

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the H Share Offer and the Delisting, this Composite Document or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this Composite Document and the accompanying Form of Acceptance, forms of proxy and reply slips to the purchaser or transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the H Share Offer.



北京能源集团有限责任公司
Beijing Energy Holding Co., Ltd.*

(A limited liability company incorporated in the People's Republic of China)



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)

COMPOSITE DOCUMENT

(1) VOLUNTARY CONDITIONAL OFFER BY CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED ON BEHALF OF BEH TO ACQUIRE ALL OF THE ISSUED H SHARES IN THE COMPANY (OTHER THAN THOSE ALREADY HELD BY BEH AND PARTIES ACTING IN CONCERT WITH IT)

(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF THE H SHARES OF THE COMPANY

(3) NOTICE OF THE 2021 FIRST EXTRAORDINARY GENERAL MEETING

AND

(4) NOTICE OF THE 2021 FIRST H SHARE CLASS MEETING

Financial Adviser to BEH



中信建投國際
CHINA SECURITIES INTERNATIONAL

Financial Adviser to the Company



CITIC
SECURITIES

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

This Composite Document is jointly issued by BEH and the Company to the H Shareholders. A letter from CSCI, containing, among other things, the terms of the H Share Offer, is set out on pages 7 to 16 of this Composite Document. A letter from the Board of the Company is set out on pages 17 to 26 of this Composite Document. A letter from the Independent Board Committee containing its recommendations to the Independent H Shareholders in relation to the H Share Offer and the Delisting is set out on pages 27 to 28 of this Composite Document. A letter from Gram Capital containing its advice to the Independent Board Committee in relation to the H Share Offer and the Delisting is set out on pages 29 to 51 of this Composite Document.

The procedures for acceptance and settlement of the H Share Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the H Share Offer should be received by the H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:00 p.m. on Monday, 1 March 2021, being the First Closing Date, or such later date and time as BEH may decide and announce and the Executive may approve.

The EGM convened to approve the Delisting will be held at 10:00 a.m. on Friday, 19 February 2021 and the H Share Class Meeting convened to approve the Delisting will be held at 11:00 a.m. on Friday, 19 February 2021.

A notice of the EGM is set out in Appendix VI to this Composite Document and a notice of the H Share Class Meeting is set out in Appendix VII to this Composite Document. A proxy form for each of the EGM and the H Share Class Meeting is enclosed with this Composite Document.

Whether or not you are able to attend the EGM and/or the H Share Class Meeting or any adjournment thereof in person, you are requested to complete and return the enclosed proxy forms in accordance with the instructions printed thereon to the H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the EGM and the H Share Class Meeting.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and the H Share Class Meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at any of the EGM and the H Share Class Meeting or any adjournment thereof after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked.

A reply slip for each of the EGM and the H Share Class Meeting is also enclosed. You are reminded to complete and sign the reply slips (if you are entitled to attend the EGM and/or the H Share Class Meeting) and return the signed reply slips to the H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before Friday, 29 January 2021 in accordance with the instructions printed thereon. Shareholders can still attend and vote at the EGM and/or the H Share Class Meeting even if no reply slip is completed and returned.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction outside of Hong Kong should read the section headed "8. Overseas H Shareholders" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas H Shareholder wishing to accept the H Share Offer to satisfy himself, herself or itself as to full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas H Shareholders are advised to seek professional advice on deciding whether to accept the H Share Offer.

* For identification purpose only

31 December 2020

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to changes. Any change to the timetable will be jointly announced by the Offeror and the Company by way of announcement(s) as soon as possible.

Despatch date of the Composite Document and
commencement of the H Share Offer ⁽²⁾ Thursday, 31 December 2020

Latest time for lodging transfers of the H Shares in
order to be entitled to attend and vote at the EGM and/or
the H Share Class Meeting. 4:30 p.m. on Tuesday, 19 January 2021

Closure of the register for the determination of
entitlements of the Independent H Shareholders to
attend and vote at the EGM and/or
the H Share Class Meeting. Wednesday, 20 January 2021 to
Friday, 19 February 2021
(both dates inclusive)

Last day for receiving reply slips for the EGM and/or
the H Share Class Meeting ⁽³⁾ Friday, 29 January 2021

Latest time for lodging proxy form(s) in
respect of the EGM ⁽⁴⁾ 10:00 a.m. on Thursday, 18 February 2021

Latest time for lodging proxy form(s) in respect
of the H Share Class Meeting ⁽⁴⁾ 11:00 a.m. on Thursday, 18 February 2021

EGM 10:00 a.m. on Friday, 19 February 2021

H Share Class Meeting 11:00 a.m. on Friday, 19 February 2021

Announcement of the results of the EGM and
the H Share Class Meeting. by 7:00 p.m. on Friday, 19 February 2021

Re-opening of the register Monday, 22 February 2021

First Closing Date ⁽⁵⁾ Monday, 1 March 2021

Latest time for acceptance of the H Share Offer on
the First Closing Date ⁽⁶⁾ 4:00 p.m. on Monday, 1 March 2021

EXPECTED TIMETABLE

Announcement of the results of the H Share Offer on
the First Closing Date by 7:00 p.m. on Monday, 1 March 2021

Latest time for the H Share Offer to become or
be declared unconditional as to acceptance
(if not already unconditional) ⁽⁷⁾. 7:00 p.m. on Monday, 1 March 2021

Latest date for posting of remittances for the
amounts due under the H Share Offer in respect of
valid acceptances received at or before the latest time
for acceptances of the H Share Offer on the
First Closing Date (assuming the H Share Offer has
become unconditional in all respects
on the First Closing Date) ⁽⁸⁾ Wednesday, 10 March 2021

Final Closing Date (assuming the
H Share Offer has become unconditional in
all respects on the First Closing Date) ⁽⁹⁾ Monday, 29 March 2021

Latest time for the H Share Offer remaining
opening for acceptance on the Final Closing Date and
closing of the H Share Offer ⁽⁹⁾ 4:00 p.m. on Monday, 29 March 2021

Announcement of the results of the
H Share Offer on the Final Closing Date by 7:00 p.m. on Monday, 29 March 2021

Last day of trading in the H Shares on the
Stock Exchange, assuming the Delisting is approved. Monday, 29 March 2021

Expected time and date of voluntary withdrawal of the
listing of the H Shares from the Stock Exchange ⁽¹⁰⁾ 4:00 p.m. on Wednesday, 7 April 2021

Latest time for posing of remittances for
the amounts due under the H Share Offer in
respect of valid acceptances received at or
before the latest time for acceptances of
the H Share Offer on the Final Closing Date
(assuming the H Share Offer has become unconditional
in all respects on the First Closing Date) ⁽⁸⁾ Monday, 12 April 2021

EXPECTED TIMETABLE

Notes:

- (1) Unless otherwise expressly stated, all references to dates and times contained in this Composite Document refer to Hong Kong dates and times.
- (2) The H Share Offer is made on Thursday, 31 December 2020, the date of the posting of the Composite Document, and is capable of being accepted on and from that date.
- (3) The reply slip should be duly completed and returned to H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than Friday, 29 January 2021 (i.e. 20 clear days prior to the date of convening of the EGM and the H Share Class Meeting). Failure to return the reply slip will not affect the Independent H Shareholders' right to attend the EGM and the H Share Class Meeting.
- (4) The proxy form should be deposited with H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event by the time stated above, in order to be valid. Completion and return of a proxy form for the EGM and/or the H Share Class Meeting (as the case may be) will not preclude an Independent H Shareholder from attending the EGM or the H Share Class Meeting (as the case may be) and voting in person if he/she/it so wishes and if such Independent H Shareholder has notified the Company not less than 24 hours in writing before the time appointed for any adjournment of the EGM or the H Share Class Meeting (as the case may be). In such event, the returned proxy form will be deemed to have been revoked.
- (5) It is assumed that the H Share Offer has not become unconditional as to acceptances or in all respects prior to the First Closing Date. In accordance with the Takeovers Code, the H Share Offer must initially be opened for acceptance for at least 21 days following the date on which the Composite Document was posted. Pursuant to Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the H Share Offer may not become or be declared unconditional as to acceptance after 7:00 p.m. on the 60th day after the posting of the Composite Document, being 1 March 2021.
- (6) Unless the H Share Offer has previously become or been declared unconditional, revised or extended, the latest time and date for acceptance of the H Share Offer is 4:00 p.m. on the First Closing Date, being 1 March 2021. Please refer to Appendix I to the Composite Document for additional information on how to accept the H Share Offer.
- (7) Pursuant to Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the H Share Offer (whether revised or not) may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th date after the Composite Document was posted, being 1 March 2021. BEH may further apply to extend the latest date to declare the H Share Offer unconditional as to acceptances beyond Monday, 1 March 2021 and the Executive may or may not grant such consent.
- (8) Pursuant to Rule 20.1 of the Takeovers Code, settlement in cash in respect of acceptances of the H Share Offer will be made within 7 business days (as defined under the Takeovers Code) of the later of the date on which the H Share Offer has become or is declared unconditional and the date on which the H Shares are tendered for acceptance of the H Share Offer. Relevant documents of title must be received by the H Share Registrar to render each acceptance of the H Share Offer complete and valid. Remittances in respect of the H Shares tendered for acceptance and taken up by BEH under the H Share Offer (after, if applicable, deducting the seller's ad valorem stamp duty arising therefrom) will be posted to the H Shareholders by ordinary post at their own risk.
- (9) In compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code, where the H Share Offer becomes or is declared unconditional in all respects, it should remain open for acceptance for not less than 28 days thereafter. At least 14

EXPECTED TIMETABLE

- (11) Beneficial owners of the H Shares who hold their H Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

- (12) The latest time and date for acceptance of the H Share Offer, the latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances, the last day of trading of H Shares and voluntary withdrawal of listing of the H Shares will not take effect if there is a tropical cyclone warning signal number 8 above, or a “black” rainstorm warning, in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the such relevant date. Instead, such relevant date will be rescheduled to the same time on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

IMPORTANT NOTICES

NOTICE TO OVERSEAS SHAREHOLDERS

The making of the H Share Offer to the Overseas H Shareholders and/or their ability to participate in the H Share Offer may be subject to the laws of the relevant jurisdictions. Overseas H Shareholders should observe any applicable legal or regulatory requirements. It is the responsibility of the Overseas H Shareholders wishing to accept the H Share Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction from such Overseas H Shareholders. Based on the H Share Register as at the Latest Practicable Date, none of the H Shareholders registered as a shareholder on the H Share Register is an Overseas H Shareholder.

DEFINITIONS

In this Composite Document, the following impressions have the meanings set out below unless the context requires otherwise.

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|-------------------------------------|--|
| “acting in concert” | has the meaning given to it in the Takeovers Code, and “parties acting in concert” shall be construed accordingly |
| “associate” | has the meaning given to it in the Takeovers Code |
| “BAFE” | Beijing Administration of Foreign Exchange (北京外匯管理部) |
| “BDH” | Beijing District Heating (Group) Co., Ltd. (北京市熱力集團有限責任公司), a limited liability company incorporated in the PRC and wholly-owned by BEH |
| “BEET” | Beijing Enterprises Energy Technology Investment Co., Limited (北控能源科技投資有限公司), a private company limited by shares incorporated in Hong Kong and ultimately owned and controlled by Beijing SASAC |
| “BEET Confirmation and Undertaking” | the confirmation and undertaking issued by BEET in favour of the Offeror on 17 November 2020, details of which are disclosed in the section headed “Letter from the Board of the Company” of this Composite Document |
| “BEH” or “Offeror” | Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司), a limited liability company incorporated in the PRC and wholly-owned by BSCOMC |
| “BEI” | Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), a private company limited by shares incorporated in Hong Kong and wholly-owned by BEH |
| “Beijing SASAC” | State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會) |
| “BIEE” | Beijing International Electric Engineering Co., Ltd. (北京國際電氣工程有限責任公司), a limited liability company incorporated in the PRC and wholly-owned by BEH |
| “Board” | the board of Directors of the Company |
| “BSCOMC” | Beijing State-owned Capital Operation and Management Center (北京國有資本經營管理中心), which is wholly-owned by Beijing SASAC |

DEFINITIONS

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|----------------------|---|
| “business day” | a day on which the Stock Exchange is open for the transaction of business |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Closing Date” | the date to be stated in the Composite Document as the first closing date of the H Share Offer or any subsequent closing date as may be announced by BEH and in compliance with the Takeovers Code |
| “CLSA” | CLSA Capital Markets Limited, the financial adviser to the Company in connection with the H Share Offer and a corporation licensed to conduct Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and an indirectly wholly-owned subsidiary of CITIC Securities Company Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6030) |
| “CLSA Group” | CLSA and persons controlling, controlled by or under the same control (with the meanings ascribed to such terms in the Takeovers Code) as CLSA |
| “Composite Document” | the composite document to be issued jointly by BEH and the Company to the Shareholders in connection with, among other things, the detailed terms of the H Share Offer, in accordance with the Takeovers Code and the Listing Rules |
| “Company” | 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 PRC with limited liability, the H Shares of which are listed on the Stock Exchange since 22 December 2011 |
| “Conditions” | the conditions of the H Share Offer, as set out under the section headed “Letter from CSCI – Conditions of the H Share Offer” of this Composite Document and “Condition” means any of them |
| “CPCR” | China Property & Casualty Reinsurance Company Ltd. (中國財產再保險有限責任公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of CRC |
| “CRC” | China Reinsurance (Group) Corporation (中國再保險(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability |

DEFINITIONS

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| “CSCI” | China Securities (International) Corporate Finance Company Limited, a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined under SFO), being the financial adviser to the Offeror |
| “Delisting” | the voluntary withdrawal of the listing of the H Shares on the Stock Exchange |
| “Director(s)” | the director(s) of the Company |
| “Disclosure Period” | the period beginning six (6) months prior to the date of the Rule 3.7 Announcement and ending with the Latest Practicable Date, both dates inclusive |
| “Disinterested H Shares” | H Shares other than those held by the Offeror and parties acting in concert with it (including CRC, CPCRC, BEI and BEET) |
| “Domestic Share(s)” | ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB |
| “Domestic Shareholders” | the registered holders of the Domestic Shares, namely, BSCOMC, BEH, BIEE and BDH |
| “Executive” | the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director |
| “EGM” | the extraordinary general meeting of the Shareholders to be convened, and any adjournment thereof, for the purpose of approving the Delisting |
| “Final Closing Date” | 29 March 2021, which has assumed that the H Share Offer becomes unconditional in all respects on the First Closing Date and the H Share Offer will be open for acceptance for 28 days after the First Closing Date |
| “First Closing Date” | 1 March 2021, being the first closing date of the H Share Offer assuming the H Share Offer has not become unconditional as to acceptances or in all respects prior to this date |
| “Form of Acceptance” | the form of acceptance and transfer in respect of the H Share Offer accompanying this Composite Document |
| “Group” | the Company and its subsidiaries |
| “HK\$” or “Hong Kong dollars” | Hong Kong dollars, the lawfully currency of Hong Kong |

DEFINITIONS

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| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “H Share(s)” | overseas listed foreign share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange |
| “H Share Class Meeting” | |

DEFINITIONS

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| “Latest Practicable Date” | 28 December 2020, being the latest practicable date prior to the issue of this Composite Document for the purpose of ascertaining certain information contained in this Composite Document |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time |
| “NDRC” | National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) |
| “Offer Period” | has the meaning ascribed to it in the Takeovers Code and commencing from 6 July 2020, being the date of the 3.7 Announcement until 4:00 p.m. on the Closing Date, or such other time and/or date to which BEH may decide to extend the H Share Offer in accordance with the Takeovers Code |
| “Overseas H Shareholders” | H Shareholders who are not residents in Hong Kong |
| “PRC” | the People’s Republic of China other than Hong Kong, the Macau Special Administrative Region and Taiwan |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Rule 3.5 Announcement” | the announcement dated 17 November 2020 jointly made by the Company and BEH pursuant to Rule 3.5 of the Takeovers Code in respect of BEH’s intention to make a conditional voluntary cash general offer for the H Shares (other than those already held by BEH or parties acting in concert with it) |
| “Rule 3.7 Announcement” | the announcement dated 6 July 2020 made by the Company pursuant to Rule 3.7 of the Takeovers Code in respect of BEH’s indication of its intention to make a conditional voluntary cash general offer for the H Shares (other than those already held by BEH or parties acting in concert with it) |
| “SASAC” | State-owned Assets Supervision and Administration Commission (國有資產監督管理委員會) |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong |
| “Shareholders” | H Shareholders and Domestic Shareholders |
| “Shares” | H Shares and Domestic Shares |

DEFINITIONS

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| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | the Code on Takeovers and Mergers published by the SFC |
| “Unconditional Date” | the date on which the H Share Offer becomes or is declared unconditional in all respects |
| “Undertaking” | the letter of 11.585 Tm 0nr.5 (o)n.5 (o)d.6 (e)0.5 (r)136 (t)0.5 (t)a36 (t)k.5 (t)i36 (t)r |

LETTER FROM CSCI

31 December 2020

To the H Shareholders

Dear Sir or madam,

**(1) VOLUNTARY CONDITIONAL OFFER BY CHINA SECURITIES
(INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED ON
BEHALF OF BEH TO ACQUIRE ALL OF THE ISSUED H SHARES IN
THE COMPANY (OTHER THAN THOSE ALREADY HELD BY BEH
AND PARTIES ACTING IN CONCERT WITH IT)
AND
(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF
THE H SHARES OF THE COMPANY**

INTRODUCTION

On 17 November 2020 (after trading hours), the board of directors of BEH and the Board of the Company jointly announced that CSCI, on behalf of BEH, made a firm conditional voluntary cash general offer for the H Shares (other than those already held by BEH and parties acting in concert with it).

The H Share Offer is subject to the fulfilment of a number of Conditions as set out in this Composite Document, including the approval of the voluntary withdrawal of the listing of the H Shares on the Stock Exchange by the Independent H Shareholders at the H Share Class Meeting and the EGM.

This letter forms part of this Composite Document and sets out certain background information on BEH and the intention in relation to BEH.

Terms defined in this Composite Document have the same meaning when used in this letter.

THE H SHARE OFFER

Consideration for the H Share Offer

The H Share Offer will be made by CSCI on behalf of BEH on the following basis:

For each H Share HK\$2.70 in cash

The H Share Offer Price was determined after taking into account factors, including most recent published financial information of the Company and the Offeror's assessment of the Company's business, with reference to other privatisation transactions in Hong Kong in recent years.

BEH will not increase the H Share Offer Price for the H Share Offer as set out above. Shareholders and potential investors of the Company should be aware that, following the making of this statement, BEH will not be allowed to increase the H Share Offer Price and BEH does not reserve the right to increase the H Share Offer Price.

