services on normal commercial terms. In this way, the Company will be able to ensure the deposit interest rate of the deposit services will not be less favourable than that required by the PBOC for similar deposits for a similar term and that offered by other independent commercial banks in the PRC for similar deposits for a similar term;
- BEH Finance shall provide the Company with a daily report on each business day on the status of the Group's deposits with it to allow it to monitor and ensure that the aggregate daily deposit balance (including interests accrued thereon) would not exceed the caps;
- BEH Finance shall set up and maintain, or procure the setting up and maintaining of, secured and stable on-line systems through which the relevant member of the Group which deposits money with it can view the balance of such deposits at any time on any day;
- the finance management department of the Company has been and will continue to monitor the daily balance of the deposits placed with BEH Finance and report to the management of the Company, giving an update of the deposit arrangements entered into with BEH Finance on a monthly basis;
- independent non-executive Directors will review the transaction amounts under the Financial Services Framework Agreement on a monthly basis to ensure the proposed annual caps will not be exceeded; and

- the independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the Financial Services Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreement, on normal commercial terms and in accordance with the pricing policy.

(h) Finance Leasing Business Framework Agreement

Description of the Transaction

References are made to the announcements of the Company dated 20 June 2022 and 15 July 2022 in relation to, among others, the finance leasing agreements entered into between Shenzhen Jingneng Leasing and BEH's associates before Shenzhen Jingneng Leasing becomes a subsidiary of the Company (the "**Acquisition**"), the announcement of the Company dated 27 July 2022 and the circular of the Company dated 17 August 2022 in relation to, among others, the SZ Finance Leasing Framework Agreement entered into between Shenzhen Jingneng Leasing and BEH. As the SZ Finance Leasing Framework Agreement will expire on 31 December 2022, on 8 November 2022, the Company, rather than Shenzhen Jingneng Leasing, and BEH entered into the Finance Leasing Business Framework Agreement, pursuant to which, Shenzhen Jingneng Leasing and/or other subsidiaries of the Company who can provide finance leasing services (if any) (the "**Service Provider**") will provide finance leasing services, including sale and leaseback services and direct finance leasing services to BEH and/or its associates and receive rental income from BEH and/or its associates for the provision of such finance leasing services. The term of the Finance Leasing Business Framework Agreement is three years commencing from 1 January 2023 and ending on 31 December 2025.

Pricing Policy

The transaction price and credit structure under the Finance Leasing Business Framework Agreement are determined based on normal commercial terms after arm's length negotiation between both parties following the principles of good faith and fairness for their respective benefits. In determining the comprehensive interests to be charged against BEH and/or its associates, the Service Provider has considered, among others, (i) the terms and conditions which are no more favourable to BEH and/or its associates than those offered to members of the Group of similar qualification with the lessee; (ii) the Loan Prime Rate published by the National Interbank Funding Center with the authorization from the PBOC as may be adjusted from time to time; and (iii) the credit evaluation of the lessee, term of the finance

leasing agreements, the principal amount, regulatory policy orientation, our strategy on industry development, and business model and credit enhancement measures of the lessee.

- In terms of the sale and leaseback services, the Service Provider will purchase the leased properties from BEH and/or its associates and then lease the same back for an agreed term and receive lease payment on a periodic basis. The basis for determining the value of the leased properties follows the market practice and the lease amount will not exceed the net book value or appraised value of the leased properties.
- In terms of the direct finance leasing services, the Service Provider will purchase the leased properties from suppliers upon the instructions and selection of BEH and/or its associates, and then lease the properties to BEH and/or its associates for an agreed term and receive lease payment on a periodic basis. The principal amount is the purchase price of the leased properties from the supplier which is negotiated by the lessee with the supplier on normal commercial terms and by reference to the market price of such properties.
- The Service Provider may also charge management fees for the finance leasing services, which is not lower than one over ten thousand of the principal amount and payable in installments or in a lump sum. The Service Provider generally determines the actual amount of the management fees based on the project scale and complexity, qualification of the lessee and negotiation with the lessee.

