

The Group's total power generation has shown a steady year-on-year upward trend, reaching 38.89 billion kWh, 40.01 billion kWh and 42.45 billion kWh respectively from 2023 to 2025. The Power Sales Framework Agreement is expected to have trading volumes of 2.23 billion kWh, 2.40 billion kWh, and 3.04 billion kWh for 2026 to 2028, accounting for 5.25%, 5.64%, and 7.16% of the Group's total power generation in 2025 respectively. With the Group's total installed capacity expected to increase from 2026 to 2028, its annual total power generation is also expected to grow accordingly, and the Group forecasts that the transaction will account for around 5% of its total power generation each year. As such, as a leading wind power and photovoltaic power operator in China and the largest gas-fired heat and power supplier in Beijing, the Group expects to continue to benefit from the reform of the national unified electricity market. It plans to participate in more inter-provincial and intra-provincial joint transactions and to step up its market-based electricity trading activities, which is likely to result in a significant increase in connected transactions.

Given the lack of reference benchmarks for the annual caps following the launch of the nationwide unified power market platform, the Company has also considered its own power supply capacity and the demand in determining these caps. The annual caps have been derived based on the following factors: current conditions under which Chinese policies are promoting the transition to a nationwide unified power market and the reference prices published by local grids (as adjusted for the new unified platform); the Company's estimated power generation capacity (expected to gradually increase under standardised trading); estimated power purchase demand (based on the Group's annual consolidated electricity consumption growth plan); and anticipated business development (with increased market participation).

ELECTRICITY SALES TRANSACTIONS WITH THE ASSOCIATES OF BEH IN 2025

The disclosure obligations of the electricity transaction agreements with the associates of BEH were first triggered on 18 December 2024, i.e, the date of the second power sales agreement, on standalone basis and on aggregate basis with the first power sales agreement dated 12 November 2024. The Company failed to make timely disclosure in accordance with Rule 14A.35 of the Listing Rules at the time of entering into the electricity transaction agreements, mainly due to the unfamiliarity of the connected transactions policies of the Company's personnel responsible for production at the subsidiary level and the unique nature of the electricity trading transactions.

Electricity transactions were mainly handled by the Group's power marketing center or production management department at the subsidiary level. Due to the unfamiliarity of the connected transactions policies of the Company's frontline production staff, they did not follow the connected transaction reporting process when conducting the electricity trading transactions with the associates of BEH in 2025. These electricity sales transactions were conducted on the power trading platform operated by the power trading institutions and the confirmation slip issued by the power trading institutions is deemed as an electronic contract between the electricity purchaser and generator. The confirmation slips are in standard and non-negotiable form. Therefore, unlike any other kinds of transactions, the contract of which should be reviewed by the Company's business plan department, there is no contract for the electricity sales transactions for review by the business plan department in advance but the confirmation slips which were generated from the power trading platform. The electricity generated by the Group is not transmitted directly to the associates of BEH but is consolidated to the power grid and the State Grid then allocates electricity and issues electricity settlement statements monthly, pursuant to which the Group settles the electricity charges with the State Grid directly. The settlement statements issued by the State Grid do not specify the counterparties but the details of electricity volume and charges in a particular month. Therefore, the Company's finance management department could not identify any connected transaction in connection with the electricity sales transactions.

After the Company became aware of the non-compliance incident, the Company has adopted following additional remedial measures to prevent similar non-compliance in the future:

- (i) the securities and capital operation department and business plan department strengthened communications with the production staff and trained them regarding the requirements of connected transactions under the Listing Rules, the Management Measures for Connected Transactions (關連交易管理辦法) of the Company, notices issued annually to the business departments and subsidiaries/branches regarding connected transactions;
- (ii) the Company has also arranged connected transactions training by its legal advisor to frontline production staff, in particular marketing personnel (交易人員) in each branch (分公司) or subsidiary of the Company, and heads responsible for power marketing and production and key heads of the subsidiaries of the Company in March 2026 and the business plan departments, production and technology management department and finance management departments of the Company also attended;
- (iii) the Company has also assigned a dedicated person in each of the business plan department, finance management department and production and technology management department of the Company to monitor connected transactions; and

(iv) for electricity trading transactions, the business plan department and the production and technology management department are designated to monitor the results of any bilateral negotiations published on the power trading platforms to check and confirm whether any connected transaction was entered into by the Group.

As of the date of this announcement, all these remedial measures have been implemented.

The Board believes that the above remedial measures could address the root cause of the non-compliance since (i) the connected transactions trainings could familiarize the production staff with the internal control policies of connected transactions and the requirements under the Listing Rules and enhance their understanding of connected transactions; (ii) the person dedicated in each of the business plan department, finance management department and production and technology management department could work closely with the production staff to identify connected transactions which could enhance the internal communications; (iii) the business plan department and the production and technology management department will closely monitor the published transaction information on the power trading platforms to timely identify whether there is any connected transaction of the Group; and (iv) the business plan department continues to coordinate with the production and technology management department (生產與科技管理部), engineering management department (工程管理部), strategic development department (戰略發展部) and other business departments to review connected transactions pursuant to the requirements of the Listing Rules based on the Group's business activities and relevant contracts and promptly check with finance management department regarding the annual caps applied for connected transactions and the securities and capital operation department regarding information disclosure so as to prevent the occurrence of similar incidents.

By order of the Board
Beijing Jingneng Clean Energy Co., Limited
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Beijing, the PRC
14 April 2026

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