LETTER FROM CSCI

Comparison of Value

The H Share Offer Price under the H Share Offer represents:

- (a) a premium of approximately 5.88% over the closing price of HK\$2.55 per H Share as quoted on the Stock Exchange on 28 December 2020, being the Latest Practicable Date;
- (b) a premium of approximately 70.89% over the closing price of HK\$1.58 per H Share as quoted on the Stock Exchange on the last trading day prior to the publication of the Rule 3.7 Announcement;
- (c) a premium of approximately 11.57% over the closing price of HK\$2.42 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a premium of approximately 70.89% over the average closing price of HK\$1.58 per H Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (e) a premium of approximately 67.70% over the average closing price of HK\$1.61 per H Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (f) a premium of approximately 97.08% over the average closing price of HK\$1.37 per H Share as quoted on the Stock Exchange for the last 90 trading days immediately prior to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (g) a premium of approximately 100.00% over the average closing price of HK\$1.35 per H Share as quoted on the Stock Exchange for the last 180 trading days immediately prior to and including the last trading day prior to the publication of the Rule 3.7 Announcement;
- (h) a discount of approximately 12.05% to audited consolidated net asset value attributable to the Shareholders of the Company (excluding the perpetual medium-term notes and prepared in accordance with IFRSs) of approximately HK\$3.07 per Share as at 31 December 2019, based on the exchange rate of RMB1: HK\$1.1163, being the median exchange rate on 31 December 2019 as announced by the People's Bank of China;
- (i) a discount of approximately 12.90% to unaudited consolidated net asset value attributable to the Shareholders of the Company (excluding the perpetual medium-term notes and prepared in accordance with IFRSs) of approximately HK\$3.10 per Share as at 30 June 2020, based on the exchange rate of RMB1: HK\$1.0948, being the median exchange rate on 30 June 2020 as announced by the People's Bank of China; and

LETTER FROM CSCI

- (j) a discount of approximately 18.43% to unaudited consolidated net asset value attributable to the Shareholders of the Company (excluding the perpetual medium-term notes and prepared in accordance with PRC Generally Accepted Accounting Principles (and there will be no material difference if IFRSs are to be adopted)) of approximately HK\$3.31 per Share as at 30 September 2020, based on the exchange rate of RMB1: HK\$1.1380, being the median exchange rate on 30 September 2020 as announced by the People's Bank of China.

Highest and lowest prices

During the period beginning on 6 January 2020 (being six months preceding the commencement of the Offer Period) up to and including the Latest Practicable Date, the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$2.56 on 3, 9, 10, 17, 18 and 21 December 2020 and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$1.07 on 23 and 24 March 2020.

Consideration

Based on the H Share Offer Price of HK\$2.70 per H Share and 1,505,064,000 H Shares (representing the H Shares not already held by BEH and parties acting in concert with it) in issue as at the date of this Composite Document, the maximum value of the H Share Offer (assuming the H Share Offer is accepted in full and there is no change in the share capital of the Company) is approximately HK\$4,063,672,800. The consideration will be paid in cash.

Settlement of consideration

The consideration of the H Share Offer will be settled as soon as possible and in any event within 7 business days (as defined under the Takeovers Code) following the date of receipt of a complete and valid acceptance in respect of the H Share Offer or the Unconditional Date, whichever is later.

Conditions of the H Share Offer

The H Share Offer is subject to the fulfilment of the following conditions:

- (a) subject to Condition (c) below, the passing of a resolution by the Independent H Shareholders approving the Delisting at the H Share Class Meeting to be convened for this purpose, provided that:
- (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy;
 - (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;

LETTER FROM CSCI

- (b) subject to Condition (c) below, the passing of a resolution by the Independent H Shareholders approving the Delisting at the EGM to be convened for this purpose, provided that:
 - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy;
 - (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (c) minimum valid acceptance of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date amounting to at least 90% of the H Shares held by the Independent H Shareholders;
- (d) all necessary authorisations, consents and approvals (including approval in-principle) of any governmental or regulatory body in relation to the H Share Offer (including its implementation) having been obtained and remaining in full force and effect pursuant to the provisions of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions;
- (e) no action, decision, order, proceeding, enquiry or investigation having been taken or made by any relevant government, governmental, quasi-governmental, regulatory body, court or agent that has the effect of making unlawful, void or unenforceable or otherwise prohibiting or restricting the H Share Offer (including its implementation) or imposing any material conditions or obligations with respect to the H Share Offer (including its implementation) (other than such action, decision, order, proceeding, enquiry or investigation as would not have a material adverse effect on the legal ability of BEH to proceed with or consummate the H Share Offer);
- (f) the granting of the waiver by the Executive from the requirements under Rule 2.2(c) of the Takeovers Code; and
- (g) the filing or approval of Beijing SASAC and NDRC and the registration of BAFE in relation to the H Share Offer having been completed and remaining in full force and effect pursuant to the provisions of relevant laws and regulations in the PRC.

None of the Conditions can be waived. As at the date of this Composite Document, none of the Conditions has been fulfilled.

All the issued Domestic Shares are held by BEH and parties acting in concert with it, namely BSCOMC, BIEE and BDH, and therefore no class meeting of Domestic Shareholders will be convened for the purpose of approving the Delisting and the Domestic Shareholders are not entitled to vote in the EGM to be convened for approving the Delisting.

LETTER FROM CSCI

According to the applicable PRC laws and regulations, the H Share Offer requires the filing or approval of Beijing SASAC and NDRC, the registration of BAFE and the other applicable governmental filings or approvals, and such regulatory requirements shall be complied with, irrespective of the funding arrangement mentioned in the paragraph headed “Confirmation of financial resources in respect of the H Share Offer” of this Composite Document. As at the date of this Composite Document, the Offeror has completed the filing with NDRC and submitted the application documents to Beijing SASAC for approval in relation to the H Share Offer. To the best knowledge of the Offeror, the approval of Beijing SASAC is expected to be obtained by early January 2021. Upon obtaining the approval of Beijing SASAC, the Offeror will register with BAFE and it is expected that the registration with BAFE will be completed by early February 2021. The above timetable for the approval of Beijing SASAC and the registration of BAFE is subject to changes and further announcement will be made in respect of any change. According to the applicable PRC laws and regulations, each of the filing or approval of Beijing SASAC and NDRC, the registration of BAFE and the other applicable governmental filings or approvals is required to be completed prior to the completion of the H Share Offer. Save as disclosed above, as at the Latest Practicable Date, BEH and the Company have not identified any governmental or regulatory approval required for the completion of the H Share Offer.

The Board confirms that as at the Latest Practicable Date, no third party consent in relation to the H Share Offer is required pursuant to any agreement to which any member of the Group is a party.

In addition to the Conditions set out above, the H Share Offer is made on the basis that acceptance of the H Share Offer by any person will constitute a warranty by such person or persons to BEH that the H Shares acquired under the H Share Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of this Composite Document or subsequently becoming attached to them, and including the right to receive all dividends (whether final or interim) and other distributions, if any, declared and where the record date for such entitlement is on or after the date of this Composite Document.

The H Share Offer will be made in compliance with the Takeovers Code, which is administered by the Executive. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, BEH will not invoke any of the conditions above so as to cause the H Share Offer to lapse unless the circumstances which give rise to a right to invoke the condition are of material significance to BEH in the context of the H Share Offer. Except with the consent of the Executive, if any of the Conditions is not satisfied within 21 days of the first Closing Date or the date the H Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the H Share Offer will lapse.

Under the terms of the H Share Offer, the H Shares will be acquired with all rights attached thereto as at the date of this Composite Document or which subsequently become attached thereto, including the right to receive all dividends (whether final or interim) and other distributions, if any, declared, and where the record date for such entitlement is on or after the date of the Rule 3.5 Announcement and free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever.

LETTER FROM CSCI

As at the Latest Practicable Date, the Company has not declared any dividends, the record date of which falls on or after the date of this Composite Document. The Company does not have any intention to declare, make or pay any future dividends or make other distributions until the Closing Date.

Completion of the H Share Offer

The H Share Offer will initially be open for acceptances for at least 21 days from the date of the Composite Document. The latest time on which the Offeror can declare the H Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Composite Document, being 1 March 2021 (or such later date to which the Executive may consent). Once all the Conditions have been satisfied, the H Share Offer will be declared unconditional in all respects and the H Share Offer should remain open for acceptance for not less than 28 days in compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code before the H Share Offer is closed in order to allow sufficient time for those H Shareholders who have not initially accepted the H Share Offer to accept the H Share Offer or to process the transfer of their H Shares.

BEH and the Company will issue an announcement in relation to the extension or lapse of the H Share Offer or the fulfilment of the Conditions in accordance with the Takeovers Code and the Listing Rules. The latest time on which BEH can declare the H Share Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document, being 1 March 2021 (or such later date to which the Executive may consent).

WARNING

The Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of the H Shares may be severely reduced. Independent H Shareholders should take note that they may vote against the delisting proposal, and that if more than 10% of the Disinterested H Shares are voted against the delisting proposal, the H Share Offer will not become unconditional and the H Shares will remain listed.

REASONS FOR AND BENEFITS ON THE H SHARE OFFER AND THE DELISTING

Since the Company's business requires relatively high capital investments, equity financing is essential for the Company's long-term growth and maintenance of its market competitiveness. However, pursuant to relevant regulations imposed by SASAC, the Company has not been able to access capital through equity financing as its price-to-book ratio fell below one. Without external equity financing capability, the Company has lost the main advantage of a listing platform.

BEH is of the view that the privatisation of the Company will help enhance the flexibility and efficiency of the Company's future business development, and facilitate the integration of the business of the Company and BEH.

LETTER FROM CSCI

During the period from 6 January 2020 (i.e. six months preceding the commencement of the Offer Period) up to and including 28 December 2020 (i.e. the Latest Practicable Date), the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$2.56 on 3, 9, 10, 17, 18 and 21 December 2020 and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$1.07 on 23 and 24 March 2020. BEH believes that the H Share Offer, if implemented, offers all H Shareholders (excluding BEH and parties acting in concert with it) an excellent opportunity to realise their investments in the Company with relatively low liquidity at a cash consideration which represents an attractive premium over the market price of the H Shares. The H Share Offer also allows the H Shareholders to redeploy capital from accepting the H Share Offer into other investment opportunities that they may consider more attractive in the current market environment.

INTENTION IN RESPECT OF THE COMPANY

If the H Share Offer is completed, BEH intends that the Group will continue to carry on its existing business and, save for transactions in the ordinary course of business, does not expect there to be a redeployment of the fixed assets of the Group. Under current market conditions, BEH has no plans to effect any redundancies in respect of the employees of the Group (other than in the ordinary course of business). As at the date of this Composite Document, BEH has no plan for listing of the shares of the Company on the other stock exchanges after the Delisting.

Delisting

Upon the H Share Offer becoming unconditional, the Company will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules. The H Shareholders will be notified by way of an announcement of the date of the last day for dealing in the H Shares and on which the Delisting will become effective.

No right of compulsory acquisition

BEH has no rights under the laws of the PRC and the articles of association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of such shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the Listing Rules and may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company in Hong Kong thereafter. Independent H Shareholders should take note that they may vote against the delisting proposal, and that if more than 10% of the Disinterested H Shares are voted against the delisting proposal, the H Share Offer will not become unconditional and the H Shares will remain listed.

The Offeror has applied to the Executive for a waiver from the requirements under Rule 2.2(c) of the Takeovers Code.

LETTER FROM CSCI

CONFIRMATION OF FINANCIAL RESOURCES IN RESPECT OF THE H SHARE OFFER

BEH will finance such cash consideration and the buyer's ad valorem stamp duty for the H Share Offer by a loan facility provided by Industrial Bank Co., Ltd. to BEH.

BEH has no intention for the payment of interest on, repayment of or security for any liability (contingent or otherwise) relating to the loan facility to depend on any significant extent on the business of the Company.

CSCI, the financial adviser to BEH in respect of the H Share Offer is satisfied that sufficient financial resources are available to BEH to satisfy full acceptance of the H Share Offer.

INFORMATION AND PRINCIPAL BUSINESS OF BEH

BEH is wholly owned by BSCOMC. The predecessor of BEH is Beijing International Electricity Development Investment Corporation (北京國際電力開發投資公司), which was established in 1993 and subsequently merged with Beijing Comprehensive Investment Corporation (北京市綜合投資公司), Beijing Heat Energy Group Co., Ltd. (北京市熱力集團有限責任公司) and Beijing Jingmei Group Co., Ltd. (北京京煤集團有限責任公司). BEH is an integrated energy services provider with a registered capital of RMB21.3 billion and is involved in the production and provision of electricity and heating power, production and sale of coals, real estate development and property management services.

BEH directly owns 5,081,793,482 Domestic Shares, representing approximately 93.85% of the total issued Domestic Shares and approximately 61.64% of the total issued share capital of the Company.

BSCOMC, the sole shareholder of BEH, directly owns 224,348,291 Domestic Shares, representing approximately 4.14% of the total issued Domestic Shares and approximately 2.72% of the total issued share capital of the Company. BSCOMC was established by Beijing SASAC as an enterprise owned by the whole people (全民所有制企業).

BIEE, a wholly-owned subsidiary of BEH, directly owns 92,654,249 Domestic Shares, representing approximately 1.71% of the total issued Domestic Shares and approximately 1.12% of the total issued share capital of the Company.

BDH, a wholly-owned subsidiary of BEH, directly owns 16,035,322 Domestic Shares, representing approximately 0.30% of the total issued Domestic Shares and approximately 0.19% of the total issued share capital of the Company.

BEH, BSCOMC, BIEE and BDH own the entire issued Domestic Shares.

BEI, a wholly-owned subsidiary of BEH, directly owns 471,612,800 H Shares, representing approximately 16.67% of the total issued H Shares and approximately 5.72% of the total issued share capital of the Company.

LETTER FROM CSCI

BEET, a company ultimately owned and controlled by Beijing SASAC and a party presumed to be acting in concert with BEH for the purpose of the Takeovers Code, directly owns 196,964,000 H Shares, representing approximately 6.96% of the total issued H Shares and approximately 2.39% of the total issued share capital of the Company. On 17 November 2020, BEET issued the BEET Confirmation and Undertaking in favour of BEH, pursuant to which BEET (i) confirmed that the H Share Offer will not be made to it; and (ii) has undertaken that it will not participate in the H Share Offer and therefore will not sell any of its H Shares to BEH.

Therefore, H Shares owned by BEI and BEET will not be voted on in the EGM and the H Share Class Meeting.

There was no dealing in securities of the Company during the six-month period prior to the date of the Rule 3.7 Announcement by BEH and parties acting in concert with it.

THE UNDERTAKING FROM CRC AND CPCR

As at the date of this Composite Document, CRC and its wholly-owned subsidiary, CPCR in aggregate hold 656,036,000 H Shares, representing approximately 23.18% of the total issued H Shares and approximately 7.96% of the total issued share capital of the Company. On 17 November 2020, the Offeror received the Undertaking from CRC and CPCR, pursuant to which CRC and CPCR have irrevocably and unconditionally undertaken that:

- (a) from (and including) the date of the Undertaking to (and including) the earlier of (aa) the date when the H Share Offer closes for acceptances; or (bb) the date when the H Share Offer lapses:
 - (i) CRC and CPCR will not participate in the H Share Offer, and none of the H Shares held by CRC and CPCR shall constitute the Disinterested H Shares, and therefore CRC and CPCR will not sell any of its H Shares to the Offeror, and CRC and CPCR will not receive any consideration in respect of the H Share Offer; and
 - (ii) CRC and CPCR will not (1) sell or otherwise dispose of any of its H Shares; or (2)

LETTER FROM CSCI

Prior to entering into the Undertaking, CRC and CPCR did not have any relationship with the Offeror which may cause themselves being parties acting in concert with the Offeror. As a result of the Undertaking, CRC and CPCR are parties acting in concert with the Offeror for the purpose of the Takeovers Code. Therefore, none of the H Shares held by CRC and CPCR shall constitute the Disinterested H Shares and will not be voted on in the EGM and/or the H Share Class Meeting. As at the date of this Composite Document, no consideration, compensation or benefit in whatever form has been provided by the Offeror or parties acting in concert with it to any of CRC, CPCR or parties acting in concert with any of them in connection with the Undertaking.

After the Delisting, the rights of CRC and CPCR as Shareholders of the Company under the PRC laws and regulations will be the same as those of Independent H Shareholders not tendering the H Shares for acceptance under the H Share Offer. As at the date of this Composite Document, no treatment or benefit different to that of such Independent H Shareholders has been given or agreed to be given to CRC or CPCR.

ADDITIONAL INFORMATION

In considering what action to take in connection with the H Share Offer and the Delisting, you should consider your own tax position and, if you are in any doubt, you should consult your professional advisers. In making your decision, the Independent H Shareholders must rely on their own examination of the terms of the H Share Offer and the Delisting, including the merits and risks involved. Independent H Shareholders should consult their own professional advisers for professional advice.

You are also urged to read carefully (a) the letter from the Board of the Company from pages 17 to 26 of this Composite Document; (b) the letter from the Independent Board Committee from pages 27 to 28 of this Composite Document; (c) the letter from Gram Capital from pages 29 to 51 of this Composite Document; (d) the procedures for acceptance of the H Share Offer as set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance; (e) the details for meetings to be convened for approving the Delisting as set out in the section headed “The EGM and the H Share Class Meeting” in the “Letter from the Board of the Company” in this Composite Document; (f) the report from Deloitte Touche Tohmatsu on the Profit Estimate from pages III-1 to III-3 of this Composite Document; (g) the report from Gram Capital on the Profit Estimate from pages IV-1 to IV-2 of this Composite Document and (h) other information as set out in the appendices to this Composite Document which form part of this Composite Document.

Yours faithfully
For and on behalf of

China Securities (International) Corporate Finance Company Limited

George Yen

Executive Director

LETTER FROM THE BOARD OF THE COMPANY



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)

Executive Directors:

Mr. Zhang Fengyang (*Chairman*)
Mr. Cao Mansheng

Non-executive Directors:

Mr. Ren Qigui
Ms. Li Juan
Mr. Wang Bangyi

Independent non-executive Directors:

Mr. Huang Xiang
Mr. Chan Yin Tsung
Mr. Han Xiaoping
Mr. Xu Daping

Registered office:

Room 118, No.1 Ziguang East Road,
Badaling Economic Development Zone,
Yanqing District, Beijing, the PRC

Principal place of business in the PRC:

7/8 Floor, No.6 Xibahe Road,
Chaoyang District, Beijing, the PRC

Principal place of business in Hong Kong:

Level 54, Hopewell Centre,
183 Queen's Road East, Hong Kong

31 December 2020

To the H Shareholders

Dear Sir/Madam,

**(1) VOLUNTARY CONDITIONAL OFFER BY CHINA SECURITIES
(INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED ON
BEHALF OF BEH TO ACQUIRE ALL OF THE ISSUED H SHARES IN
THE COMPANY (OTHER THAN THOSE ALREADY HELD BY BEH
AND PARTIES ACTING IN CONCERT WITH IT)**

AND

**(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF
THE H SHARES OF THE COMPANY**

INTRODUCTION

Reference is made to the Rule 3.5 Announcement dated 17 November 2020 jointly made by the Company and BEH in relation to the H Share Offer and the Delisting.

LETTER FROM THE BOARD OF THE COMPANY

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among others: (a) further details of the H Share Offer; (b) the expected timetable relating to the H Share Offer; (c) the Delisting; (d) the “Letter from CSCI” containing the details of the H Share Offer and the Delisting; (e) the “Letter from the Independent Board Committee” containing its recommendations to the Independent H Shareholders on the H Share Offer and the Delisting; (f) the “Letter from Gram Capital” containing its advice to the Independent Board Committee in respect of the H Share Offer and the Delisting.