Historical Amounts, Annual Caps and Basis of Annual Caps

The Company estimates that the proposed annual caps for the Finance Leasing Business Framework Agreement for the three years ending 31 December 2025 are RMB3,700.0 million, RMB2,800.0 million, and RMB2,500.0 million, respectively (including principal, interest payment and other fees if any). In terms of finance leasing agreements entered into between Shenzhen Jingneng Leasing and BEH's associates before the completion of the Acquisition, the principal amount refers to the outstanding principal amount when varying or amending or terminating the financial leasing agreements. In terms of new finance leasing agreements after the completion of the Acquisition, the principal amount refers to the amount set out in the finance leasing agreements. Interest income refers to the interest income accrued from the financial leasing agreements varied or amended or terminated after the completion of the Acquisition and any new financial leasing agreements to be received by Shenzhen Jingneng Leasing.

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

- the historical amounts of finance leasing services provided by Shenzhen Jingneng Leasing to BEH and/or its associates for the two years ended 31 December 2021 and the six months ended 30 June 2022 being approximately RMB1,263.2 million, RMB3,316.2 million and RMB447.8 million, respectively;
- the possibility of amendments and adjustment to and termination of the financing leasing agreements entered into with BEH's associates by Shenzhen Jingneng Leasing before it becomes a subsidiary of the Company. As at the date of Shenzhen Jingneng Leasing becoming a subsidiary of the Company, the principal amount receivable for the sale and leaseback services and direct finance leasing services by Shenzhen Jingneng Leasing to BEH's associates was approximately RMB3,018.9 million; and
- the expected demand for financial leasing services by BEH and/or its associates in accordance with their current business strategy.

Reasons for and Benefits of the Transaction

The provision of finance leasing services by us to BEH and/or its associates is able to satisfy the business needs of both parties. On the one hand, we have been providing finance leasing services to BEH and/or its associates and are familiar with the business and demands of BEH and/or its associates and the provision of finance leasing services to BEH and/or its associates provides stable and low-risk income to us; on the other hand, the provision of finance leasing services is able to facilitate BEH and/or its associates to continue to receive efficient financial leasing services from us.

Shenzhen Jingneng Leasing, being the primary Service Provider, primarily provides financial leasing services and commercial factoring business services in relation to financial leasing to the public, the members of BEH and the members within the Group. The sale and leaseback services and direct finance leasing services are transactions carried out in the ordinary and usual course of business of Shenzhen Jingneng Leasing. The terms of any agreements (including the interest rate) under the Finance Leasing Business Framework Agreement will be arrived at by Shenzhen Jingneng Leasing and the counterparties after arm's length negotiations, with reference to prevailing commercial practice.

Internal Control Measures

To safeguard the interests of the Shareholders as a whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the Finance Leasing Business Framework Agreement, which include the followings:

- as Shenzhen Jingneng Leasing will be the primary service provider to provide the finance leasing services, the business departments of Shenzhen Jingneng Leasing are responsible for collecting information and initiating a transaction under the Finance Leasing Business Framework Agreement and will also conduct due diligence. The risk control department and finance management department of Shenzhen Jingneng Leasing will review the details of the transaction and compare the major terms to finance leasing services in relation to similar underlying assets provided to members of the Company with similar qualification and terms obtained by the lessee from other financial institutions if applicable at the relevant time. The transaction shall be submitted to the general manager's office meeting of Shenzhen Jingneng Leasing for approval. When assessing a specific transaction, the risk control department and finance management department of Shenzhen Jingneng Leasing will take into account factors including regulatory compliance, ownership and operation of the leased properties, litigations involved by the lessee, procurement conditions of the leased equipment, financial condition, cash flow, solvency and control on trade receivables of the lessee, capital resource of Shenzhen Jingneng Leasing for such transaction, financial costs and return to Shenzhen Jingneng Leasing;
- the securities & capital operation department of the Company and other relevant operation departments of the Company are jointly responsible for conducting reviews on compliance with relevant laws, regulations, the Group's internal policies and the Listing Rules in respect of both continuing connected transactions and connected transactions. They are also jointly responsible for evaluating the transaction terms under each underlying agreement of the Finance Leasing Business Framework Agreement, in particular, the fairness and reasonableness of the pricing terms under each agreement, before each separate agreement under the Finance Leasing Business Framework Agreement is entered into;
- the finance management department of the Company will monitor the finance leasing transactions under the Finance Leasing Business Framework Agreement on a monthly basis;
- independent non-executive Directors will review the transaction amounts under the Finance Leasing Business Framework Agreement on a monthly basis to ensure the proposed annual caps will not be exceeded; and

- independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the Finance Leasing Business Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the Finance Leasing Business Framework Agreement and the Group's pricing policy measures, and to confirm if the price and terms offered are fair and reasonable and comparable to those offered by Independent Third Parties.