CONFLICT OF INTEREST

Mr. Ren Qigui, Ms. Li Juan, and Mr. Wang Bangyi, each being a non-executive Director, will not serve as members of the Independent Board Committee because of their respective current positions at BEH and/or the parties acting in concert with it. Mr. Ren Qigui (任啟貴) has been serving as a full-time investment director of BEH and a director of BDH since March 2019; a director of Beijing Jingmei Group Co., Ltd. (北京京煤集團有限責任公司), a wholly-owned subsidiary of BEH, since April 2019; and a director of Beijing Jingneng Power Co., Ltd. (北京京能電力股份有限公司), which is ultimately controlled by BEH, since June 2019. Ms. Li Juan (李娟) has been the senior manager of the second department of investment management of BSCOMC since March 2018. Mr. Wang Bangyi (王邦宜) has been serving as the general manager of China Re Asset Management (Hong Kong) Co., Ltd., a subsidiary of CRC, since April 2017.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Under Rule 2.1 of the Takeovers Code, a board which receives an offer must establish an independent committee of the board to make a recommendation (i) as to whether the offer is, or is not, fair and reasonable and (ii) as to acceptance or voting. Mr. Huang Xiang, Mr. Chan Yin Tsung, Mr. Han Xiaoping and Mr. Xu Daping, each being an independent non-executive Director, have been appointed as members of the Independent Board Committee in respect of the H Share Offer and the Delisting.

The Company has appointed and the Independent Board Committee has approved the appointment of Gram Capital as the Independent Financial Adviser to advise the Independent Board Committee in respect of the H Share Offer and the Delisting, in particular, as to whether the H Share Offer is fair and reasonable and as to acceptance and voting.

LETTER FROM THE BOARD OF THE COMPANY

Conditions of the H Share Offer

The H Share Offer is subject to the fulfilment of the following conditions:

- (a) Subject to Condition (c) below, the passing of a resolution by the Independent H Shareholders approving the Delisting at the H Share Class Meeting to be convened for this purpose, provided that:
 - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy;
 - (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (b) subject to Condition (c) below, the passing of a resolution by the Independent H Shareholders approving the Delisting at the EGM to be convened for this purpose, provided that:
 - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy;
 - (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (c) minimum valid acceptance of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date amounting to at least 90% of the H Shares held by the Independent H Shareholders;
- (d) all necessary authorisations, consents and approvals (including approval in-principle) of any governmental or regulatory body in relation to the H Share Offer (including its implementation) having been obtained and remaining in full force and effect pursuant to the provisions of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions;
- (e) no action, decision, order, proceeding, enquiry or investigation having been taken or made by any relevant government, governmental, quasi-governmental, regulatory body, court or agent that has the effect of making unlawful, void or unenforceable or otherwise prohibiting or restricting the H Share Offer (including its implementation) or imposing any material conditions or obligations with respect to the H Share Offer (including its implementation) (other than such action, decision, order, proceeding, enquiry or investigation as would not have a material adverse effect on the legal ability of BEH to proceed with or consummate the H Share Offer);
- (f) the granting of the waiver by the Executive from the requirements under Rule 2.2(c) of the Takeovers Code; and
- (g) the filing or approval of Beijing SASAC and NDRC and the registration of BAFE in relation to the H Share Offer having been completed and remaining in full force and effect pursuant to the provisions of relevant laws and regulations in the PRC.

LETTER FROM THE BOARD OF THE COMPANY

None of the Conditions can be waived. As of the Latest Practicable Date, none of the Conditions has been fulfilled.

All the issued Domestic Shares are held by BEH and parties acting in concert with it, namely BSCOMC, BIEE and BDH, and therefore no class meeting of Domestic Shareholders will be convened for the purpose of approving the Delisting and the Domestic Shareholders are not entitled to vote in the EGM to be convened for approving the Delisting.

According to the applicable PRC laws and regulations, the H Share Offer requires the filing or approval of Beijing SASAC and NDRC, the registration of BAFE and the other applicable governmental filings or approvals, and such regulatory requirements shall be complied with, irrespective of the funding arrangement mentioned in the paragraph headed “Confirmation of financial resources in respect of the H Share Offer” of this Composite Document. As at the date of this Composite Document, the Offeror has completed the filing with NDRC and submitted the application documents to Beijing SASAC for approval in relation to the H Share Offer. To the best knowledge of the Offeror, the approval of Beijing SASAC is expected to be obtained by early January 2021. Upon obtaining the approval of Beijing SASAC, the Offeror will register with BAFE and it is expected that the registration with BAFE will be completed by early February 2021. The above timetable for the approval of Beijing SASAC and the registration of BAFE is subject to changes and further announcement will be made in respect of any change. According to the applicable PRC laws and regulations, each of the filing or approval of Beijing SASAC and NDRC, the registration of BAFE and the other applicable governmental filings or approvals is required to be completed prior to the completion of the H Share Offer. Save as disclosed above, as at the Latest Practicable Date, BEH and the Company have not identified any governmental or regulatory approval required for the completion of the H Share Offer.

The Board confirms that as at the Latest Practicable Date, no third party consent in relation to the H Share Offer is required pursuant to any agreement to which any member of the Group is a party.

In addition to the Conditions set out above, the H Share Offer is made on the basis that acceptance of the H Share Offer by any person will constitute a warranty by such person or persons to BEH that the H Shares acquired under the H Share Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the Latest Practicable Date or subsequently becoming attached to them, and including the right to receive all dividends (whether final or interim) and other distributions, if any, declared and where the record date for such entitlement is on or after the Latest Practicable Date.

As at the Latest Practicable Date, the Company has not declared any dividends, the record date of which falls on or after the date of this Composite Document. The Company does not have any intention to declare, make or pay any future dividends or make other distributions until the Final Closing Date.

The H Share Offer will be made in compliance with the Takeovers Code, which is administered by the Executive. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, BEH will not invoke any of the conditions above so as to cause the H Share Offer to lapse unless the circumstances which give rise to a right to invoke the condition are of material significance to BEH in the context of the H Share Offer. Except with the consent of the Executive, if any of the Conditions is not satisfied within 21 days of the First Closing Date or the date the H Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the H Share Offer will lapse.

LETTER FROM THE BOARD OF THE COMPANY

Completion of the H Share Offer

Except with the consent of the Executive, if any of the Conditions is not satisfied within 21 days of the First Closing Date or of the date the H Share Offer becomes or is declared unconditional as to acceptances, whichever is the later, the H Share Offer will lapse.

BEH and the Company will issue an announcement in relation to the extension or lapse of the H Share Offer or the fulfilment of the Conditions in accordance with the Takeovers Code and the Listing Rules. The latest time on which BEH can declare the H Share Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document, being 1 March 2021 (or such later date to which the Executive may consent).

WARNING

The H Share Offer is conditional upon the satisfaction of the Conditions as described in this Composite Document in all aspects. Accordingly, the H Share Offer may or may not become unconditional and the issue of this Composite Document does not imply that the H Share Offer or the Delisting will be completed. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company (including the H Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

INFORMATION AND PRINCIPAL BUSINESS OF BEH

BEH is wholly owned by BSCOMC. The predecessor of BEH is Beijing International Electricity Development Investment Corporation (北京國際電力開發投資公司), which was established in 1993 and subsequently merged with Beijing Comprehensive Investment Corporation (北京市綜合投資公司), Beijing Heat Energy Group Co., Ltd. (北京市熱力集團有限責任公司) and Beijing Jingmei Group Co., Ltd. (北京京煤集團有限責任公司). BEH is an integrated energy services provider with a registered capital of RMB21.3 billion and is involved in the production and provision of electricity and heating power, production and sale of coals, real estate development and property management services.

BEH directly owned 5,081,793,482 Domestic Shares, representing approximately 93.85% of the total issued Domestic Shares and approximately 61.64% of the total issued share capital of the Company.

BSCOMC, the sole shareholder of BEH, directly owned 224,348,291 Domestic Shares, representing approximately 4.14% of the total issued Domestic Shares and approximately 2.72% of the total issued share capital of the Company. BSCOMC was established by Beijing SASAC as an enterprise owned by the whole people (全民所有制企業).

BIEE, a wholly-owned subsidiary of BEH, directly owned 92,654,249 Domestic Shares, representing approximately 1.71% of the total issued Domestic Shares and approximately 1.12% of the total issued share capital of the Company.

LETTER FROM THE BOARD OF THE COMPANY

BDH, a wholly-owned subsidiary of BEH, directly owned 16,035,322 Domestic Shares, representing approximately 0.30% of the total issued Domestic Shares and approximately 0.19% of the total issued share capital of the Company.

Therefore, BEH, BSCOMC, BIEE and BDH own the entire issued Domestic Shares.

BEI, a wholly-owned subsidiary of BEH, directly owned 471,612,800 H Shares, representing approximately 16.67% of the total issued H Shares and approximately 5.72% of the total issued share capital of the Company.

BEET, a company ultimately owned and controlled by Beijing SASAC and a party presumed to be acting in concert with BEH for the purpose of the Takeovers Code, directly owned 196,964,000 H Shares, representing approximately 6.96% of the total issued H Shares and approximately 2.39% of the total issued share capital of the Company. On 17 November 2020, BEET issued the BEET Confirmation and Undertaking in favour of BEH, pursuant to which BEET (i) confirmed that the H Share Offer will not be made to it; and (ii) has undertaken that it will not participate in the H Share Offer and therefore will not sell any of its H Shares to BEH.

Therefore, H Shares owned by BEI and BEET will not be voted on in the EGM and the H Share Class Meeting.

INTENTION IN RESPECT OF THE COMPANY

If the H Share Offer is completed, BEH intends that the Group will continue to carry on its existing business and, save for transactions in the ordinary course of business, does not expect there to be a redeployment of the fixed assets of the Group. Under current market conditions, BEH has no plans to effect any redundancies in respect of the employees of the Group (other than in the ordinary course of business). As at the Latest Practicable Date, BEH has no plan for listing of the shares of the Company on the other stock exchange after the Delisting.

Delisting

Upon the H Share Offer becoming unconditional, the Company will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules. The H Shareholders will be notified by way of an announcement of the date of the last day for dealing in the H Shares and on which the Delisting will become effective.

LETTER FROM THE BOARD OF THE COMPANY

No right of compulsory acquisition

BEH has no rights under the laws of the PRC and the articles of association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of the H Shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the Listing Rules and may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company in Hong Kong thereafter. Independent H Shareholders should take note that they may vote against the delisting proposal, and that if more than 10% of the Disinterested H Shares are voted against the delisting proposal, the H Share Offer will not become unconditional and the H Shares will remain listed.

The Offeror has applied to the Executive for a waiver from the requirements under Rule 2.2(c) of the Takeovers Code.

INFORMATION AND PRINCIPAL BUSINESS OF THE COMPANY

Principal activities of the Company

The Company is involved in gas-fired power and heat energy generation, wind power, photovoltaic power, small-to-medium-sized hydropower and other clean energy generation businesses in a number of provinces, municipalities and autonomous regions, such as Beijing, Inner Mongolia, Ningxia, Sichuan, Hunan and Guangdong.

Financial information of the Company

Below is a summary of (i) the audited consolidated results of the Company for each of the two

LETTER FROM THE BOARD OF THE COMPANY

Shareholding in the Company

As at the Latest Practicable Date, the Company has 8,244,508,144 Shares in issue, consisting of 5,414,831,344 Domestic Shares and 2,829,676,800 H Shares. The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the H Share Offer (assuming that the H Share Offer is fully accepted by the Independent H Shareholders).

| | As at the Latest Practicable Date | | Immediately after the completion of the H Share Offer (assuming the H Share Offer is fully accepted by the Independent H Shareholders) | |
|---|--|---|---|---|
| | <i>Number of Shares</i> | <i>Approximately % of the total issued share capital of the Company</i> | <i>Number of Shares</i> | <i>Approximately % of the total issued share capital of the Company</i> |
| Domestic Shares | 5,414,831,344 | 65.68% | 5,414,831,344 | 65.68% |
| BEH ⁽¹⁾ | 5,081,793,482 | 61.64% | 5,081,793,482 | 61.64% |
| BSCOMC ⁽²⁾ | 224,348,291 | 2.72% | 224,348,291 | 2.72% |
| BIEE ⁽³⁾ | 92,654,249 | 1.12% | 92,654,249 | 1.12% |
| BDH ⁽⁴⁾ | 16,035,322 | 0.19% | 16,035,322 | 0.19% |
| Total Domestic Shares held by BEH and parties acting in concert with it | 5,414,831,344 | 65.68% | 5,414,831,344 | 65.68% |
| H Shares | 2,829,676,800 | 34.32% | 2,829,676,800 | 34.32% |
| CRC ⁽⁵⁾ | 459,332,000 | 5.57% | 459,332,000 | 5.57% |
| CPCR ⁽⁵⁾ | 196,704,000 | 2.39% | 196,704,000 | 2.39% |
| BEI ⁽⁶⁾ | 471,612,800 | 5.72% | 471,612,800 | 5.72% |
| BEET ⁽⁷⁾ | 196,964,000 | 2.39% | 196,964,000 | 2.39% |
| BEH | 0 | 0% | 1,505,064,000 | 18.26% |
| Total H Shares held by BEH and parties acting in concert with it | 1,324,612,800 | 16.07% | 2,829,676,800 | 34.32% |
| Independent H Shareholders | 1,505,064,000 | 18.26% | 0 | 0% |
| Total Shares in issue | <u>8,244,508,144</u> | <u>100%</u> | <u>8,244,508,144</u> | <u>100%</u> |

LETTER FROM THE BOARD OF THE COMPANY

Notes:

- (1) BEH directly owned 5,081,793,482 Domestic Shares, representing approximately 93.85% of the total issued Domestic Shares and approximately 61.64% of the total issued share capital of the Company.
- (2) BSCOMC, the sole shareholder of BEH, directly owned 224,348,291 Domestic Shares, representing approximately 4.14% of the total issued Domestic Shares and approximately 2.72% of the total issued share capital of the Company.
- (3) BIEE, a wholly-owned subsidiary of BEH, directly owned 92,654,249 Domestic Shares, representing approximately 1.71% of the total issued Domestic Shares and approximately 1.12% of the total issued share capital of the Company.
- (4) BDH, a wholly-owned subsidiary of BEH, directly owned 16,035,322 Domestic Shares, representing approximately 0.30% of the total issued Domestic Shares and approximately 0.19% of the total issued share capital of the Company.
- (5) CRC directly owned 459,332,000 H Shares and its wholly-owned subsidiary, CPCR directly owns 196,704,000 H Shares. CRC and CPCR in aggregate own 656,036,000 H Shares, representing approximately 23.18% of the total issued H Shares and approximately 7.96% of the total issued share capital of the Company. CRC is owned by Central Huijin Investment Ltd. (中央匯金投資有限責任公司) as to approximately 71.56%. CRC and CPCR are parties acting in concert with the Offeror for the purpose of the Takeovers Code as a result of the Undertaking.
- (6) BEI, a wholly-owned subsidiary of BEH, directly owned 471,612,800 H Shares, representing approximately 16.67% of the total issued H Shares and approximately 5.72% of the total issued share capital of the Company.
- (7) BEET directly owned 196,964,000 H Shares, representing approximately 6.96% of the total issued H Shares and approximately 2.39% of the total issued share capital of the Company. BEET is presumed to be acting in concert with the Offeror for the purpose of the Takeovers Code as it is ultimately owned and controlled by Beijing SASAC. On 17 November 2020, BEET issued a confirmation and undertaking in favour of the Offeror, pursuant to which BEET (i) confirmed the H Share Offer will not be made to it; and (ii) has undertaken that it will not participate in the H Share Offer and therefore will not sell any of its H Shares to the Offeror.

Your attention is drawn on the further financial and general information of the Group which is set out in Appendices II and V to this Composite Document.

THE EGM AND H SHARE CLASS MEETING

The EGM will be convened to approve the Delisting at 10:00 a.m. on Friday, 19 February 2021 and the H Share Class Meeting will be convened to approve the Delisting at 11:00 a.m. on Friday, 19 February 2021, respectively. A notice of the EGM is set out in Appendix VI to this Composite Document. A notice of the H Share Class Meeting is set out in Appendix VII to this Composite Document. BEH and the parties acting in concert with it (including BSCOMC, BIEE, BDH, BEI, BEET, CRC and CPCR) will abstain from voting in respect of all such Shares in the EGM and the H Share Class Meeting in accordance with Rule 2.2 of the Takeovers Code.

Whether or not you are able to attend the EGM and/or the H Share Class Meeting or any adjournment thereof, you are strongly urged to complete the accompanying proxy form(s) in accordance with the instructions printed thereon and return the same to the H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than twenty-four (24) hours before the time appointed for the EGM and the H Share Class Meeting.

LETTER FROM THE BOARD OF THE COMPANY

Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM and the H Share Class Meeting or any adjournment thereof, should you so wish. In the event that you attend and vote at any of the EGM and the H Share Class Meeting or any adjournment thereof after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked.

You are requested to complete the accompanying reply slip in accordance with the instructions printed thereon and return the same to the H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before Friday, 29 January 2021. Shareholders can still attend and vote at the EGM and/or the H Share Class Meeting even if no reply slip is completed and returned. Voting at the EGM and the H Share Class Meeting will be taken by way of poll as required under the Listing Rules and the Takeovers Code.

RECOMMENDATION

Your attention is drawn to (i) the "Letter from the Independent Board Committee" as set out from pages 27 to 28 of this Composite Document, which contains the recommendations of the Independent Board Committee to the Independent H Shareholders in respect of the H Share Offer and the Delisting, and (ii) the "Letter from Gram Capital" as set out from pages 29 to 51 of this Composite Document, which contains the advice of Gram Capital to the Independent Board Committee in respect of the H Share Offer and the Delisting and the principal factors considered by it before arriving at its advice and recommendation.

ADDITIONAL INFORMATION

The Independent H Shareholders are urged to read the aforesaid letters, this Composite Document together with the accompanying Form of Acceptance carefully before taking any action in respect of the H Share Offer and the Delisting. Your attention is also drawn to the additional information contained in the appendices to this Composite Document. Finally, in considering what action to take in response to the H Share Offer and the Delisting, you should also consider your own tax positions, if any, and in case of doubt, consult your professional advisers.

Yours faithfully
By order of the Board of
Beijing Jingneng Clean Energy Co., Limited
Mr. Zhang Fengyang
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

31 December 2020

To the Independent H Shareholders

Dear Sir/Madam,

**(1) VOLUNTARY CONDITIONAL OFFER BY CHINA SECURITIES
(INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED ON
BEHALF OF BEH TO ACQUIRE ALL OF THE ISSUED H SHARES IN
THE COMPANY (OTHER THAN THOSE ALREADY HELD BY BEH
AND PARTIES ACTING IN CONCERT WITH IT)
AND
(2) PROPOSED VOLUNTARY WITHDRAWAL OF LISTING OF
THE H SHARES OF THE COMPANY**

INTRODUCTION

We refer to the Composite Document dated 31 December 2020 jointly issued by the Company and BEH of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to form the Independent Board Committee to consider the terms of the H Share Offer and the Delisting and to make a recommendation to the Independent H Shareholders as to whether, in our opinion, the terms of the H Share Offer and the Delisting are fair and reasonable so far as the Independent H Shareholders are concerned, and as to the acceptance of the H Share Offer and the voting of the Delisting. Gram Capital has been appointed as the Independent Financial Adviser to advise us in this respect. Details of Gram Capital's advice and the principal factors and reasons taken into consideration in arriving at its advice and recommendations are set out in the "Letter from Gram Capital" from pages 29 to 51 of the Composite Document.

We also wish to draw your attention to the "Letter from the Board of the Company", the "Letter from CSCI" and the additional information set out in the appendices to the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We, being the members of the Independent Board Committee, have declared that, we are independent and do not have any conflict of interest in respect of the H Share Offer and the Delisting or any direct or indirect interest therein and are therefore able to consider the terms of the H Share Offer and the Delisting and to make recommendations to the Independent H Shareholders.

RECOMMENDATIONS

Having taken into account the terms of the H Share Offer and the Delisting, together with the advice and recommendations from Gram Capital, we are of the opinion that the terms of the H Share Offer and the Delisting are fair and reasonable so far as the Independent H Shareholders are concerned and therefore we recommend the Independent H Shareholders to (i) accept the H Share Offer; and (ii) vote in favour of the resolution approving the Delisting at the EGM and the H Share Class Meeting.

Notwithstanding our recommendation, the Independent H Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent H Shareholders should consult their own professional advisers for professional advice.

Furthermore, the Independent H Shareholders who wish to accept the H Share Offer are recommended to read carefully the procedures for accepting the H Share Offer as detailed in the Composite Document and the accompanying Form of Acceptance.

Yours faithfully,
For and on behalf of
Independent Board Committee

Mr. Huang Xiang

Mr. Chan Yin Tsung

Mr. Han Xiaoping

Mr. Xu Daping

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee in respect of the H Share Offer and the Delisting for the purpose of inclusion in this Composite Document.



The Independent Board Committee comprising Mr. Huang Xiang, Mr. Chan Yin Tsung, Mr. Han Xiaoping and Mr. Xu Daping (each being an independent non-executive Directors) has been formed to advise the Independent H Shareholders as to (i) whether the H Share Offer is, or is not, fair and reasonable and as to the acceptance of the H Share Offer and (ii) whether the terms of the Delisting are fair and reasonable, whether the Delisting is in the interest of the Company and the Shareholders as a whole and as to the voting of the Delisting. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the H Share Offer and the Delisting. The appointment of Gram Capital as the Independent Financial Adviser has been approved by the Independent Board Committee.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to (i) a discloseable and connected transaction (details of which are set out in the Company's circular dated 15 January 2019); and (ii) an update on discloseable and connected transaction; and continuing connected transactions and major transaction (details of which are set out in the Company's circular dated 29 November 2019).

Notwithstanding the aforesaid engagements, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the Directors and the Offeror (where applicable). We have assumed that all information and representations that have been provided by the Directors and the Offeror (where applicable), for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Offeror (where applicable) in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors and the Offeror (where applicable), which have been provided to us. Our opinion is based on the Directors' and the Offeror's representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the H Share Offer and the Delisting. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

Your attention is drawn to the responsibility statements as set out in the sections headed “RESPONSIBILITY STATEMENT” of Appendix V to the Composite Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save

Further details of the H Share Offer are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance.

(2) Information of the Group

2.1 Financial information of the Group

With reference to the “LETTER FROM THE BOARD OF THE COMPANY” of the Composite Document (the “**Board Letter**”), the Company is involved in gas-fired power and heat energy generation, wind power, photovoltaic power, small-to-medium-sized hydropower and other clean energy generation businesses in a number of provinces, municipalities and autonomous regions, such as Beijing, Inner Mongolia, Ningxia, Sichuan, Hunan and Guangdong.

To understand the financial performance of the Group in recent years, we reviewed (i) the consolidated financial information of the Group for the latest five financial years (being the five years ended 31 December 2019), which is commonly used for analysis purpose, and (ii) the consolidated financial information of the Group for six months ended 30 June 2020, being the latest interim financial results of the Group. Set out below is a summary of the consolidated financial information on the Group for the six months ended 30 June 2020 and each of the five years ended 31 December 2019 as extracted from the Company’s interim report for the six months ended 30 June 2020 (the “**2020 Interim Report**”) and the Company’s annual reports for each of the five years ended 31 December 2019:

| | For the six months ended 30 June | | For the year ended 31 December | | | |
|---|---|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|
| | 2020 RMB'000 (unaudited) | 2019 RMB'000 (audited) | 2018 RMB'000 (audited) | 2017 RMB'000 (audited) | 2016 RMB'000 (audited) | 2015 RMB'000 (audited) |
| Revenue | 8,278,996 | 16,388,643 | 16,238,805 | 14,227,365 | 14,635,836 | 14,346,034 |
| – Gas-fired power and heat energy generation | 5,996,104 | 12,419,958 | 12,579,782 | 11,073,884 | 11,882,272 | 11,812,203 |
| – Wind power | 1,109,536 | 1,996,032 | 2,115,028 | 1,902,478 | 1,729,687 | 1,573,670 |
| – Photovoltaic power | 1,028,642 | 1,604,606 | 1,171,286 | 868,913 | 645,740 | 531,302 |
| – Hydropower | 143,215 | 366,399 | 362,640 | 364,759 | 373,050 | 425,599 |
| – Others | 1,499 | 1,648 | 10,069 | 17,331 | 5,087 | 3,260 |
| Profit for the period/year | <u>1,335,909</u> | <u>2,167,331</u> | <u>2,116,117</u> | <u>1,935,585</u> | <u>2,127,034</u> | <u>2,032,750</u> |

The Group recorded revenue of approximately RMB14.64 billion for the year ended 31 December 2016 (“**FY2016**”), representing an increase of approximately 2.02% as compared to that for the year ended 31 December 2015 (“**FY2015**”). As advised by the Directors, such increase in revenue was due to (i) the increase in sales volume of heat in the gas-fired power and heat energy generation segment and (ii) the increase in sales volume of electricity as a result of the increase in the installed capacity in the wind power segment and photovoltaic power segment in 2016. The Group recorded profit of approximately RMB2.13 billion for FY2016, representing an increase of approximately 4.64% as compared to that for FY2015.

The Group recorded revenue of approximately RMB14.23 billion for the year ended 31 December 2017 (“**FY2017**”), representing a decrease of approximately 2.79% as compared to that for FY2016. With reference to the Company’s annual report for FY2017 and as advised by the Directors, such decrease in revenue was due to the decrease in revenue from sales of electricity as a result of fewer utilization hours in the gas-fired power and heat energy generation segment in 2017. The Group recorded profit of approximately RMB1.94 billion for FY2017, representing a decrease of approximately 9.00% as compared to that for FY2016.

The Group recorded revenue of approximately RMB16.24 billion for the year ended 31 December 2018 (“**FY2018**”), representing an increase of approximately 14.14% as compared to that for FY2017. With reference to the Company’s annual report for FY2018 and as advised by the Directors, such increase in revenue was due to the increase in revenue from sales of electricity as a result of increased utilization hours in the gas-fired power and heat energy generation segment, wind power segment and photovoltaic power segment in 2018. The Group recorded profit of approximately RMB2.12 billion for FY2018, representing an increase of approximately 9.33% as compared to that for FY2017.

The Group recorded revenue of approximately RMB16.39 billion for the year ended 31 December 2019 (“**FY2019**”), representing an increase of approximately 0.92% as compared to that for FY2018. With reference to the Company’s annual report for the year ended 31 December 2019 (the “**2019 Annual Report**”) and as advised by the Directors, such increase in revenue was due to the increase in revenue from sales of electricity as a result of increased installed capacity in the photovoltaic power segment in 2019. The Group recorded profit of approximately RMB2.17 billion for FY2019, representing an increase of approximately 2.42% as compared to that for FY2018.

With reference to the 2020 Interim Report, the Group recorded revenue and profit of approximately RMB8.28 billion and RMB1.34 billion respectively for the six months ended 30 June 2020, representing an increase in revenue of approximately 2.65% and an increase in profit of approximately 1.18% as compared to the six months ended 30 June 2019.

The Group’s revenue increased from approximately RMB14.35 billion for the year ended 31 December 2015 (“**FY2015**”) to approximately RMB16.39 billion for FY2019, representing an increase of approximately 14.24%. For each of the five years ending 31 December 2019, the Group generated majority of its revenue from gas-fired power and heat energy generation. The Group’s profit increased from approximately RMB2.03 billion for FY2015 to approximately RMB2.17 billion for FY2019, representing an increase of approximately 6.62%.

According to the 2019 Annual Report and the 2020 Interim Report, the Group’s net assets increased from approximately RMB16.11 billion as at 31 December 2015 to approximately RMB25.25 billion as at 30 June 2020, representing an increase of approximately 56.75%.

With reference to the section headed “Unaudited Financial Information for the Nine Months ended 30 September 2020” as contained in Appendix II to the Composite Document, on 30 October 2020, the Company published the announcement on internal financial data for the nine months ended 30 September 2020 (i.e. 3rd Quarterly Results Announcement) on the unaudited financial figures of the Company and its subsidiaries as well as the unaudited financial figures of the Company alone (excluding its subsidiaries) as at 30 September 2020 (i.e. the Management Accounts) pursuant to the relevant laws and regulations in the PRC in connection with the debt financing instruments issued by the Company in the inter-bank market in the PRC. The financial information set out in the Management Accounts was prepared in accordance with the PRC Accounting Rules and Standards and there will be no material difference in such financial information if the IFRSs are to be adopted. The Management Accounts were prepared based on, amongst others, the unaudited financial information of the Group for the nine months ended 30 September 2020. According to such section, the Group recorded net profit of approximately RMB1.80 billion for the nine months ended 30 September 2020 and net assets of approximately RMB25.89 billion as at 30 September 2020. For further details, please refer to the Composite Document.

2.2 Industry overview

Electricity consumption in PRC

Set out below are the electricity consumption in PRC during the five years ended 31 December 2019, being the latest five full-year statistics published by the China Electricity Council (a five-year period is commonly used for analysis purpose):

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Electricity consumption | | | | | |
| <i>(billion kilowatt-hours)</i> | 7,226 | 6,900 | 6,363 | 5,975 | 5,693 |

As shown in the table above, the electricity consumption in PRC recorded year-on-year increase during each of the year 2016, 2017, 2018 and 2019. The electricity consumption in PRC increased from approximately 5,693 billion kilowatt-hours (“KWh”) in 2015 to approximately 7,226 billion KWh in 2019, representing a compounded annual growth rate (“CAGR”) of approximately 6.1%.

With reference to the 2020 Interim Report, in the first half of 2020, facing the difficult challenges brought by the COVID-19 epidemic and the complicated domestic and overseas environment, the economy of PRC improved after suffering from downturn, the economic growth rate in the second quarter changed from negative to positive, the main indicators showed restorative growth, and the economic operation recovered steadily.

With reference to the statistics published by the China Electricity Council, the electricity consumption in PRC was approximately 3,354.7 billion KWh for HY2020, representing a year-on-year decrease of approximately 1.3%. The electricity consumption rebounded in the third quarter in 2020. For the nine months ended 30 September 2020, the electricity consumption in PRC was approximately 5,413.4 billion KWh, representing a year-on-year increase of approximately 1.3%.

Electricity generation in PRC

Set out below are the clean energy consumption (as a percentage of total energy consumption) during the five years ended 31 December 2019, being the latest five full-year statistics published by the National Bureau of Statistics of the PRC (a five-year period is commonly used for analysis purpose):

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------------|-------------|-------------|-------------|-------------|
| Clean energy consumption to total energy consumption | 23.4% | 22.1% | 20.8% | 19.5% | 18.0% |

As shown in the table above, clean energy consumption (as a percentage of total energy consumption) recorded year-on-year increase during each of the year 2016, 2017, 2018 and 2019. Such percentage increased from approximately 18.0% in 2015 to approximately 23.4% in 2019.

Set out below are the proportion of different types of electricity generation in the PRC during the five years ended 31 December 2019, being the latest five full-year statistics published by the China Electricity Council (a five-year period is commonly used for analysis purpose):

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|----------------------|-------|-------|-------|-------|-------|
| Hydropower | 17.8% | 17.6% | 18.6% | 19.5% | 19.4% |
| Thermal power | 68.9% | 70.4% | 71.0% | 71.8% | 73.7% |
| Nuclear power | 4.8% | 4.2% | 3.9% | 3.5% | 3.0% |
| Wind power | 5.5% | 5.2% | 4.7% | 4.0% | 3.2% |
| Solar power | 3.1% | 2.5% | 1.8% | 1.1% | 0.7% |

As shown in the table above, thermal power (which includes coal-fired power, gas-fired power, fuel oil-fired power and biomass power) is the largest contributor to the total electricity generation in the PRC from 2015 to 2019, despite the contribution decreased from approximately 73.7% in 2015 to approximately 68.9% in 2019. Hydropower is the second largest contributor to the total electricity generation in the PRC from 2015 to 2019, although its contribution also decreased from approximately 19.4% in 2015 to approximately 17.8% in 2019. The contribution from each of nuclear power, wind power and solar power increased from 2015 to 2019.

(3) Information on the Offeror

To provide Independent H Shareholders with basic information on the background of the Offeror, set out below is the key information on the Offeror as extracted from the “LETTER FROM CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED” of the Composite Document (the “**Letter from CSCI**”):

BEH is wholly owned by BSCOMC. The predecessor of BEH is Beijing International Electricity Development Investment Corporation (北京國際電力開發投資公司), which was established in 1993 and subsequently merged with Beijing Comprehensive Investment Corporation (北京市綜合投資公司), Beijing Heat Energy Group Co., Ltd. (北京市熱力集團有限責任公司) and Beijing Jingmei Group Co., Ltd. (北京京煤集團有限責任公司). BEH is an integrated energy services provider with a registered capital of RMB21.3 billion and is involved in the production and provision of electricity and heating power, production and sale of coals, real estate development and property management services.

BEH directly owns 5,081,793,482 Domestic Shares, representing approximately 93.85% of the total issued Domestic Shares and approximately 61.64% of the total issued share capital of the Company.

BSCOMC, the sole shareholder of BEH, directly owns 224,348,291 Domestic Shares, representing approximately 4.14% of the total issued Domestic Shares and approximately 2.72% of the total issued share capital of the Company. BSCOMC was established by Beijing SASAC as an enterprise owned by the whole people (全民所有制企業).

BIEE, a wholly-owned subsidiary of BEH, directly owns 92,654,249 Domestic Shares, representing approximately 1.71% of the total issued Domestic Shares and approximately 1.12% of the total issued share capital of the Company.

BDH, a wholly-owned subsidiary of BEH, directly owns 16,035,322 Domestic Shares, representing approximately 0.30% of the total issued Domestic Shares and approximately 0.19% of the total issued share capital of the Company.

BEH, BSCOMC, BIEE and BDH own the entire issued Domestic Shares.

BEI, a wholly-owned subsidiary of BEH, directly owns 471,612,800 H Shares, representing approximately 16.67% of the total issued H Shares and approximately 5.72% of the total issued share capital of the Company.

BEET, a company ultimately owned and controlled by Beijing SASAC and a party presumed to be acting in concert with BEH for the purpose of the Takeovers Code, directly owns 196,964,000 H Shares, representing approximately 6.96% of the total issued H Shares and approximately 2.39% of the total issued share capital of the Company. On 17 November 2020, BEET issued the BEET Confirmation and Undertaking in favour of BEH, pursuant to which BEET (i) confirmed that the H Share Offer will not be made to it; and (ii) has undertaken that it will not participate in the H Share Offer and therefore will not sell any of its H Shares to BEH.

Therefore, H Shares owned by BEI and BEET will not be voted on in the EGM and the H Share Class Meeting.

(4) Intention in respect of the Company

Set out below is the intention in respect of the Company as extracted from Letter from CSCI:

If the H Share Offer is completed, BEH intends that the Group will continue to carry on its existing business and, save for transactions in the ordinary course of business, does not expect there to be a redeployment of the fixed assets of the Group. Under current market conditions, BEH has no plans to effect any redundancies in respect of the employees of the Group (other than in the ordinary course of business). As at the Latest Practicable Date, BEH has no plan for listing of the shares of the Company on the other stock exchanges after the Delisting.

Delisting

Upon the H Share Offer becoming unconditional, the Company will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules. The H Shareholders will be notified by way of an announcement of the date of the last day for dealing in the H Shares and on which the Delisting will become effective.

No right of compulsory acquisition

BEH has no rights under the laws of the PRC and the articles of association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of such shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the Listing Rules and may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company in Hong Kong thereafter. Independent H Shareholders should take note that they may vote against the delisting proposal, and that if more than 10% of the Disinterested H Shares are voted against the delisting proposal, the H Share Offer will not become unconditional and the H Shares will remain listed. The Offeror has applied to the Executive for a waiver from the requirements under Rule 2.2(c) of the Takeovers Code.

(5) Reasons for and benefits of the H Share Offer and the Delisting

(a) Losing the main advantage of a listing platform

With reference to the Letter from CSCI, since the Company's business requires relatively high capital investments, equity financing is essential for the Company's long-term growth and maintenance of its market competitiveness. However, pursuant to relevant regulations imposed by SASAC, the Company has not been able to access capital through equity financing as its price-to-book ratio fell below one. Without external equity financing capability, the Company has lost the main advantage of a listing platform.

We noted that the closing price of the Shares generally represented discount to the net assets value per Share in recent years. Set out below are the consolidated net assets value attributable to equity holders ("NAV"), market capitalization and price-to-book ratio ("PBR") of the Company as at the relevant time for illustration:

| | As at 30 June | | As at 31 December | | | |
|-----------------------------------|------------------|---------------|-------------------|---------------|---------------|---------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| | (unaudited) | (audited) | (audited) | (audited) | (audited) | (audited) |
| | HK\$' billion | HK\$' billion | HK\$' billion | HK\$' billion | HK\$' billion | HK\$' billion |
| NAV (note 1) | 26.86 | 26.07 | 24.28 | 19.33 | 17.69 | 16.22 |
| Market capitalization (note 2) | 12.70 | 11.21 | 15.58 | 14.43 | 16.56 | 18.89 |

| | As at | | As at 31 December | | | |
|--------------|---------|------|-------------------|------------------|------------------|------|
| | 30 June | 2019 | 2018 | 2017 | 2016 | 2015 |
| PBR (note 3) | 0.47 | 0.43 | 0.64 | 0.75 (note 4) | 0.94 (note 5) | 1.17 |

Notes:

1. Based on RMB:HK\$ exchange rate of 1:1.15
2. Based on (i) the total number of Domestic Shares and H Shares and (ii) the closing prices of H Shares as at the relevant dates
3. Being market capitalization/NAV as at the relevant dates
4. Based on the closing price of H Shares as at 29 December 2017
5. Based on the closing price of H Shares as at 30 December 2016

According to the table above, the PBR of the Company decreased from approximately 1.17 times as at 31 December 2015 to approximately 0.47 times as at 30 June 2020. The PBR ratio fell below one as at the relevant dates since 2016.