As the Group has adopted a set of effective internal control measures to supervise the continuing connected transactions of the Group, the Directors consider that the procedures in place will ensure such transactions be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

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 each of the percentage ratio(s) applicable to the transactions under (i) the Framework Equipment Maintenance Agreement, (ii) the Framework Service Agreement, (iii) the EPC Framework Agreement and (iv) the Equipment Purchase Framework Agreement is more than 0.1% but less than 5% on an annual basis, respectively, such transactions under each of the above framework agreements 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.

As the highest percentage ratio applicable to the transactions contemplated under the Framework Heat Sale and Purchase Agreement is more than 5% on an annual basis, such transactions are subject to the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest percentage ratios applicable to the transactions contemplated under the Finance Leasing Framework Agreement (I) and the Finance Leasing Business Framework Agreement exceed 5% on an annual basis, such transactions are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under the Chapter 14A of the Listing Rules. In addition, as the highest applicable percentage ratio in respect of the transactions contemplated under the Finance Leasing Framework Agreement (I) exceeds 5% but is less than 25%, such transactions also constitute discloseable transactions of the Company which are subject to the reporting and

announcement requirements under Chapter 14 of the Listing Rules; as the highest applicable percentage ratio for the transactions contemplated under the Finance Leasing Business Framework Agreement is more than 25% but less than 100%, such transactions also constitute major transactions of the Company, and are subject to the reporting, announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest percentage ratio applicable to the deposit services contemplated under the Financial Services Framework Agreement is more than 5% on an annual basis, such transactions are subject to the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The deposit services contemplated under the Financial Services Framework Agreement also constitute financial assistance under Rule 14.04(1)(e) of the Listing Rules and given that the relevant highest applicable percentage ratio exceeds 25% but is less than 100%, the deposit services contemplated under the Financial Services Framework Agreement also constitute major transactions of the Company and are subject to the reporting, announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

The loan services to be provided by BEH Finance to the Group under the Financial Services Framework Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Group. As such services are provided on normal commercial terms which are similar to or more favourable than those offered by Independent Third Parties for comparable services in the PRC, and no security over the assets of the Group will be granted in respect thereof, pursuant to Rule 14A.90 of the Listing rules, such loan services are exempted from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest percentage ratio applicable to the other financial services under the Financial Services Framework Agreement is more than 0.1% but less than 5% on an annual basis, respectively, such transactions are subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

III. PROPERTY LEASE FRAMEWORK AGREEMENT

1. Particulars of the Continuing Connected Transaction

Description of the Transaction

Reference is made to the section headed "Connected Transactions" of the Prospectus, the announcements of the Company dated 19 March 2014, 25 October 2016 and 16 October 2019, respectively, in which the Company disclosed the annual caps for the three years

ended 31 December 2013, the three years ended 31 December 2016, the three years ended 31 December 2019 and the three years ending 31 December 2022, respectively, of its continuing connected transactions with BEH and/or its associates contemplated under the Property Lease Framework Agreement dated 23 May 2011. The Property Lease Framework Agreement is for a term of twenty years commencing on the listing date of the Company.

On 8 November 2022, the Board resolved to set the annual caps for the continuing connected transactions under the Property Lease Framework Agreement for the three years ending 31 December 2025.

Pricing Policy

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 Company estimates that the proposed annual cap for the Property Lease Framework Agreement for each of the three years ending 31 December 2025 is RMB60.1 million, which is the same with the applied annual caps for the three years ending 31 December 2022.

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

- the historical amounts of such continuing connected transactions for the two years ended 31 December 2021 and the six months ended 30 June 2022 being approximately RMB46.2 million, RMB44.5 million and RMB23.8 million, respectively;
- the rentals to be paid for the existing leases;
- the potential rise in rent for premises in the vicinity of the relevant properties; and
- the recent development of the property market.

Reasons for and Benefits of the Transaction

As disclosed in 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.