Pursuant to 《關於規範國有企業改制工作的意見》(Opinions on Standardization of the Work Relating to the Reconstructing of State-owned Enterprises*) issued by SASAC in November 2003, the determination of transfer price of state-owned shares of listed companies should be subject to the listed companies' profitability and market performance, and such price should not be less than the net assets value per share. Based on the Directors' understanding, should the Company (being a listed subsidiary of BEH, a state-owned enterprise) conduct fund raising activity by way of issuing new H Shares at an issue price lower than its net assets value per share, the shareholding interest of BEH in the Company would be diluted at a price lower than the net asset value per Share, which may violate the Opinions on Standardization of the Work Relating to the Reconstructing of State-owned Enterprises.

In addition, with reference to the table above, the market capitalization of the Company decreased from approximately HK\$18.89 billion as at 31 December 2015 to approximately HK\$12.70 billion as at 30 June 2020. Despite the growth in the Group's business as illustrated in the section above (i.e. (i) revenue increased by approximately 14.24% from FY2015 to FY2019; (ii) profit increased by approximately 6.62% from FY2015 to FY2019; and (iii) net assets increased by approximately 56.75% from 31 December 2015 to 30 June 2020), the market capitalization decreased by approximately 32.80% from 31 December 2015 to 30 June 2020. The price of the H Shares (i.e. the market capitalization) did not reflect the growth of the Group's business.

(b) *Opportunity for H Shareholders to realise their investments in the Company*

With reference to the Letter from CSCI, the Offeror believes that the H Share Offer, if implemented, offers all H Shareholders (excluding the Offeror and parties acting in concert with it) an excellent opportunity to realise their investments in the Company with relatively low liquidity at a cash consideration which represents an attractive premium over the market price of the H Shares. The H Share Offer also allows the H Shareholders to redeploy capital from accepting the H Share Offer into other investment opportunities that they may consider more attractive in the current market environment.

Premium over market price of the H Shares

During the period from 2 July 2019, being approximately one year prior to the date of Rule 3.7 Announcement up to and including the Latest Practicable Day (the "**Review**

Low liquidity of the H Shares

We performed a trading liquidity analysis of the H Shares for the Review Period. The number of trading days per month, the average daily number of the H Shares traded per month, and the respective percentages of the average daily H Shares' trading volume for each calendar month as compared to (i) the total number of issued H Shares as at the Latest Practicable Date; and (ii) the total number of issued Shares held by the Independent H Shareholders as at the Latest Practicable Date during the Review Period are tabulated below:

| Month | Number of trading days | Average daily trading volume (the "Average Volume") Number of Shares | % of the Average Volume to total issued H Shares as at the Latest Practicable Date (note 1) Approximate % | % of the Average Volume to total number of issued H Shares held by the Independent H Shareholders as at the Latest Practicable Date (note 2) Approximate % |
|---|-------------------------------|---|--|---|
| 2019 | | | | |
| July | 22 | 1,430,956 | 0.05 | 0.10 |
| August | 22 | 924,148 | 0.03 | 0.06 |
| September | 21 | 1,529,623 | 0.05 | 0.10 |
| October | 21 | 2,939,798 | 0.10 | 0.20 |
| November | 21 | 1,060,999 | 0.04 | 0.07 |
| December | 20 | 1,218,816 | 0.04 | 0.08 |
| 2020 | | | | |
| January | 20 | 1,624,676 | 0.06 | 0.11 |
| February | 20 | 827,279 | 0.03 | 0.05 |
| March | 22 | 1,968,340 | 0.07 | 0.13 |
| April | 19 | 1,354,806 | 0.05 | 0.09 |
| May | 20 | 6,122,200 | 0.22 | 0.41 |
| June | 21 | 12,729,077 | 0.45 | 0.85 |
| July (note 3) | 20 | 14,180,038 | 0.50 | 0.94 |
| August | 21 | 5,006,217 | 0.18 | 0.33 |
| September | 22 | 5,004,767 | 0.18 | 0.33 |
| October | 18 | 14,556,219 | 0.51 | 0.97 |
| November (note 4) | 16 | 27,710,543 | 0.98 | 1.84 |
| December (up to and including the Latest Practicable Date) | 19 | 7,666,364 | 0.27 | 0.51 |
| Offer Period (from 6 July 2020 up to and including the Latest Practicable Date) | 115 | 11,677,632 | 0.41 | 0.78 |

Source: the Stock Exchange's website

Notes:

1. Based on 2,829,676,800 H Shares in issue as at the Latest Practicable Date.
2. Based on 1,505,064,000 H Shares held by the Independent H Shareholders as at the Latest Practicable Date.
3. Trading in Shares was halted with effect from 9:00 a.m. on 3 July 2020 and resumed at 9:00 a.m. on 7 July 2020.
4. Trading in Shares was halted with effect from 9:00 a.m. on 11 November 2020 and resumed at 9:00 a.m. on 18 November 2020.

As illustrated from the table above, the H Shares' trading volume was thin during the Review Period (in particular before the commencement of the Offer Period in July 2020). The Average Volume of H Shares traded in each month was (i) lower than 0.5% of the total number of H Shares in issue as at the Latest Practicable Date (except for July 2020, October 2020 and November 2020) and (ii) lower than 1% the total number of issued H Shares held by the Independent H Shareholders as at the Latest Practicable Date (except for November 2020).

The H Shares recorded significant trading volume on 7 July 2020 and 18 November 2020 following the publication of the Rule 3.7 Announcement and the Rule 3.5 Announcement respectively (i.e. 85,728,757 H Shares traded on 7 July 2020 and 178,227,480 H Shares traded on 18 November 2020, which were significantly higher than the respective monthly Average Volume). Save as that, the Directors advised us that they are not aware of any affirmative reasons for the aforesaid movements in trading volume of the H Shares (in particular the higher Average Volume in July 2020, October 2020 and November 2020).

(c) Others

With reference to the Letter from CSCI, the Offeror is of the view that the privatisation of the Company will help enhance the flexibility and efficiency of the Company's future business development, and facilitate the integration of the business of the Company and the Offeror.

(6) The H Share Offer Price

With reference to the Board Letter, the H Share Offer Price was determined after taking into account factors, including most recent published financial information of the Company and the Offeror's assessment of the Company's business, with reference to other privatisation transactions in Hong Kong in recent years.

According to the Composite Document, the Offeror will not increase the H Share Offer Price. Shareholders and potential investors of the Company should be aware that, following the making of this statement, the Offeror will not be allowed to increase the H Share Offer Price and the Offeror does not reserve the right to increase the H Share Offer Price.

6.1 *H Share Offer Price comparison*

The H Share Offer Price of HK\$2.70 under the H Share Offer represents:

- (a) a premium of approximately 5.88% over the closing price of HK\$2.55 per H Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 11.57% over the closing price of HK\$2.42 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a premium of approximately 70.89% over the closing price of HK\$1.58 per H Share as quoted on the Stock Exchange on the last trading day prior to the publication of the Rule 3.7 Announcement (the “**Rule 3.7 Announcement Last Trading Day**”);
- (d) a premium of approximately 70.89% over the average closing price of HK\$1.58 per H Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to and including Rule 3.7 Announcement Last Trading Day;
- (e) a premium of approximately 67.70% over the average closing price of HK\$1.61 per H Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including Rule 3.7 Announcement Last Trading Day;
- (f) a premium of approximately 97.08% over the average closing price of HK\$1.37 per H Share as quoted on the Stock Exchange for the last 90 trading days immediately prior to and including Rule 3.7 Announcement Last Trading Day;
- (g) a premium of approximately 100.00% over the average closing price of HK\$1.35 per H Share as quoted on the Stock Exchange for the last 180 trading days immediately prior to and including Rule 3.7 Announcement Last Trading Day;
- (h) a discount of approximately 12.05% to audited consolidated net asset value attributable to the Shareholders (excluding the perpetual medium-term notes and prepared in accordance with IFRSs) of approximately HK\$3.07 per Share as at 31 December 2019, based on the exchange rate of RMB1:HK\$1.1163, being the median exchange rate on 31 December 2019 as announced by the People’s Bank of China;
- (i) a discount of approximately 12.90% to unaudited consolidated net asset value attributable to the Shareholders (excluding the perpetual medium-term notes and prepared in accordance with IFRSs) of approximately HK\$3.10 per Share as at 30 June 2020, based on the exchange rate of RMB1:HK\$1.0948, being the median exchange rate on 30 June 2020 as announced by the People’s Bank of China; and

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- (j) a discount of approximately 18.43% to unaudited consolidated net asset value attributable to the Shareholders of the Company (excluding the perpetual medium-term notes and prepared in accordance with PRC Generally Accepted Accounting Principles, and there will be no material difference if the IFRSs are to be adopted) of approximately HK\$3.31 per Share as at 30 September 2020, based on the exchange rate of RMB1:HK\$1.1380, being the median exchange rate on 30 September 2020 as announced by the People's Bank of China.

6.2 Historical price performance of the H Shares

Trading in the H Shares was halted from 9:00 a.m. on 3 July 2020 pending the release of the Rule 3.7 Announcement. The Company published the Rule 3.7 Announcement after trading hours on 6 July 2020; and trading in H Shares was resumed on 7 July 2020. The closing price of H Shares increased from HK\$1.58 on 2 July 2020 to HK\$2.07 on 7 July 2020. Trading in the Shares was halted again before trading hours on 11 November 2020 pending the release of the Rule 3.5 Announcement. The Company published the Rule 3.5 Announcement on 17 November 2020; and trading in Shares was resumed on 18 November 2020. The closing price of H Shares increased from HK\$2.42 on 10 November 2020 to HK\$2.54 on 18 November 2020.

As confirmed by the Directors, save for the release of the Rule 3.7 Announcement and the Rule 3.5 Announcement, the Directors are not aware of any specific event that caused the substantial increases in H Share closing prices immediately after the publication of Rule 3.7 Announcement and the Rule 3.5 Announcement respectively. Hence, we consider that the aforesaid increases in H Share closing prices reflected the market reaction to the H Share Offer.

During the Offer Period (from 6 July 2020 until the Latest Practicable Date), the closing price of Shares ranged between HK\$1.92 and HK\$2.56.

6.3 Comparison with other comparable companies

To further assess the fairness and reasonableness of the H Share Price, we performed the trading multiple analysis which includes the price to earnings ratio (“**PER**”) and price to book ratio (“**PBR**”) as below. We searched for listed companies in Hong Kong which are engaged in similar line of business as the Company, being the clean energy power and heat generation business in the PRC. We searched for listed companies in Hong Kong (i) which derived more than 50% of their revenue from clean energy power/heat generation in the PRC based on their respective latest published financial information; and (ii) trading of

Set out below are PERs and PBRs of the Comparable Companies based on their closing prices as at the Last Trading Day, and their latest published financial information:

| Company name (stock code) | Year-end date | PER (note 1) | PBR (note 2) |
|--|----------------------|----------------------|----------------------|
| Puxing Energy Limited (90) | 31 December 2019 | 4.12 | 0.39 |
| Concord New Energy Group Limited (182) | 31 December 2019 | 5.24 | 0.52 |
| Kong Sun Holdings Limited (295) | 31 December 2019 | N/A (note 5) | 0.11 |
| GCL New Energy Holdings Limited (451) | 31 December 2019 | 7.10 | 0.32 |
| China Ruifeng Renewable Energy Holdings Limited (527) | 31 December 2019 | N/A (note 5) | 0.81 |
| China Longyuan Power Group Corporation Limited (916) | 31 December 2019 | 9.65 | 0.76 |
| China Renewable Energy Investment Limited (987) | 31 December 2019 | 7.29 | 0.24 |
| Sichuan Energy Investment Development Co., Ltd. (1713) | 31 December 2019 | 6.17 | 0.40 |
| China Datang Corporation Renewable Power Co., Limited (1798) | 31 December 2019 | 7.66 | 0.41 |
| CGN Power Co., Ltd. (1816) | 31 December 2019 | 7.71 | 0.80 |
| | Maximum | 9.65 | 0.81 |
| | Minimum | 4.12 | 0.11 |
| | Average | 6.87 | 0.48 |
| The H Share Offer | | 9.05 (note 3) | 0.81 (note 4) |

Notes:

1. The PERs of the Comparable Companies were calculated based on their respective latest published annual results and their respective closing prices as quoted on the Stock Exchange and total issued shares as at the Last Trading Day.
2. The PBRs of the Comparable Companies were calculated based on their respective latest published annual results or interim results and their respective closing prices as quoted on the Stock Exchange and total issued shares as at the Last Trading Day.
3. The implied PER of the Proposal was calculated based on the H Share Offer Price and the audited profit attributable to the Shareholders for FY2019.
4. The implied PBR of the Proposal was calculated based on the H Share Offer Price and the NAV of the Group as at 30 June 2020.
5. The subject company recorded net loss attributable to shareholders according to the latest published annual results.
6. Based on the exchange rate of approximately RMB1:HK\$1.1765, being the median exchange rate on 10 November 2020 as announced by the People's Bank of China, where applicable.

The PERs of the Comparable Companies ranged from approximately 4.12 times to 9.65 times, with an average of approximately 6.87 times. The implied PER of the H Share Offer is within the said PER range of the Comparable Companies, and higher than the average of the PERs of the Comparable Companies.

The PBRs of the Comparable Companies ranged from approximately 0.11 times to 0.81 times, with an average of approximately 0.48 times. The implied PBR of the H Share Offer is at the high-end of the said PBR range of the Comparable Companies.

6.4 Comparison with other privatisation transactions

To further assess the fairness and reasonableness of the H Share Price, we also searched for approved privatisation transactions announced by listed companies in Hong Kong during the Review Period, excluding transactions involving a share consideration and transactions whose required acceptance level were not or yet to be achieved (the “**Privatisation Cases**”). To the best of our knowledge, we found 25 Privatisation Cases which meet the aforesaid criteria for comparison and they are exhaustive.

| Company name (stock code) | Initial announcement date of the privatisation (note 1) | Premium/ (discount) of the offer/ cancellation price over/to closing price per share on Last trading day |
|--------------------------------------|--|---|
|--------------------------------------|--|---|

| Company name (stock code) | Initial announcement date of the privatisation (note 1) | Premium/ (discount) of the offer/ cancellation price over/to closing price per share on | |
|---|--|---|--|
| | | Last trading day (note 2) <i>Approximate %</i> | Last 30 trading days (note 3) <i>Approximate %</i> |
| Jinmao (China) Hotel Investments and Management Limited (6139) | 12 June 2020 | 30.43 | 82.51 |
| Golden Meditech Holdings Limited (801) | 17 June 2020 | 41.94 | 60.00 |
| China Baofeng (International) Limited (3966) | 21 June 2020 | 27.45 | 52.05 |
| Vantage International (Holdings) Limited (15) | 2 July 2020 | 80.00 | 119.51 |
| O-Net Technologies (Group) Limited (877) | 8 July 2020 | 23.57 | 24.52 |
| Xinghua Port Holdings Ltd. (1990) | 29 July 2020 | 23.67 | 58.35 |
| Changshouhua Food Company Limited (1006) | 7 September 2020 | 16.39 | 43.00 |
| TEM Holdings Limited (8346) | 22 September 2020 | 50.00 | 59.51 |
| Powerleader Science & Technology Group Limited (8236) | 19 October 2020 | 8.29 | 10.11 |
| CIMC-TianDa Holdings Company Limited (445) | 4 October 2020 | 20.36 | 18.22 |
| | Maximum | 150.00 | 119.51 |
| | Minimum | 8.29 | 4.25 |
| | Average | 44.95 | 56.67 |
| The Company | 6 July 2020 | 70.89 (the “LTD Premium”) | 67.70 (the “30-days Premium”) |

Notes:

1. The date of Takeovers Code Rule 3.5 announcement or Rule 3.7 announcement, whichever earlier
2. The premium/ (discount) of offer/cancellation price over/to closing price per share as quoted on the Stock Exchange on last full trading day prior to the publication of initial announcement in relation to the respective privatisation, as disclosed in the respective privatisation documents (if available)
3. The premium/ (discount) of offer/cancellation price over/to average closing price per share as quoted on the Stock Exchange on the 30 full trading days prior to the publication of initial announcement in relation to the respective privatisation, as disclosed in the respective privatisation documents (if available)

The LTD Premium and the 30-days Premium fall within the relevant ranges of the Privatisation Cases and are higher than the relevant averages of the Privatisation Cases.

Despite that the H Share Offer Price represents a discount of approximately 12.05% to the audited NAV per Share as at 31 December 2019, a discount of approximately 12.90% to the unaudited NAV per Share as at 30 June 2020 and a discount of approximately 18.43% to the unaudited NAV per Share as at 30 September 2020, taking into account that:

- (i) as illustrated in the section earlier, the H Shares had been trading at discount to the NAV per Share (i.e. the PBR ratio of the Company fell below one as at the relevant dates since 2016);
- (ii) the H Share Offer Price represents (a) a premium of approximately 5.88% over the closing price as quoted on the Stock Exchange on Latest Practicable Date; (b) a premium of approximately 11.57% over the closing price as quoted on the Stock Exchange on the Last Trading Day; and (c) a premium of approximately 70.89% over the closing price as quoted on the Stock Exchange on the Rule 3.7 Announcement Last Trading Day;
- (iii) the H Share Price is above the closing price of the H Shares throughout the whole Review Period;
- (iv) the implied PER of the H Share offer is higher than the average PER of the Comparable Companies, and the implied PBR of the H Share Offer is at the high-end of the PBR range of the Comparable Companies; and
- (v) the LTD Premium and the 30-day Premium falls within the relevant range of the Privatisation Cases and are higher than the relevant averages of the Privatisation Cases,

we consider the H Share Offer Price to be fair and reasonable.

RECOMMENDATION

In relation to the H Share Offer and the Delisting, taking into account the factors as discussed above, in particular:

- (i) The Company's PBR fell below one in recent years, the Company has not been able to access capital through equity financing pursuant to relevant regulations imposed by SASAC;
- (ii) The price of the H Shares (i.e. the market capitalization) did not reflect the growth of the Group's business. As mentioned above, the market capitalization of the Company decreased from approximately HK\$18.89 billion as at 31 December 2015 to approximately HK\$12.70 billion as at 30 June 2020. Despite the growth in the Group's business (i.e. (i) revenue increased by approximately 14.24% from FY2015 to FY2019; (ii) profit increased by approximately 6.62% from FY2015 to FY2019; and (iii) net assets increased by approximately 56.75% from 31 December 2015 to 30 June 2020), the market capitalization decreased by approximately 32.80% from 31 December 2015 to 30 June 2020;

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- (iii) The trading liquidity of the H Shares was relatively low (in particular before the commencement of the Offer Period in July 2020). Independent H Shareholders (especially those with relatively sizeable shareholdings) may not be able to realise their investments in the H Shares at a price close to the Offer Price, in particular when they are going to dispose of their entire holdings. The H Share Offer (which is conditional upon, among other things, the passing of a resolution by the Independent H Shareholders approving the Delisting at the EGM and the H Share Class Meeting) provides an exit alternative for the Independent H Shareholders who would like to realise their investments in the H Shares;
- (iv) As concluded in the section headed “The H Share Offer Price” above, the H Share Offer Price being fair and reasonable taking into account the following factors (despite that the H Offer Price represents a discount to the NAV per Share as at 31 December 2019, 30 June 2020 and 30 September 2020):
- The H Shares had been trading at discount to the NAV per Share (i.e. the PBR ratio of the Company fell below one as at the relevant dates since 2016);
 - The H Share Offer Price is above the closing price of the H Shares as quoted on the Stock Exchange during the entire Review Period;
 - The implied PER of the H Share Offer is within the PER range of the Comparable Companies, and is higher than the average of the PERs of the Comparable Companies;
 - The implied PBR of the H Share Offer is at the high-end of the PBR range of the Comparable Companies;
 - The LTD Premium and the 30-days Premium fall within the relevant ranges of the Privatisation Cases and are higher than the relevant averages of the Privatisation Cases;
- (v) The H Share Offer Price represents premiums over recent closing price of H Share as disclosed under the section headed “H Share Offer Price comparison” above. As aforementioned, the substantial increases in H Share closing price immediately after the publication of Rule 3.7 Announcement and the Rule 3.5 Announcement reflected the market reaction to the H Share Offer. After considering the trend of the H Share closing price before the Offer Period, there is no guarantee that the H Share price will remain at a level close to the H Share Offer Price should the H Share Offer lapse. Having considered the aforesaid and taking into account factors (ii) to (iv) above, the H Share Offer represents a good opportunity for Independent H Shareholders to realise their investment at a premium to recent closing price of H Shares,

we consider that (1) the H Share Offer (including the H Share Offer Price) is fair and reasonable, (2) the terms of the Delisting are fair and reasonable, and the Delisting is in the interest of the Company and the Shareholders as a whole, and (3) the Delisting is in the interest of the Independent H Shareholders. Accordingly, we recommend the Independent Board Committee to advise the Independent H Shareholders to (1) accept the H Share Offer; and (2) vote in favour of the Delisting resolution at the H Share Class Meeting and the EGM.

The Offeror has no rights under the laws of the PRC and the articles of association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of the H Shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the Listing Rules and may or may not continue to be subject to the Takeovers Code after the completion of the H Share Offer depending on whether it remains as a public company thereafter. Independent H Shareholders should take note that they may vote against the delisting proposal, and that if more than 10% of the Disinterested H Shares are voted against the delisting proposal, the H Share Offer will not become unconditional and the H Shares will remain listed.

We would also like to remind the Independent Board Committee to remind the Independent H Shareholders to closely monitor the market price and liquidity of the H Shares during the offer period, and consider selling their H Shares in the open market, where possible, instead of accepting the H Share Offer, if the net proceeds from such sales exceed the net amount receivable under the H Share Offer.

As different Independent H Shareholders would have different investment criteria, objectives and/or circumstances, we would recommend any Independent H Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

* *For identification purpose only*

1. PROCEDURES FOR ACCEPTANCE OF THE H SHARE OFFER**The H Share Offer**

- (a) To accept the H Share Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the H Share Offer.
- (b) If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Shares is/are in your name, and you wish to accept the H Share Offer, you must send the accompanying Form of Acceptance duly completed together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by post or by hand, marked "Beijing Jingneng Clean Energy Co., Limited – H Share Offer" on the envelope, as soon as possible and in any event reach the H Share Registrar no later than 4:00 p.m. on the First Closing Date and/or the Final Closing Date (as the case may be), or such later time and/or date as BEH may determine and announce in compliance with the requirements of the Takeovers Code.
- (c) If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the H Share Offer, you must either:
 - (i) lodge your H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the H Share Offer on your behalf and requesting it to deliver the accompanying Form of Acceptance duly completed together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of H Shares in respect of which you intend to accept the H Share Offer to the H Share Registrar in an envelope marked "Beijing Jingneng Clean Energy Co., Limited – H Share Offer";
 - (ii) arrange for the H Share(s) to be registered in your name through the H Share Registrar and send the accompanying Form of Acceptance duly completed together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the H Share Registrar in an envelope marked "Beijing Jingneng Clean Energy Co., Limited – H Share Offer";

- (iii) if your H Share(s) have been lodged with your licensed securities dealer (or other registered dealer in securities or custodian bank) through CCASS, instruct your licensed securities dealer (or other registered dealer in securities or custodian bank) to authorise HKSCC Nominees Limited to accept the H Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer (or other registered dealer in securities or custodian bank) for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer (or other registered dealer in securities or custodian bank) as required by them; or
 - (iv) if your H Share(s) has/have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (d) If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Share(s) is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the H Share Offer, the Form of Acceptance should nevertheless be completed and delivered in an envelope marked "Beijing Jingneng Clean Energy Co., Limited – H Share Offer" to the H Share Registrar together with a letter stating that you have lost one or more of your H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) should be forwarded to the H Share Registrar as soon as possible thereafter. If you have lost your H Share certificate(s), you should also write to the H Share Registrar for a form of letter of indemnity which, when completed in accordance with the instructions given therein, should be returned to the H Share Registrar. BEH shall have the absolute discretion to decide whether any H Shares in respect of which the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title is/are not readily available and/or is/are lost will be taken up by BEH.
- (e) If you have lodged transfer(s) of any of your H Shares for registration in your name and have not yet received your H Share certificate(s) and you wish to accept the H Share Offer, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked "Beijing Jingneng Clean Energy Co., Limited – H Share Offer" to the H Share Registrar together with the transfer receipt(s) duly signed by you. Such action will be deemed to be an irrevocable instruction and authority to CSCI and/or BEH and/or any of their respective agent(s) to collect from the Company or the H Share Registrar on your behalf the relevant H Share certificate(s) when issued and to deliver such H Share certificate(s) to the H Share Registrar and to authorise and instruct the H Share Registrar to hold such H Share certificate(s), subject to the terms and conditions to the H Share Offer, as if it/they were delivered to the H Share Registrar with the Form of Acceptance.

- (f) Acceptance of the H Share Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the H Share Registrar by no later than 4:00 p.m. on the First Closing Date and/or the Final Closing Date or such later time and/or date as BEH may determine and announce in compliance with the requirements of the Takeovers Code, and is:
 - (i) accompanied by the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required

- (c) Unless the Executive consents to the extension of the H Share Offer, all acceptances must be received by 4:00 p.m. on the First Closing Date and/or the Final Closing Date (as the case may be) in accordance with the instructions printed on the Form of Acceptance. Where the H Share Offer becomes or is declared unconditional, it will remain open for acceptance for not less than 28 days thereafter. At least 14 days' notice in writing must be given before the H Share Offer is closed to the H Shareholders who have not accepted the H Share Offer if the announcement to extend the H Share Offer does not state the next closing date. BEH reserves the right to extend the H Share Offer beyond this 28-day period.
- (d) If in the course of the H Share Offer, BEH revises the terms of the H Share Offer, all H Shareholders, whether or not they have already accepted the H Share Offer, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the First Closing Date and/or the Final Closing Date (as the case may be).
- (e) If the Closing Date of the H Share Offer is extended, any reference in the Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the H Share Offer so extended.
- (f) The acceptance by or on behalf of a H Shareholder in its original and/or any previously revised form, shall be treated as an acceptance of the relevant H Share Offer as so revised.
- (g) Any acceptance of the relevant revised H Share Offer and/or any election pursuant thereof shall be irrevocable unless and until the accepting H Shareholder of the H Share Offer becomes entitled to withdraw his/her/its acceptance under the paragraph headed "4. EFFECT OF ACCEPTANCE OF THE H SHARE OFFER AND RIGHT OF WITHDRAWAL" below and duly does so.

3. SETTLEMENT

- (a) Settlement of the consideration under the H Share Offer will be made as soon as possible, but in any event within seven (7) business days following the later of (i) the Unconditional Date and (ii) the date of receipt of a complete and valid Form of Acceptance by the H Share Registrar in respect of the H Share Offer.
- (b) In the case of the H Shareholders accepting the H Share Offer, each cheque will be despatched by ordinary post to the address specified on the relevant H Shareholder's Form of Acceptance at his/her/its own risk or, if no name and address is specified, to the H Shareholder or the first-named of H Shareholder (in the case of joint H Shareholders) at the registered address shown in the H Share Register.
- (c) No fractions of a cent will be payable and the amount of cash consideration payable to a H Shareholder who accepts the H Share Offer will be rounded up to the nearest cent.

- (d) Cheque(s) not presented for payment within six (6) months from the date of issue of the relevant cheques will not be honoured and be of no further effect, and in such circumstances cheque holders should contact BEH for payment.
- (e) Settlement of the consideration to which a H Shareholder is entitled under the H Share Offer will be implemented in full in accordance with the terms of the H Share Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which BEH may otherwise be, or claim to be, entitled against such H Shareholder.

4. EFFECT OF ACCEPTANCE OF THE H SHARE OFFER AND RIGHT OF WITHDRAWAL

- (a) By validly accepting the H Share Offer, the H Shareholders will sell to BEH their tendered H Shares free from all options, liens, claims, equities, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of the Rule 3.5 Announcement or which subsequently become attached to them, including the right to receive in full all dividends and other distributions, if any, declared, and where the record date for such entitlement is on or after the date of the Rule 3.5 Announcement.

In addition to the Conditions set out in the Letter from CSCI from pages 9 to 10 of this Composite Document, the H Share Offer is made on the basis that acceptance of the H Share Offer by any H Shareholder will constitute a warranty by such H Shareholder to BEH that the H Shares acquired under the H Share Offer are fully paid and sold by such H Shareholder free from all options, liens, claims, equities, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of the Rule 3.5 Announcement or which subsequently become attached to them, including the right to receive in full all dividends and other distributions, if any, declared, and where the record date for such entitlement is on or after the date of the Rule 3.5 Announcement.

- (b) The H Share Offer is conditional upon fulfilment of the Conditions set out in the Letter from CSCI from pages 9 to 10 of this Composite Document. Acceptance of the H Share Offer tendered by the H Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the H Share Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the H Share Offer has not by then become unconditional as to acceptances. An acceptor of the H Share Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the H Share Registrar.

- (c) Under Rule 19.2 of the Takeovers Code, if BEH is unable to comply with any of the requirements of making announcements relating to the H Share Offer set out in the section headed “5. ANNOUNCEMENTS” of this Appendix I, the Executive may require that the H Shareholders who have tendered acceptances to the H Share Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.
- (d) Upon the withdrawal of acceptance by a H Shareholder, BEH shall (or shall procure), as soon as possible but in any event within ten (10) days thereof, return by ordinary post, the H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the H Share(s) lodged with the Form of Acceptance to such H Shareholder.

5. ANNOUNCEMENTS

- (a) The announcement of the results of the H Share Offer will be jointly issued by BEH and the Company and posted on the website of the Stock Exchange by 7:00 p.m. on 1 March 2021, being the First Closing Date. Such announcement will comply with the disclosure requirements under Rule 19.1 of the Takeovers Code and will include, among other things, the results of the H Share Offer.
- (b) If the H Share Offer is extended, the announcement of such extension will state the next closing date or a statement that the H Share Offer will remain open until further notice. If the H Share Offer is unconditional in all respects, a statement may be made that the H Share Offer will remain open for acceptance for not less than 28 days thereafter in accordance with the Takeovers Code.
- (c) The results announcements shall specify the total number of H Shares and rights over H Shares:
 - (i) for which acceptances of the H Share Offer have been received;
 - (ii) held, controlled or directed by BEH or its concert parties (except those which are exempt principal traders or exempt fund managers recognised by the Executive as such for the purpose of the Takeovers Code) before the Offer Period; and
 - (iii) acquired or agreed to be acquired during the Offer Period by BEH or its concert parties (except those which are exempt principal traders or exempt fund managers recognised by the Executive as such for the purpose of the Takeovers Code).
- (d) The results announcements must include details of any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) in the Company which BEH or its concert parties (except those which are exempt principal traders or exempt fund managers recognised by the Executive as such for the purpose of the Takeovers Code) has/have borrowed or lent, save for any borrowed H Shares which have been either on-lent or sold.

- (e) The results announcements shall specify the percentages of the relevant classes of share capital of the Company, and the percentages of voting rights, represented by these numbers.
- (f) If BEH, its concert parties or its advisers make(s) any statement about the level of acceptances or the number or percentage of accepting H Shareholders during the Offer Period, then BEH must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.
- (g) As required under the Takeovers Code and the Listing Rules, all announcements in relation to the H Share Offer in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. NOMINEE REGISTRATION

To ensure the equality of treatment of all H Shareholders, H Shareholders who hold the H Share(s) as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of H Share(s) whose investments are registered in the names of nominees to accept the H Share Offer, it is essential that they provide instructions of their intentions to the H Share Offer to their respective nominees.

7. POSTING

All documents and remittances to be sent to the H Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent, in the case of H Shareholders, at their addresses as they appear in the H Share Register, in the case of joint H Shareholders, to the H Shareholder whose name appears first in the H Share Register. None of BEH, the Company, CSCI, CLSA, Gram Capital, the H Share Registrar or any of their respective directors or agents or any other person involved in the H Share Offer will be responsible for any loss or delay in transmission or any other liability that may arise as a result thereof.

8. OVERSEAS H SHAREHOLDERS

The making of the H Share Offer to the Overseas H Shareholders and/or their ability to participate in the H Share Offer may be subject to the laws of the relevant jurisdictions. Overseas H Shareholders should observe any applicable legal or regulatory requirements. It is the responsibility of the Overseas H Shareholders wishing to accept the H Share Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction from such Overseas H Shareholders. Any acceptance by any H Shareholder will be deemed to constitute a representation and warranty from such H Shareholder to BEH and the Company that all local laws and requirements have been complied with and that the H Share Offer can be accepted by such H Shareholder lawfully under the laws of the relevant jurisdiction. H Shareholders should consult their professional advisers if in doubt.

9. HONG KONG STAMP DUTY AND TAXATION

Seller's ad valorem stamp duty for the H Shares which are registered with the H Share Registrar arising in connection with acceptance of the H Share Offer will be payable by each accepting H Shareholder at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable by BEH for such person's H Shares and will be deducted from the cash amount due to such accepting H Shareholder under the H Share Offer. BEH will pay the buyer's ad valorem stamp duty on its own behalf and arrange to pay for the sellers' ad valorem stamp duty on behalf of the sellers.

There may be tax implications on the H Shareholders in relation to the H Share Offer depending on the individual circumstances of the H Shareholders. H Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the H Share Offer. It is emphasised that none of BEH, the Company and their ultimate beneficial owners and concert parties, CSCI, CLSA, Gram Capital, the H Share Registrar or any of their respective directors or professional advisers or any persons involved in the H Share Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance of the H Share Offer.

10. GENERAL

- (a) All communications, notices, the Form of Acceptance, H Share certificate(s), transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the H Share Offer to be delivered by or sent to or from the H Shareholders will be delivered by or sent to or from them, or their designated agents, by post at their own risk, and none of BEH, the Company, CSCI, CLSA, Gram Capital, the H Share Registrar or any of their respective directors or agents or professional advisers or any other person involved in the H Share Offer accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms of the H Share Offer.
- (c) The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the H Share Offer is made will not invalidate the H Share Offer in any way.
- (d) The H Share Offer and all acceptances thereof will be governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of a H Shareholder will constitute such H Shareholder's agreement that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the H Share Offer.

- (e) Due execution of a Form of Acceptance will constitute an authority to BEH, CSCI or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person or persons accepting the H Share Offer and to do any other act that

11. INTERPRETATION

- (a) A reference in this Composite Document to a H Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of H Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Composite Document apply to them jointly and severally.
- (b) A reference in this Composite Document and the Form of Acceptance to the H Share Offer shall include any extension thereof.
- (c) A reference in this Composite Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

APPENDIX II FINANCIAL INFORMATION OF THE COMPANY

1. FINANCIAL SUMMARY

The following summary financial information has been extracted from the audited consolidated financial statements of the Group for each of the three years ended 31 December 2017, 2018 and 2019 in the annual report of the Company and the unaudited condensed consolidated financial statements for the six months ended 30 June 2019 and 2020 as extracted from the interim report of the Company for the six months ended 30 June 2020.

The auditors of the Group for the three years ended 31 December 2017, 2018 and 2019, did not issue any modified opinion nor any emphasis of matter or material uncertainty related to going concern en- annual re (sulC BT0.025 Tc 0.048 Tw 10 0 0 10 70.8661 671.7314 Tm auncial statements of the G0.08 Twt of the C

APPENDIX II FINANCIAL INFORMATION OF THE COMPANY

Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | For the year ended 31 December | | | For the six months ended | |
|---|--------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| | 2017 | 2018 | 2019 | 30 June | |
| | <i>RMB'000</i> (Audited) | <i>RMB'000</i> (Audited) | <i>RMB'000</i> (Audited) | <i>RMB'000</i> (Unaudited) | <i>RMB'000</i> (Unaudited) |
| Revenue | 14,227,365 | 16,238,805 | 16,388,643 | 8,064,971 | 8,278,996 |
| Profit before taxation | 2,452,301 | 2,742,575 | 2,675,292 | 1,700,856 | 1,654,282 |
| Income tax expense | (516,716) | (626,458) | (507,961) | (380,520) | (318,373) |
| Profit for the year/period | 1,935,585 | 2,116,117 | 2,167,331 | 1,320,336 | 1,335,909 |
| Attributable to: | | | | | |
| – Equity holders of the Company | 1,774,473 | 1,995,943 | 2,090,770 | 1,268,270 | 1,295,215 |
| – Holders of perpetual notes | 77,250 | 35,768 | – | – | 6,079 |
| – Non-controlling interests | 83,862 | 84,406 | 76,561 | 52,066 | 34,615 |
| Total comprehensive income for the year/period | 2,160,586 | 1,904,582 | 2,184,760 | 1,305,119 | 1,324,544 |
| Attributable to: | | | | | |
| – Equity holders of the Company | 1,937,527 | 1,784,408 | 2,108,199 | 1,253,053 | 1,283,850 |
| – Holders of perpetual notes | 77,250 | 35,768 | – | – | 6,079 |
| – Non-controlling interests | 145,809 | 84,406 | 76,561 | 52,066 | 34,615 |
| Earnings per share | | | | | |
| Basic and diluted (<i>RMB cents</i>) | 25.83 | 26.55 | 25.36 | 15.38 | 15.71 |
| Dividend | 508,414 | 549,909 | 595,253 | – | – |
| Dividend per share (<i>RMB cents</i>) | 7.40 | 6.67 | 7.22 | – | – |

APPENDIX II FINANCIAL INFORMATION OF THE COMPANY

Summary Consolidated Statement of Financial Position

| | As at 31 December | | | As at 30 June |
|--|-------------------|------------|------------|---------------|
| | 2017 | 2018 | 2019 | 2020 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | (Audited) | (Audited) | (Audited) | (Unaudited) |
| Total assets | 50,955,684 | 54,941,460 | 59,723,159 | 65,628,585 |
| Total liabilities | 32,050,583 | 33,429,860 | 36,647,850 | 40,380,633 |
| Equity attributable to equity holders of the Company | 16,808,591 | 21,114,378 | 22,672,668 | 23,360,663 |
| Perpetual notes | 1,527,982 | – | – | 1,499,711 |
| Non-controlling interests | 568,528 | 397,222 | 402,641 | 387,578 |
| Total Equity | 18,905,101 | 21,511,600 | 23,075,309 | 25,247,952 |

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

The Company is required to set out or refer to in this Composite Document the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of financial position, the consolidated statements of cash flows, and any other primary statements as shown in the (i) audited consolidated financial statements of the Group for the year ended 31 December 2017, together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (the “**2017 Financial Statements**”); (ii) audited consolidated financial statements of the Group for the year ended 31 December 2018, together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (the “**2018 Financial Statements**”); and (iii) audited consolidated financial statements of the Group for the year ended 31 December 2019, together with significant accounting policies and any points from the notes to the relevant published accounts which are of major relevance to an appreciation of the above financial information (the “**2019 Financial Statements**”).