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 percentage ratio applicable to the transactions under the Property Lease Framework Agreement is more than 0.1% but less than 5% on an annual basis, respectively, such transactions 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. CONTINUING CONNECTED TRANSACTIONS BETWEEN SHENZHEN JINGNENG LEASING AND BEH AND ITS ASSOCIATES

1. Particulars of the Continuing Connected Transaction

Operation Management Services Framework Agreement

Description of the Transaction

Reference is made to the announcement of the Company dated 20 June 2022 in relation to, among others, the operation management service agreement entered into between Shenzhen Jingneng Leasing and Beijing Jingneng Leasing. As the operation management service agreement will expire on 31 December 2022, on 8 November 2022, Shenzhen Jingneng Leasing and Beijing Jingneng Leasing entered into the Operation Management Service Framework Agreement, pursuant to which Beijing Jingneng Leasing has agreed to provide to Shenzhen Jingneng Leasing operation management services. The term of the Operation Management Service Framework Agreement is three years commencing from 1 January 2023 and ending on 31 December 2025.

Pricing Policy

The service fees are determined by both parties after arm's length negotiation with reference to the prevailing market price and shall be no less favourable to Shenzhen Jingneng Leasing than the prices from Independent Third Parties.

The service fees paid by Shenzhen Jingneng Leasing to Beijing Jingneng Leasing consist of a fixed part and a floating part and will be settled by year.

The fixed part is for the daily services provided by Beijing Jingneng Leasing to Shenzhen Jingneng Leasing.

The floating part is calculated by not higher than 2‰ of the total volume of business handled by Beijing Jingneng Leasing for Shenzhen Jingneng Leasing on an annual basis.

Historical Amounts, Annual Caps and Basis of Annual Caps

The historical amounts of the service fees paid by Shenzhen Jingneng Leasing to Beijing Jingneng Leasing for the two years ended 31 December 2021 and the six months ended 30 June 2022 were approximately nil, RMB8.16 million and RMB15.56 million, respectively.

The Company estimates that the proposed annual caps for the Operation Management Service Framework Agreement for each of the three years ending 31 December 2025 are RMB21.0 million, RMB27.0 million, and RMB33.0 million, respectively.

In determining the above annual caps, the Company has considered the expected volume of operation management services to be provided by Beijing Jingneng Leasing to Shenzhen Jingneng Leasing in accordance with its current business.

Reasons for and Benefits of the Transaction

Beijing Jingneng Leasing, a wholly owned subsidiary of BEH, as compared to Independent Third Party service providers, is more familiar with Shenzhen Jingneng Leasing's business and demands and is able to provide services in a more efficient and timely way. In addition, Beijing Jingneng Leasing has been engaged in financial leasing business for many years, has cultivated a professional management and operation team, and has more customer resources in the energy field, which will contribute to the further development of Shenzhen Jingneng Leasing.

2. Listing Rules Implications

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 thus a connected person of the Company.

As Beijing Jingneng Leasing is a wholly-owned subsidiary of BEH and thus a connected person of the Company, the transactions contemplated under the Operation Management Services Framework Agreement constitute continuing connected transactions of the Company.

As the highest percentage ratio applicable to the transactions under the Operation Management Service Framework Agreement is more than 0.1% but less than 5% on an annual basis, such transactions 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.

V. CONTINUING CONNECTED TRANSACTIONS BETWEEN THE COMPANY AND SHENZHEN JINGNENG LEASING

1. Particulars of the Continuing Connected Transaction

(a) Finance Leasing Framework Agreement (II)

Description of the Transaction

In the ordinary and usual course of business, the Company entered into the Finance Leasing Framework Agreement (II) on 8 November 2022 with Shenzhen Jingneng Leasing, pursuant to which, Shenzhen Jingneng Leasing has agreed to provide financial lease services to the Group. The term of the Finance Leasing Framework Agreement (II) is three years commencing from 1 January 2023 and ending on 31 December 2025.

Financial Lease Services

Pursuant to the Finance Leasing Framework Agreement (II), Shenzhen Jingneng Leasing will provide finance lease services, including but not limited to, direct leasing and sale and leaseback services to the Group.

In respect of the direct leasing service, as requested or instructed by the Group, Shenzhen Jingneng Leasing will provide financial leasing solutions to the Group for the purchase of equipment. Shenzhen Jingneng Leasing will make the payment for the equipment to the suppliers in accordance with the conditions set by the Group and charge the Group with the lease rental for such equipment according to the schedule.

In respect of the sale and leaseback service, based on the financing needs of the Group, Shenzhen Jingneng Leasing will purchase equipment owned by the Group which is in accordance with the requirement of the sale and leaseback service within the extent permitted by laws, and lease such equipment back to the Group for the

lease rental. The equipment leased under the Finance Leasing Framework Agreement (II) is large equipment and of high value such as wind turbine set and photovoltaic generator equipment.