The 2017 Financial Statements are set out from pages 69 to 183 in the 2017 Annual Report which was published on 27 April 2018. The 2017 Annual Report is available on the websites of the Stock Exchange (<http://www.hkexnews.com>) and the Company (<http://www.jncec.com>) and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0427/ltn20180427918.pdf>

The 2018 Financial Statements are set out from pages 77 to 216 in the 2018 Annual Report which was published on 26 April 2019. The 2018 Annual Report is available on the websites of the Stock Exchange (<http://www.hkexnews.com>) and the Company (<http://www.jncec.com>) and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/ltn201904262665.pdf>

APPENDIX II FINANCIAL INFORMATION OF THE COMPANY

The 2019 Financial Statements are set out from pages 83 to 219 in the 2019 Annual Report which was published on 28 April 2020. The 2019 Annual Report is available on the websites of the Stock

APPENDIX II FINANCIAL INFORMATION OF THE COMPANY

Unaudited Financial Information for the Nine Months ended 30 September 2020

On 30 October 2020, the Company published the announcement on internal financial data for the nine months ended 30 September 2020 (“**3rd Quarterly Results Announcement**”) on the unaudited financial figures of the Company and its subsidiaries as well as the unaudited financial figures of the Company alone (excluding its subsidiaries) as at 30 September 2020 (the “**Management Accounts**”) pursuant to the relevant laws and regulations in the PRC in connection with the debt financing instruments issued by the Company in the inter-bank market in the PRC. The financial information set out in the Management Accounts was prepared in accordance with the PRC Accounting Rules and Standards and there will be no material difference to such financial information if the IFRSs are to be adopted. There were no items of any income or expense which are material in respect of the consolidated financial results of the Group for the nine months ended 30 September 2020. The Management Accounts were prepared based on, amongst others, the unaudited financial information of the Group for the nine months ended 30 September 2020. An extract of the Management Accounts is set out below:

Summary consolidated statement of profit or loss and other comprehensive income

| | For the nine months ended 30 September 2020 RMB'000 (unaudited) |
|--|--|
| Revenue | 12,032,535 |
| Profit before taxation | 2,151,501 |
| Income tax expense | 348,271 |
| Profit for the period | 1,803,230 |
| Attributable to: | |
| – shareholders of the Company | 1,765,504 |
| – minority interests | 37,726 |
| Total comprehensive income for the period | 1,846,684 |
| Attributable to: | |
| – owners of the Company | 1,808,957 |
| – minority interests | 37,726 |
| Earnings per share | |
| Basic and diluted (RMB cents) | – |
| Dividend | – |
| Dividend per share (RMB cents) | – |

APPENDIX II FINANCIAL INFORMATION OF THE COMPANY

Summary consolidated statement of financial position

| | As at 30 September 2020 <i>RMB'000</i> (unaudited) |
|---|---|
| Total assets | 67,429,928 |
| Total liabilities | 41,540,521 |
| Total equity (or shareholders' interests) attributable to owners of the Company | 25,498,858 |
| Minority interest | 390,549 |
| Total owners' equity (or shareholders' interests) | 25,889,406 |

The Management Accounts have not been audited or reviewed by auditors and the audit committee of the Company. The unaudited net profit figures relating to “Net profit for the period” and “Net profit attributable to shareholders of the Company” as set out in the consolidated income statement of the Management Accounts constitute profit forecasts under Rule 10 of the Takeovers Code (the “**Unaudited Profit Figures**”).

The Unaudited Profit Figures were announced on 30 October 2020 and, for the purpose of reporting on such profit forecasts under Rule 10 of the Takeovers Code, the corresponding financial information prepared in accordance with IFRSs (the same as the accounting policies adopted by the Group) (“**Profit Estimate**”) is set out as below and there will be no material difference to such published financial information if the PRC Accounting Rules and Standards are to be adopted:

| | For the nine months ended 30 September 2020 <i>RMB'000</i> (unaudited) |
|--|---|
| Net profit | 1,786,565 |
| Profit attributable to owners of Beijing Jingneng Clean Energy | 1,729,754 |

Shareholders should note that the Profit Estimate has been reported on by Deloitte Touche Tohmatsu and Gram Capital in accordance with the requirements under Rule 10 of the Takeovers Code. The respective letters from Deloitte Touche Tohmatsu and Gram Capital in this regard are set out in Appendices III and IV respectively to the Composite Document.

APPENDIX II FINANCIAL INFORMATION OF THE COMPANY

4. INDEBTEDNESS

Statement of indebtedness

As at the close of business on 30 September 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of the Composite Document, except for the authorised but unissued short-term debentures (as detailed below), the Group had total outstanding indebtedness of RMB34,429,833,000, details of which are as follows.

| | <i>RMB'000</i> |
|--|--------------------------|
| Bank loans | |
| – Unsecured and unguaranteed | 7,972,503 |
| – Unsecured and guaranteed (<i>Note 2</i>) | 8,201,025 |
| – Secured (<i>Note 1</i>) and unguaranteed | 1,069,416 |
| – Secured (<i>Note 1</i>) and guaranteed (<i>Note 2</i>) | <u>121,852</u> |
| | <u>17,364,796</u> |
| Loans from fellow subsidiaries | |
| – Unsecured and unguaranteed | 1,719,757 |
| – Unsecured and guaranteed (<i>Note 2</i>) | <u>60,071</u> |
| | <u>1,779,828</u> |
| Medium-term notes and corporate bonds | |
| – Unsecured and unguaranteed | <u>6,691,480</u> |
| Lease liabilities | |
| – Unsecured and unguaranteed | 610,259 |
| – Secured (<i>Note 1</i>) and unguaranteed | <u>11,322</u> |
| | <u>621,581</u> |
| Short-term debentures | |
| – Unsecured and unguaranteed | <u>7,535,286</u> |
| Other borrowings | |
| – Unsecured and unguaranteed | 236,041 |
| – Secured (<i>Note 3</i>) and guaranteed (<i>Note 2</i>) | <u>200,821</u> |
| | <u>436,862</u> |
| Total | <u><u>34,429,833</u></u> |

APPENDIX II FINANCIAL INFORMATION OF THE COMPANY

Note 1: The secured bank loans and lease liabilities were secured by the rights on accounts receivables, rental deposits, beneficial interest of certain properties and shares of New Gullen Range Wind Farm Pty Ltd., a subsidiary of the Company.

Note 2: The guaranteed bank loans, loans from fellow subsidiaries and other borrowings are guaranteed by the Company, Beijing Jingneng New Energy Co., Ltd., a subsidiary of the Company, or China Export and Credit Insurance Corporation, a third party of the Company.

Note 3: The secured other borrowings were secured by property, plant and equipment of the Group.

As at the close of business on 30 September 2020, the Group has authorised but unissued short-term debentures of RMB2,500,000,000. The total authorised principal amount of such short-term debentures was RMB10 billion, authorised on 7 November 2019 by National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會), with a validity period of two years and the unissued short-term debentures will be issued before the end of the validity period according to the need of the Company.

Save as aforesaid and apart from intra-group liabilities and normal trade and bills payables in the ordinary course of the business, as at the close of business on 30 September 2020, the Group did not have other debt securities issued and outstanding, or otherwise authorised or created but unissued, outstanding mortgages, charges, debentures, guarantees or other loan capital, bank overdrafts or loans, other similar indebtedness, recognised lease liabilities or hire purchase commitments, liabilities under acceptances or acceptance credits, guarantees or contingent liabilities.

5. MATERIAL CHANGE

Save as and except for the below, there was no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date:

- (a) the Group's trade and bills receivable as at 31 October 2020 substantially increased as compared to that as at 31 December 2019, which was mainly attributable to the increase in (i) trade receivables balance for goods and services; and (ii) the outstanding clean energy power price premium in wind power and photovoltaic power; and
- (b) among the Group's debt financing activities during 2020, the Company issued green medium-term notes with total value of RMB1,500,000,000 and a period of 3+N years on 15 May 2020. Pursuant to the terms of the aforesaid green medium-term notes, the Company has no contractual obligation to repay its principal or to pay any coupon and deferred interest unless compulsory coupon payment event has occurred. The aforesaid green medium-term notes are classified as equity.

6. BASES OF PREPARATION

The Profit Estimate as referred to in this Composite Document was prepared based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2020, which has been prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published interim report of the Company for the six months ended 30 June 2020 which conform with IFRSs issued by the International Accounting Standards Board.

**APPENDIX III REPORT FROM DELOITTE TOUCHE TOHMATSU
ON THE PROFIT ESTIMATE**

The following is the full text of the letter from Deloitte Touche Tohmatsu, the Company's reporting accountants, for the purpose of inclusion in this Composite Document.



APPENDIX III REPORT FROM DELOITTE TOUCHE TOHMATSU ON THE PROFIT ESTIMATE

DIRECTORS' RESPONSIBILITIES

The Profit Estimate has been prepared by the directors of the Company based on the unaudited consolidated results of the Group based on the management accounts of the Group for the nine months ended 30 September 2020.

The Company's directors are solely responsible for the Profit Estimate.

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

APPENDIX III REPORT FROM DELOITTE TOUCHE TOHMATSU ON THE PROFIT ESTIMATE

OPINION

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company as set out in the paragraph headed “Bases of preparation” in Appendix II.6 to the Composite Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published interim report of the Company for the six months ended 30 June 2020 which conform with IFRSs issued by the IASB.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The following is the text of a report received from Gram Capital, for inclusion in this Composite Document.

31 December 2020

The Board of Directors

Room 118

No.1 Ziguang East Road

Badaling Economic Dev Zone

Yanqing County, Beijing, PRC

UNAUDITED CONSOLIDATED NET PROFIT OF THE GROUP AND UNAUDITED CONSOLIDATED PROFIT OF THE GROUP ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020 (COLLECTIVELY REFERRED TO AS THE “PROFIT ESTIMATE”)

Dear Sir/Madam,

Reference is made to the Composite Document dated 31 December 2020 jointly issued by 北京京能清潔能源電力股份有限公司 (Beijing Jingneng Clean Energy Co., Limited, the “**Company**”, together with its subsidiaries, the “**Group**”) and 北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd.). Capitalised terms used in this letter shall have the same respective meanings as defined in the Composite Document unless the context otherwise required.

We refer to the Profit Estimate as set out in Appendix II.3 to the Composite Document.

The Profit Estimate constitutes profit forecast under Rule 10 of the Takeovers Code and must be reported on by the financial adviser and the auditors or consultant accountants. This report is issued in compliance with the requirements under Rule 10.4 and Note 1(c) to Rules 10.1 and 10.2 of the Takeovers Code.

The board of directors of the Company (the “**Directors**”) prepared the Profit Estimate based on the unaudited consolidated management accounts of the Group for the nine months ended 30 September 2020 (the “**Management Accounts**”). The Management Accounts were prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published interim report of the Company for the six months ended 30 June 2020 which conform with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) (the “**Bases**”). No assumption was involved in the making of the Profit Estimate as the Profit Estimate was related to a period already ended.

We reviewed the Profit Estimate, the Management Accounts and the Bases which were provided by you and you as the Directors are solely responsible for. We also discussed the above with you and the

In respect of the accounting policies and calculations concerned, upon which the Profit Estimate have been made, we have considered the report as contained in Appendix III to the Composite Document addressed to the Board from Deloitte Touche Tohmatsu, being the reporting accountants of the Company. Deloitte Touche Tohmatsu is of the opinion that so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company as set out in the paragraph headed “Bases of preparation” in Appendix II.6 to the Composite Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published interim report of the Company for the six months ended 30 June 2020 which conform with IFRSs issued by the IASB.

Having considered the above, we are of the opinion that the Profit Estimate (including the Bases) have been made with due care and consideration.

We hereby give and have not withdrawn our consent to the issue of the Composite Document with the inclusion therein of this report.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

1. RESPONSIBILITY STATEMENT

The information in this Composite Document relating to the Company has been supplied by the directors of the Company. The issue of this Composite Document has been approved by the directors of the Company, who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to BEH and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of BEH and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The directors of BEH jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Company) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors of the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL OF THE COMPANY

Registered and issued share capital

As at the Latest Practicable Date, the registered share capital of the Company is RMB8,244,508,144, divided into 8,244,508,144 shares with a nominal value of RMB1.00 each.

The table below sets out the issued share capital of the Company as at the Latest Practicable Date:

| Issued share capital | RMB |
|-------------------------------|---------------|
| 5,414,831,344 Domestic Shares | 5,414,831,344 |
| 2,829,676,800 H Shares | 2,829,676,800 |
| Total | 8,244,508,144 |

The rights of the holders of Domestic Shares and H Shares rank *pari passu* to each other, including voting rights and the right to receive dividend payment, except that payment of dividend will be made in RMB to the holders of the Domestic Shares and in Hong Kong dollars to H Shareholders.

The number of Shares in issue at 31 December 2019, being the date to which the latest audited consolidated financial statements of the Group were made up, was 8,244,508,144, with 5,414,831,344 Domestic Shares and 2,829,676,800 H Shares. The Company has not issued any Shares since that date until the Latest Practicable Date.

4. DISCLOSURE OF INTEREST

Interests of the directors, supervisors and chief executives of the Company in the securities of the Company and the securities of the associated corporations of the Company

As at the Latest Practicable Date, no director, supervisor or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange or disclosed in accordance with the Takeovers Code.

Interests of substantial shareholders in the securities of the Company

As at the Latest Practicable Date, to the best knowledge of the Directors of the Company, the persons (other than a director, supervisor or chief executive of the Company) who have an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO were as follows:

| Name of shareholders | Types of shares | Capacity | Number of shares/ underlying shares held (share) | % of relevant class of share capital | % of total share capital |
|--|-----------------|--|--|--------------------------------------|--------------------------|
| BEH ⁽¹⁾⁽²⁾ | Domestic Share | Beneficial interest and interest of a controlled corporation | 5,190,483,053 | 95.86 | 62.96 |
| | H Share | Interest of a controlled corporation | 471,612,800 | 16.67 | 5.72 |
| BSCOMC ⁽¹⁾⁽²⁾ | Domestic Share | Beneficial interest and interest of a controlled corporation | 5,414,831,344 | 100.00 | 65.68 |
| | H Share | Interest of a controlled corporation | 471,612,800 | 16.67 | 5.72 |
| BEI | H Share | Beneficial interest | 471,612,800 | 16.67 | 5.72 |
| SAIF IV GP Capital Ltd. ⁽³⁾ | H Share | Interest of a controlled corporation | 173,532,000 | 6.13 | 2.10 |

| Name of shareholders | Types of shares | Capacity | Number of shares/ underlying shares held (share) | % of relevant class of share capital | % of total share capital |
|---|-----------------|--|--|--------------------------------------|--------------------------|
| SAIF IV GP LP ⁽³⁾ | H Share | Interest of a controlled corporation | 173,532,000 | 6.13 | 2.10 |
| SAIF Partners IV L.P. ⁽³⁾ | H Share | Beneficial interest | 173,532,000 | 6.13 | 2.10 |
| Yan Andrew Y. ⁽³⁾ | H Share | Interest of a controlled corporation | 173,532,000 | 6.13 | 2.10 |
| Beijing Enterprises Holdings Limited ⁽⁴⁾ | H Share | Interest of a controlled corporation | 196,964,000 | 6.96 | 2.39 |
| BEET ⁽⁴⁾ | H Share | Beneficial interest | 196,964,000 | 6.96 | 2.39 |
| Beijing Enterprises Energy Technology (Hong Kong) Co., Limited ⁽⁴⁾ | H Share | Interest of a controlled corporation | 196,964,000 | 6.96 | 2.39 |
| Central Huijin Investment Ltd. | H Share | Interest of a controlled corporation | 656,036,000 | 23.18 | 7.96 |
| CRC | H Share | Beneficial interest and interest of a controlled corporation | 656,036,000 | 23.18 | 7.96 |
| CPCR | H Share | Beneficial interest | 196,704,000 | 6.95 | 2.39 |

Notes:

(1) BIEE directly owns 92,654,249 Domestic Shares, representing approximately 1.71% of the total issued Domestic Shares and approximately 1.12% of the total issued share capital of the Company. BIEE is wholly-owned by BEH. In accordance with the SFO, BEH is deemed to be interested in 92,654,249 Domestic Shares held by BIEE.

BDH directly owns 16,035,322 Domestic Shares, representing approximately 0.30% of the total issued Domestic Shares and approximately 0.19% of the total issued share capital of the Company. BDH is wholly-owned by BEH. In accordance with the SFO, BEH is deemed to be interested in 16,035,322 Domestic Shares held by BDH.

BEH directly owns 5,081,793,482 Domestic Shares, representing approximately 93.85% of the total issued Domestic Shares and approximately 61.64% of the total issued share capital of the Company. In accordance with the SFO, BEH is deemed to be interested in an aggregate of 5,190,483,053 Domestic Shares of the Company.

BSCOMC directly owns 224,348,291 Domestic Shares, representing approximately 4.14% of the total issued Domestic Shares and approximately 2.72% of the total issued share capital of the Company. BEH was wholly-owned by BSCOMC. In accordance with the SFO, BSCOMC is deemed to be interested in an aggregate of 5,414,831,344 Domestic Shares of the Company.

- (2) BEI directly owns 471,612,800 H Shares, representing approximately 16.67% of the total issued H Shares and approximately 5.72% of the total issued share capital of the Company. BEI is wholly-owned by BEH, while BEH is wholly-owned by BSCOMC. In accordance with the SFO, BEH and BSCOMC are deemed to be interested in 471,612,800 H Shares held by BEI.
- (3) SAIF Partners IV L.P. holds direct interests in 173,532,000 H Shares of the Company. As far as the Company is aware, SAIF Partners IV L.P. was wholly-owned by SAIF IV GP LP, while SAIF IV GP LP was wholly-owned by SAIF IV GP Capital Ltd. and SAIF IV GP Capital Ltd. was wholly-owned by Yan Andrew Y. In accordance with the SFO, SAIF IV GP LP, SAIF IV GP Capital Ltd. and Yan Andrew Y. are deemed to be interested in 173,532,000 H Shares held by SAIF Partners IV L.P.
- (4) BEET directly holds 196,964,000 H Shares of the Company. BEET is wholly-owned by Beijing Enterprises Energy Technology (Hong Kong) Co., Ltd., while Beijing Enterprises Energy Technology (Hong Kong) Co., Ltd. is wholly-owned by Beijing Enterprises Holdings Limited. In accordance with the SFO, Beijing Enterprises Energy Technology (Hong Kong) Co., Ltd. and Beijing Enterprises Holdings Limited are deemed to be interested in 196,964,000 H Shares held by BEET.

Interests discloseable under Schedule I to the Takeovers Code

As at the Latest Practicable Date:

- (i) BEH directly owns 5,081,793,482 Domestic Shares, representing approximately 93.85% of the total issued Domestic Shares and approximately 61.64% of the total issued share capital of the Company. BIEE, a wholly-owned subsidiary of BEH, directly owns 92,654,249 Domestic Shares, representing approximately 1.71% of the total issued Domestic Shares and approximately 1.12% of the total issued share capital of the Company. BDH, a wholly-owned subsidiary of BEH, directly owns 16,035,322 Domestic Shares, representing approximately 0.30% of the total issued Domestic Shares and approximately 0.19% of the total issued share capital of the Company. BSCOMC, the sole shareholder of BEH, directly owns 224,348,291 Domestic Shares, representing approximately 4.14% of the total issued Domestic Shares and approximately 2.72% of the total issued share capital of the Company. BEI, a wholly-owned subsidiary of BEH, directly own 471,612,800 H Shares, representing approximately 16.67% of the total issued H Shares and approximately 5.72% of the total issued share capital of the Company. BEET directly owns 196,964,000 H Shares, representing approximately 6.96% of the total issued H Shares and approximately 2.39% of the total issued share capital of the Company. CRC and its wholly-owned subsidiary, CPCR in aggregate own 656,036,000 H Shares, representing approximately 23.18% of the total issued H Shares and approximately 7.96% of the total issued share capital of the Company. Save for the abovementioned shareholding, neither BEH nor parties acting in concert with it (including BSCOMC, BIEE, BDH, BEI, BEET, CRC and CPCR) (except those which are exempt principal traders or exempt fund managers recognised by the Executive as such for the purpose of the Takeovers Code) owned or had control or direction over any interests in the Shares, options, derivatives, warrants, other securities convertible into Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (ii) no directors of BEH were interested in any shares in the Company or any convertible securities, warrants, options or derivatives in respect of the shares in the Company;

- (iii) no one who owned or controlled shares, convertible securities, warrants, options or derivatives in respect of the shares of the Company had irrevocably committed to vote in favour of or against the resolutions at the H Share Class Meeting and/or at the

- (iii) During the Offer Period and up to the Latest Practicable Date, a member of the CLSA Group had dealt for value in Shares or securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company, the particulars of which are as follows:

| Relevant Party | Trade Date | Type of transaction (Buy/Sell) | Number of H shares | Price per H share (HK\$) | Total Transaction Amount (HK\$) |
|---|-----------------------------|--------------------------------|--------------------|--------------------------|---------------------------------|
| CSI Capital Management Limited ⁽¹⁾ | 10 July 2020 ⁽²⁾ | Buy (own account) | 22,000 | 2.0645 | 45,419.00 |
| CSI Capital Management Limited ⁽¹⁾ | 17 July 2020 | Sell (own account) | 22,000 | 2.03 | 44,660.00 |

Notes:

1. CSI Capital Management Limited is ultimately owned by CITIC Securities Company Limited.
2. Such purchase was made prior to the Company's confirmation of the appointment of CLSA as its financial adviser in connection with the H Share Offer.

As at the Latest Practicable Date, no member of the CLSA Group was interested in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Save as disclosed above, none of the subsidiaries of the Company, the pension fund of the Company or of its subsidiaries, or a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of "acting in concert" or who is an associate of the Company by virtue of class (2) of the definition of "associate" under the Takeovers Code owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, or had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Disclosure Period;

- (iv) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of "acting in concert" or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of "associate" under the Takeovers Code, and none of such persons had dealt in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the Disclosure Period;
- (v) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company were managed on a discretionary basis by fund managers connected with the Company, and none of them had dealt in any relevant securities in the Company during the Disclosure Period;

- (vi) none of the directors of the Company held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the H Share Offer; and
- (vii) none of the Company or the Directors of the Company had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Other interests

As at the Latest Practicable Date:

- (i) there was no agreement, arrangement or understanding between BEH and any other person in relation to the transfer, charge or pledge of the Shares of the Company to be purchased by BEH or any of its wholly-owned subsidiaries upon completion of the H Share Offer;
- (ii) BEH had no intention to transfer, charge or pledge any securities in the Company acquired pursuant to the H Share Offer to any other person, or has no agreement, arrangement or understanding with any other person to do so;
- (iii) no benefit had been or would be given to any Director of the Company as compensation for loss of office or otherwise in connection with the H Share Offer;
- (iv) no agreement, arrangement or understanding (including any compensation arrangement) existed between BEH or any person acting in concert with it and any of the directors, recent directors, Shareholders or recent Shareholders having any connection with or dependence upon the H Share Offer;
- (v) there was no agreement or arrangement between any Director of the Company and any other person which is conditional on or dependent upon the outcome of the H Share Offer or otherwise connected with the H Share Offer;
- (vi) there is no material contract entered into by BEH in which any Director of the Company has a material personal interest;
- (vii) there is no agreement or arrangement to which BEH is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or, a condition to the H Share Offer and the consequence of its doing so;

- (viii) there was no existing holding of voting rights and rights over the Shares in respect of which BEH or any parties acting in concert with it had received any irrevocable voting commitment in respect of the EGM and/or the H Share Class Meeting and/or any irrevocable commitment to accept the H Share Offer; The Undertaking of CRC and CPCR does not constitute any voting commitments in respect of the EGM and/or the H Share Class Meeting and/or any irrevocable commitment to accept the H Share Offer. As a result of the Undertaking, CRC and CPCR are parties acting in concert with BEH so may not vote at the EGM and/or the H Share Class Meeting. Also, CRC and CPCR have confirmed in the Undertaking that they will not accept the H Share Offer. In addition, the H Share Offer was not made for the H Shares held by BEH and parties acting in concert with it, including BEET. Pursuant to the BEET Confirmation and Undertaking, BEET (i) confirmed that the H Share Offer will not be made to it; and (ii) has undertaken that it will not participate in the H Share Offer and therefore will not sell any of its H Shares to BEH. As such, the BEET Confirmation and Undertaking does not constitute any voting commitments in respect of the EGM and/or the H Share Class Meeting and/or any irrevocable commitment to accept the H Share Offer;
- (ix) there was no outstanding derivative in respect of securities in the Company entered into by BEH or any parties acting in concert with it;
- (x) save for the consideration in respect of acceptance of the H Share Offer, there is no other consideration, compensation or benefits in whatever form provided (or to be provided) by BEH or parties acting in concert with it to the Independent H Shareholders and parties acting in concert with them; and
- (xi) there is no understanding, arrangement or agreement which constitutes a special deal between:
- (a) BEH or parties acting in concert with it on one hand and any Shareholders and parties acting concert with any of them on the other hand; and
 - (b) any Shareholder on one hand and the Company, its subsidiaries or associated companies on the other hand.

5. SERVICE CONTRACTS OF DIRECTORS

Mr. Huang Xiang, Mr. Chan Yin Tsung and Mr. Han Xiaoping, all being the independent non-executive Director of the Company, had respectively entered into a service agreement with the Company within six months before the commencement of the Offer Period.

7. LITIGATION

As at the Latest Practicable Date, there was no material litigation or claim of material importance known to the directors of the Company to be pending or threatened against any member of the Group.

8. PROFESSIONAL PARTIES AND CONSENTS

The following are the qualifications of each of the experts who has given opinions or advice which are contained in this Composite Document:

| Name | Qualifications |
|--|--|
| China Securities (International) Corporate Finance Company Limited | A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |
| Gram Capital Limited | A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO |
| Deloitte Touche Tohmatsu | Certified Public Accountant |

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of the opinions and/or letters and/or the references to its name and/or opinions and/or letters in the form and context in which they respectively appear.

CLSA Capital Markets Limited has given and has not withdrawn their written consent to the issue of this Composite Document with the references to their respective names in the form and context in which they respectively appears.

9. MISCELLANEOUS

- (1) The principal members of the concert group of BEH are BEH, BSCOMC, BIEE, BDH, CRC, CPCR, BEI and BEET.
- (2) BEH is a wholly state-owned company incorporated in 1993. BEH is wholly-owned by BSCOMC. The registered office of BEH is at 9/F, Tianyin Building A West, No.2 Jia South Street, Fuxingmen, Xicheng District, Beijing, the PRC. The directors of BEH are Jiang Fan, Kan Xing, Wang Jing, Zhang Nengkun, Wang Chungue, Han Xiangdong /Lan h/I.

- (5) BDH is wholly-owned by BEH. The registered office of BDH is at No. 6 Liufang North Street, Chaoyang District, Beijing, the PRC. The directors of BDH are Tian Jinfeng, Chen Yiguo, An Zhenyuan, Liu Rong, Ren Zhimin, Sun Degang and Ren Qigui.
- (6) CRC is owned by Central Huijin Investment Ltd. (中央匯金投資有限責任公司) as to approximately 71.56%. The registered office of CRC is at No. 11, Jinrong Avenue, Xicheng District, Beijing, the PRC. The executive directors of CRC are Yuan Linjiang, He Chunlei and Ren Xiaobing, the non-executive directors of CRC are Lu Xiuli, Wen Ning, Wang Xiaoya and Liu Xiaopeng, and the independent non-executive directors of CRC are Hao Yansu, Li Sanxi, Mok Kam Sheung and Jiang Bo. The directors of Central Huijin Investment Ltd. (中央匯金投資有限責任公司) are Peng Chun, Shen Rujun, Wang Yong, Lou Hong and Mu Huaipeng.
- (7) CPCR is wholly-owned by CRC. The registered office of CPCR is at No. 11, Jinrong Avenue, Xicheng District, Beijing, the PRC. The directors of CPCR are He Chunlei, Zuo Huiqiang, Lou Tao, Cao Shunming and Zhang Renjiang.
- (8) BEI is wholly-owned by BEH. The registered office of BEI is at Unit 503, 5/F, Silvercord Tower 2, 30 Canton Road, Tsimshatsui, Kowloon, Hong Kong. The directors of BEI are Sui Xiaofeng and Li Gang.
- (9) BEET is wholly-owned by Beijing Enterprises Holdings Limited (北京控股有限公司) (0392.HK), which is in turn ultimately approximately 62% owned by Beijing Enterprises Group Company Limited (北京控股集團有限公司)

- (13) The registered office of Gram Capital is at Suite 1209, 12/F, Nan Fung Tower, 173 Des Voeux Road, Central, Hong Kong.
- (14) The English text of this Composite Document, the Form of Acceptance, the forms of proxy and reply slips shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Company at <http://www.jnec.com>; (ii) on the website of the SFC at www.sfc.hk; and (iii) at the principal place of business of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. on any weekday (public holidays excepted) from the date of the Composite Document onwards for so long as the H Share Offer remains open for acceptance:

- (i) the articles of association of BEH;
- (ii) the articles of association of the Company;
- (iii) the annual reports for each of the years ended 31 December 2017, 2018 and 2019 and the interim report for the six months ended 30 June 2020 of the Company;
- (iv) the announcement on internal financial data for the nine months ended 30 September 2020 of the Company;
- (v) the letter from CSCI, the text of which is set out from pages 7 to 16 of this Composite Document;
- (vi) the letter from the Board of the Company, the text of which is set out from pages 17 to 26 of this Composite Document;
- (vii) the letter from the Independent Board Committee, the text of which is set out from pages 27 to 28 of this Composite Document;
- (viii) the letter from Gram Capital, the text of which is set out from pages 29 to 51 of this Composite Document;
- (ix) the report from Deloitte Touche Tohmatsu on the profit estimate, the text of which is set out from pages III-1 to III-3 of this Composite Document;
- (x) the report from Gram Capital on the profit estimate, the text of which is set out from pages IV-1 to IV-2 of this Composite Document;

- (xi) the service contracts referred to in the section headed “5. Service contracts of Directors” in this Appendix V;



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)

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2021

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting of 2021 (the “**EGM**”) of Beijing Jingneng Clean Energy Co., Limited (the “**Company**”) will be held at 10:00 a.m. on Friday, 19 February 2021 at No.2 Meeting Room, 8th Floor, No.6 Xibahe Road, Chaoyang District, Beijing, the PRC for the purposes of considering and, if thought fit, passing the following resolutions:

Save as defined otherwise, capitalised terms defined in the composite document dated 31 December 2020 jointly issued by the Company and Beijing Energy Holding Co., Ltd. shall have the same meanings when used herein.

SPECIAL RESOLUTION

1. **THAT** subject to the passing of this same resolution by the Independent H Shareholders at the H Share Class Meeting, as approved by way of poll by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy at the H Share Class Meeting and with the number of votes cast by poll against the resolution by the Independent H Shareholders at the H Share Class Meeting amounting to not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders:
 - (i) subject to minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as BEH may, subject to the Takeovers Code decide) amounting to at least 90% of the H Shares held by the Independent H Shareholders, the Delisting be and is hereby approved; and
 - (ii) the board of directors of the Company, and/or unless the board of directors of the Company determines otherwise, any two directors of the Company be and are hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the Delisting including but not limited to:
 - (a) establishing a specific proposal to implement the Delisting based on the actual circumstances, including but not limited to determining the specific time of the Delisting;

- (b) carrying out all relevant work in relation to the Delisting on behalf of the Company, drafting, preparing, amending, signing, delivering and performing all agreements, announcements, circulars to Shareholders and other documentation regarding the Delisting and making appropriate disclosure;
- (c) signing and submitting any report or document to any government regulatory authorities;
- (d) unless the board of directors of the Company determines otherwise, selecting and appointing qualified professional parties, including but not limited to parties involved in the Delisting such as financial advisers, lawyers etc.; and
- (e) carrying out all necessary actions, resolving and processing other matters in relation to the Delisting on behalf of the Company as permitted by relevant laws.

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

Beijing, the PRC
31 December 2020

As at the date of this notice, the executive directors of the Company are Mr. Zhang Fengyang and Mr. Cao Mansheng; the non-executive directors of the Company are Mr. Ren Qigui, Ms. Li Juan and Mr. Wang Bangyi; and the independent non-executive directors of the Company are Mr. Huang Xiang, Mr. Chan Yin Tsung, Mr. Han Xiaoping and Mr. Xu Daping.

Notes:

1. CLOSURE OF REGISTER FOR H SHARES, ELIGIBILITY FOR ATTENDING THE EGM

Holders of H Shares are advised that the share register for H Shares will be closed from Wednesday, 20 January 2021 to Friday, 19 February 2021 (both days inclusive). The Shareholders whose names appear on the register of members of the Company on the close of business on Tuesday, 19 January 2021 are entitled to attend and vote at the EGM. Holders of H Shares of the Company who wish to attend the EGM but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Tuesday, 19 January 2021 for registration.

2. PROXY

Shareholders entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote in their stead. A proxy need not be a Shareholder of the Company.

The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a corporate body, the proxy form must be either executed under its common seal or under the hand of its director(s) or duly authorised attorney(s). If the proxy form is signed by an attorney of the Shareholder, the power of attorney authorising that attorney to sign or other authorisations document must be notarized.

For holders of H Shares, the proxy form together with the power of attorney or other authorisation document (if any) must be lodged at the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in person or by post not less than 24 hours before the time fixed for holding the EGM (i.e. by no later than 10:00 a.m. on Thursday, 18 February 2021) or any adjournment thereof (as the case may be). Shareholders can still attend and vote at the EGM upon completion and return of the proxy form.

3. REPLY SLIP

Holders of H Shares who intend to attend the EGM in person or by proxy should deliver the reply slip to the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Friday, 29 January 2021.

4. ADDRESS AND TELEPHONE NUMBER OF THE CONTACT PERSON WHO HANDLES THE MEETING AFFAIRS

Name: The Company Secretary

Address: 7/8F
No. 6 Xibahe Road, Chaoyang District
Beijing, the PRC

Telephone: (86 10) 8740 7009/(86 10) 8740 7062

Email: wangfengping@jncec.com

5. PROCEDURES FOR VOTING AT THE EGM

Any vote of shareholders at the EGM must be taken by poll.

6. OTHER BUSINESS

Shareholders (in person or by proxy) attending the EGM are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the EGM shall produce their identity documents.

7. References to time and dates in this notice are to Hong Kong time and dates.

**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)

NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2021

NOTICE IS HEREBY GIVEN that the first H share class meeting of 2021 (the “**H Share Class Meeting**”) of Beijing Jingneng Clean Energy Co., Limited (the “**Company**”) will be held at 11:00 a.m. on Friday, 19 February 2021 at No.2 Meeting Room, 8th Floor, No.6 Xibahe Road, Chaoyang District, Beijing, the PRC for the purposes of considering and, if thought fit, passing the following resolution:

Save as defined otherwise, capitalised terms defined in the composite document dated 31 December 2020 jointly issued by the Company and Beijing Energy Holding Co., Ltd. shall have the same meanings when used herein.

SPECIAL RESOLUTION

1. **THAT** subject to the passing of this same resolution by the Independent H Shareholders at the EGM, as approved by way of poll by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy at the EMG and with the number of votes cast by poll against the resolution by the Independent H Shareholders at the EGM amounting to not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders:
 - (i) subject to minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as BEH may, subject to the Takeovers Code decide) amounting to at least 90% of the H Shares held by the Independent H Shareholders, the Delisting be and is hereby approved; and
 - (ii) the board of directors of the Company, and/or unless the board of directors of the Company determines otherwise, any two directors of the Company be and are hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the Delisting including but not limited to:
 - (a) establishing a specific proposal to implement the Delisting based on the actual circumstances, including but not limited to determining the specific time of the Delisting;

- (b) carrying out all relevant work in relation to the Delisting on behalf of the Company, drafting, preparing, amending, signing, delivering and performing all agreements, announcements, circulars to Shareholders and other documentation regarding the Delisting and making appropriate disclosure;
- (c) signing and submitting any report or document to any government regulatory authorities;
- (d) unless the board of directors of the Company determines otherwise, selecting and appointing qualified professional parties, including but not limited to parties involved in the Delisting such as financial advisers, lawyers etc.; and
- (e) carrying out all necessary actions, resolving and processing other matters in relation to the Delisting on behalf of the Company as permitted by relevant laws.

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

Beijing, the PRC
31 December 2020

As at the date of this notice, the executive directors of the Company are Mr. Zhang Fengyang and Mr. Cao Mansheng; the non-executive directors of the Company are Mr. Ren Qigui, Ms. Li Juan and Mr. Wang Bangyi; and the independent non-executive directors of the Company are Mr. Huang Xiang, Mr. Chan Yin Tsung, Mr. Han Xiaoping and Mr. Xu Daping.

Notes:

1. CLOSURE OF REGISTER FOR H SHARES, ELIGIBILITY FOR ATTENDING THE H SHARE CLASS MEETING

Holders of H Shares are advised that the share register for H Shares will be closed from Wednesday, 20 January 2021 to Friday, 19 February 2021 (both days inclusive). The Shareholders whose names appear on the register of members of the Company on the close of business on Tuesday, 19 January 2021 are entitled to attend and vote at the H Share Class Meeting. Holders of H Shares of the Company who wish to attend the H Share Class Meeting but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Tuesday, 19 January 2021 for registration.

2. PROXY

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For holders of H Shares, the proxy form together with the power of attorney or other authorisation document (if any) must be lodged at the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in person or by post not less than 24 hours before the time fixed for holding the H Share Class Meeting (i.e. by no later than 11:00 a.m. on Thursday, 18 February 2021) or any adjournment thereof (as the case may be). Shareholders can still attend and vote at the H Share Class Meeting upon completion and return of the proxy form.

3. REPLY SLIP

Holders of H Shares who intend to attend the H Share Class Meeting in person or by proxy should deliver the reply slip to the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Friday, 29 January 2021.

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7. References to time and dates in this notice are to Hong Kong time and dates.