In respect of each finance lease, the relevant member(s) of the Group will enter into separate implementation contract(s) with Shenzhen Jingneng Leasing. The terms of each implementation contract will be in line with the terms of the Finance Leasing Framework Agreement (II), and each implementation contract shall be subject to and conditional upon the Finance Leasing Framework Agreement (II) continuing to be in force.

Lease Consideration

The lease consideration consists of the principal amount and lease interests. The lease consideration will be determined by the Group and Shenzhen Jingneng Leasing after arm's length negotiations and with reference to the market price of the same type of financial leasing assets. 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.

Cost in respect of such financing services of the Company (including relevant rent plus handling fees and excluding other costs may be saved according to favourable terms, such as deductible VAT) shall be not higher than the consolidated cost (including relevant rent plus handling fees and excluding other costs may be saved according to favourable terms, such as deductible VAT) incurred from similar transactions with Independent Third Parties during the relevant period.

Implication of IFRS 16 (Leases) on the financial lease services

The Company adopted, among others, IFRS 16 (Leases) in its consolidated statement of financial position in connection with leases and finance leases with effect from the beginning of its accounting period on 1 January 2019.

Pursuant to the IFRS 16 (Leases), the Company recognises right-of-use assets at the commencement date of the lease period (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at the amount of cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. At the commencement date of the lease period, the Company recognises lease liabilities measured at the present value of lease payments that have not been paid. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Accordingly, under IFRS 16 (Leases), the Company will recognise the leased assets of relevant direct lease(s) representing its right to use the leased assets (except short-term leases and low-value leases), subject to the specific lease terms and conditions to be set out in each of the lease agreement. For the sale-and-leaseback, the relevant transactions will be accounted for as a financing arrangement by the Company.

Historical Amounts, Annual Caps and Basis for the Annual Caps

The annual caps for the Finance Leasing Framework Agreement (II) comprises of (i) as to the direct leasing transactions, the expected total value of the right-of-use assets for the newly added direct leasing agreements for the year, and (ii) as to sale and leaseback transactions, the total of the expected principal, interest and other fees for the newly added sale and leaseback agreements for the year.

The Company estimates the proposed annual cap for the Finance Leasing Framework Agreement (II) for each of the three years ending 31 December 2025 is RMB3,000.0 million, after taking into account the following consideration:

- the historical amounts of the finance leasing transactions between the Group and Shenzhen Jingneng Leasing for the two years ended 31 December 2021 and the six months ended 30 June 2022 being RMB247.7 million, nil and RMB518.6 million, respectively;
- the expected demand for the financial leasing service of the Group in accordance with the Company's current business strategy; and
- the capacity of providing financial lease services by Shenzhen Jingneng Leasing.

Reasons for and Benefits of the Transaction

Shenzhen Jingneng Leasing primarily provides financial leasing services and commercial factoring business services in relation to financial leasing to the public, the members of BEH and the members within the Group. Due to business relationship with Shenzhen Jingneng Leasing, it has a thorough understanding of the operations and development needs of the Group. Through the entering into the Finance Leasing Framework Agreement (II), the Group can avoid large amount of capital expenditure for the purchase of the large machinery equipment by paying for the cost of equipment by installments. The entering into of the Finance Leasing Framework Agreement (II) and participation in the finance lease business will expand the financing channels and innovate the financing methods of the Company. It also enables the Company to control financing risk and lower the financing cost for the follow-on construction projects of the Company as well as satisfy our demand of funds for project construction in a timely manner.

Internal Control Measures

To safeguard the interests of our Shareholders as whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the Finance Leasing Framework Agreement (II), which include the followings:

- the finance management department of the Company is responsible for collecting and monitoring the information under the Finance Leasing Framework Agreement (II). Prior to entering into individual lease contracts under the Finance Leasing Framework Agreement (II), the finance management department will compare the major terms and financing costs associated with such arrangements to, to the extent practicable, at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference. Officers handling the relevant matters shall seek approval from the head of the finance management department and the chief financial officer of the Company, which is subject to the preliminary and final review by them based on the relevant rules and regulations;
- the securities & capital operation department of the Company and other relevant operation departments of the Company are jointly responsible for conducting reviews on compliance with relevant laws, regulations, the Group's internal policies and the Listing Rules in respect of both continuing connected transactions and connected transactions. They are also jointly responsible for evaluating the transaction terms under each underlying agreement of the Finance Leasing Framework Agreement (II), in particular, the fairness and reasonableness of the pricing terms under each agreement, before each separate agreement under the Finance Leasing Framework Agreement (II) is entered into;
- independent non-executive Directors have also reviewed and will continue to review the transaction amounts under the Finance Leasing Framework Agreement (II) on a monthly basis to ensure the proposed annual caps will not be exceeded;
- the finance management department of the Company will monitor the financial lease transactions under the Finance Leasing Framework Agreement (II) on a monthly basis. Meanwhile, the business planning department of the Company will be in close contact with the Group's business teams responsible for financial lease so that the business planning department will be able to reasonably anticipate expected transaction amount in advance; and

- the independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the Finance Leasing Framework Agreement (II) (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreement, on normal commercial terms and in accordance with the pricing policy.

As the Group has adopted a set of effective internal control measures to supervise the continuing connected transactions of the Group, the Directors consider that the procedures in place will ensure such transactions be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

(b) *Financial Assistance Framework Agreement*

Description of the Transaction

On 8 November 2022, the Company entered into the Financial Assistance Framework Agreement with Shenzhen Jingneng Leasing, pursuant to which the Company agreed to provide loan services and guarantee services to Shenzhen Jingneng Leasing. The term of the Financial Assistance Framework Agreement is three years commencing from 1 January 2023 and ending on 31 December 2025.

Pricing Policy

Pursuant to the Financial Assistance Framework Agreement, the Company agrees to provide loan services and guarantee services to Shenzhen Jingneng Leasing according to the principal terms as below.

(i) Loan Services

The Group will provide loan services to Shenzhen Jingneng Leasing. The interest rate for loans to be granted to Shenzhen Jingneng Leasing by the Company will be agreed between the Company and Shenzhen Jingneng Leasing by reference to the interest rates of PBOC and the prevailing market conditions, provided that such interest rates shall not be lower than the prevailing cost of financing of the fund by the Company for such loans or the deposit interest rate of PBOC on the execution date of any specific agreement (whichever is higher).

(ii) Guarantee Services

The Company will provide Shenzhen Jingneng Leasing with a corporate guarantee for loans from a bank in accordance with the terms of the guarantee agreement entered into with the relevant bank, covering liabilities including but not limited to the principal, related accrued interest, compensation and other expenses. The guarantee provided by the Company to Shenzhen Jingneng Leasing shall be made on normal commercial terms and Shenzhen Jingneng Leasing will not be charged for any fees for the guarantee.

Historical Amounts, Annual Caps and Basis of Annual Caps

After taking account of the following factors, the Company estimates that the proposed annual caps for the Financial Assistance Framework Agreement for the three years ending 31 December 2025 are RMB4,000.0 million, RMB6,000.0 million and RMB7,500.0 million, respectively: (i) the historical amounts of loans and guarantees provided by BEH to Shenzhen Jingneng Leasing for the two years ended 31 December 2021 and the six months ended 30 June 2022 of approximately RMB2,817.0 million, RMB2,886.0 million and RMB2,505.0 million, respectively; and (ii) the expected demand for flexible capital investment and management by Shenzhen Jingneng Leasing in accordance with its current business.

Reasons for and Benefits of the Transaction

The main reasons for and benefits of the transactions under the Financial Assistance Framework Agreement are as follows: (i) the loan interest charged by the Company is determined by reference to the interest rates of PBOC and the prevailing market conditions, provided that such interest rates shall not be lower than the prevailing cost of financing of the fund by the Company for such loans or the deposit interest rate of PBOC on the execution date of any specific agreement (whichever is higher). The Company expects to benefit from the gains generated from the loan services; (ii) the provision of loan and/or guarantee services is to be provided by the Company on normal commercial terms and as the Company has better knowledge of the operation of Shenzhen Jingneng Leasing than commercial banks, under the same conditions, it's quicker and more convenient to get those services from the Company, and thus would save financial costs, thereby increasing the profitability of the Group and benefitting its Shareholders, including the minority Shareholders; and (iii) the financial assistance provided by the Company to Shenzhen Jingneng Leasing would allow for more efficient deployment of funds of the Group.

Internal Control Measures

To safeguard the interests of the Shareholders as whole, including the minority Shareholders, the Company has adopted internal approval and monitoring procedures in relation to the continuing connected transactions under the Financial Assistance Framework Agreement, which include the followings:

- the Company has formulated certain internal rules and policies related to management and control of operational risks and credit risks in accordance with relevant PRC laws and regulations on financial assistance, with a relatively sound internal control system already in place;
- the securities & capital operation department of the Company and other relevant operation departments of the Company are jointly responsible for evaluating the transaction terms under each underlying agreement of the Financial Assistance Framework Agreement, in particular, the fairness and reasonableness of the pricing terms under each agreement, before each separate agreement under the Financial Assistance Framework Agreement is entered into;
- the finance management department of the Company will monitor the financial assistance transactions under the Financial Assistance Framework Agreement on a monthly basis;
- independent non-executive Directors will review the transaction amounts under the Financial Assistance Framework Agreement on a monthly basis to ensure the proposed annual caps will not be exceeded; and
- independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the Financial Assistance Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the Financial Assistance Framework Agreement and the Group's pricing policy measures.

As the Group has adopted a set of effective internal control measures to supervise the continuing connected transactions of the Group, the Directors consider that the procedures in place will ensure such transactions be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

2. Listing Rules Implications

As Shenzhen Jingneng Leasing is a connected subsidiary of the Company pursuant to Rule 14A.16(1) of the Listing Rules, the transactions contemplated under the Finance Leasing Framework Agreement (II) and the Financial Assistance Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio for the transactions contemplated under the Finance Leasing Framework Agreement (II) is more than 5%, such transactions are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for the transactions contemplated under the Finance Leasing Framework Agreement (II) is more than 25% but less than 100%, such transactions also constitute major transactions of the Company, and are subject to the reporting, announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratios for the transactions contemplated under the Financial Assistance Framework Agreement is more than 5%, such transactions are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

VI. BOARD CONFIRMATION

The Board (including the independent non-executive Directors) is of the view that the terms of each of the Continuing Connected Transactions Framework Agreements, the Property Lease Framework Agreement, the Finance Leasing Framework Agreement (II), the Operation Management Service Framework Agreement and the Financial Assistance Framework Agreement are arrived at after arm's length negotiations between the parties, entered into in the ordinary course of business of the Group (other than the Financial Services Framework Agreement) and is of the view that (i) the terms of each of the Continuing Connected Transactions Framework Agreements, the Property Lease Framework Agreement, the Finance Leasing Framework Agreement (II), the Operation Management Service Framework Agreement and the Financial Assistance Framework Agreement, (ii) the transactions contemplated under those agreements and (iii) the respective annual caps for the three years ending 31 December 2025 are on normal commercial terms, fair and reasonable and are also in the interest of the Company and its Shareholders as a whole.

As of the date of this announcement, save for Mr. Cao Mansheng and Mr. Zhou Jianyu holding positions in BEH and Mr. Song Zhiyong holding position in BSCOMC, none of the Directors is a director or employee of the companies which have an interest or short position in the Shares and underlying shares of the Company.

“BEH Finance”	京能集團財務有限公司 (BEH Finance Co., Ltd.), a limited liability company incorporated in the PRC and a connected person of our Group, with 20% of its equity interest being held by the Company, 60% of its equity interest being held by BEH and 20% of its equity interest being held by Beijing Jingneng Electric Co., Ltd. (a company held by BEH directly and indirectly as to 66.83%)
“BEI (HK)”	Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of BEH and directly held 5.72% of the total issued shares of the Company as of the date of this announcement
“Beijing Jingneng Leasing”	北京京能融資租賃有限公司 (Beijing Jingneng Finance Leasing Co., Ltd.) (formerly known as 北京京能源深融資租賃有限公司 (Beijing Jingneng Yuanshen Finance Leasing Co., Ltd.)), a company established in PRC with limited liability and a wholly-owned subsidiary of BEH
“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.), a Shareholder which directly held 2.721% of the total issued share capital of the Company as at the date of this announcement. BSCOMC is the sole shareholder of BEH
“Company”, “we”, “our” or “us”	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 limited company incorporated in the PRC, whose H shares are listed on the Hong Kong Stock Exchange
“Continuing Connected Transactions Framework Agreements”	(i) the Framework Equipment Maintenance Agreement; (ii) the Framework Service Agreement; (iii) the EPC Framework Agreement; (iv) the Equipment Purchase Framework Agreement; (v) the Finance Leasing Framework Agreement (I); (vi) the Framework Heat Sale and Purchase Agreement; (vii) the Financial Services Framework Agreement; and (viii) the Finance Leasing Business Framework Agreement
“Director(s)”	the director(s) of the Company

“EPC Framework Agreement”	《合同能源管理框架協議》(EPC Framework Agreement), entered into between BEH and the Company on 8 November 2022
“Equipment Purchase Framework Agreement”	《物資採購框架協議》(Equipment Purchase Framework Agreement), entered into between BEH and the Company on 8 November 2022
“Finance Leasing Business Framework Agreement”	《融資租賃業務框架協議》(Finance Leasing Business Framework Agreement) entered into between the Company and BEH on 8 November 2022
“Finance Leasing Framework Agreement (I)”	《融資租賃框架協議(一)》(Finance Leasing Framework Agreement (I)), entered into between the Company and Beijing Jingneng Leasing on 8 November 2022
“Finance Leasing Framework Agreement (II)”	《融資租賃框架協議(二)》(Finance Leasing Framework Agreement (II)) entered into between the Company and Shenzhen Jingneng Leasing on 8 November 2022
“Financial Assistance Framework Agreement”	《財務資助框架協議》(Financial Assistance Framework Agreement), entered into between the Company and Shenzhen Jingneng Leasing on 8 November 2022
“Financial Services Framework Agreement”	《金融服務框架協議》(Financial Services Framework Agreement), entered into between BEH Finance and the Company on 8 November 2022
“Framework Equipment Maintenance Agreement”	《設備維修框架協議》(Framework Equipment Maintenance Agreement), entered into between BEH and the Company on 8 November 2022
“Framework Heat Sale and Purchase Agreement”	《熱力銷售及採購框架協議》(Framework Heat Sale and Purchase Agreement), entered into between BEH and the Company on 8 November 2022
“Framework Service Agreement”	《服務框架協議》(Framework Service Agreement), entered into between BEH and the Company on 8 November 2022
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Independent Board Committee”	A committee of the Board established for the purpose of considering the terms and the transaction caps of the proposed continuing connected transactions under the Finance Leasing Framework Agreement (I), the Framework Heat Sale and Purchase Agreement, the Finance Leasing Business Framework Agreement, the Finance Leasing Framework Agreement (II), the Financial Assistance Framework Agreement and the proposed deposit service under the Financial Services Framework Agreement, comprising Mr. Huang Xiang, Mr. Chan Yin Tsung, Mr. Xu Daping and Ms. Zhao Jie, the independent non-executive Directors of the Company
“Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the independent shareholders in relation to the proposed continuing connected transactions contemplated under the Finance Leasing Framework Agreement (I), the Framework Heat Sale and Purchase Agreement, the Finance Leasing Business Framework Agreement, the Finance Leasing Framework Agreement (II), the Financial Assistance Framework Agreement and the proposed deposit service under the Financial Services Framework Agreement and the proposed annual caps thereunder
“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
“Operation Management Service Framework Agreement”	《經營管理服務框架協議》 (Operation Management Service Framework Agreement) entered into between Shenzhen Jingneng Leasing and Beijing Jingneng Leasing on 8 November 2022
“PBOC”	The People’s Bank of China, the central bank of the PRC

“PRC” or “China”	the People’s Republic of China and for the purpose of this announcement, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China 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
“Share(s)”	the ordinary share(s) of RMB1.00 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the ordinary share(s) of the Company
“Shenzhen Jingneng Leasing”	Shenzhen Jingneng Financial Leasing Co., Ltd. (深圳京能融資租賃有限公司), a limited liability company incorporated in the PRC. As of the date of this announcement, Shenzhen Jingneng Leasing was directly held as to 84.68% by the Company and as to 15.32% by BEI (HK), a wholly-owned subsidiary of BEH
“%”	per cent

The terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless otherwise defined above or where the context otherwise requires.

By order of the Board
Beijing Jingneng Clean Energy Co., Limited
KANG Jian
Deputy General Manager and Company Secretary

Beijing, the PRC
8 November 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Fengyang, Mr. Chen Dayu, Mr. Gao Yuming and Mr. Cao Mansheng; the non-executive Directors are Mr. Zhou Jianyu, Mr. Song Zhiyong and Ms. Zhang Yi; the independent non-executive Directors are Mr. Huang Xiang, Mr. Chan Yin Tsung, Mr. Xu Daping and Ms. Zhao Jie.