

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

COOPERATIVE FRAMEWORK AGREEMENT IN RESPECT OF POTENTIAL TRANSACTION

This announcement is made by Beijing Jingneng Clean Energy Co., Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) is pleased to announce that on 28 December 2020, the northwest branch of the Company (“**Jingneng Northwest**”) entered into a cooperative framework agreement (the “**Cooperative Framework Agreement**”) with Ningxia Jiaze New Energy Co., Ltd. (“**Ningxia Jiaze**”), pursuant to which Jingneng Northwest (or third party(ies) designated by Jingneng Northwest) has proposed to acquire certain Target Companies (as defined below) owned by Ningxia Jiaze (the “**Proposed Transaction**”).

COOPERATIVE FRAMEWORK AGREEMENT

The principal terms of the Cooperative Framework Agreement are set out below:

Date: 28 December 2020

Parties:

1. Jingneng Northwest; and
2. Ningxia Jiaze, a company listed on the Shanghai Stock Exchange (stock code: 601619)

Subject matter:

Jingneng Northwest (or third party(ies) designated by Jingneng Northwest) proposes to acquire the equity interests of three subsidiaries of Ningxia Jiaze (the “**Target Companies**”) and related wind power and photovoltaic projects (the “**Acquisition Target**”), including:

- 1. 100% equity interests in Ningxia Boyang New Energy Co., Limited (寧夏博陽新能源有限公司), after reorganization to be conducted by Ningxia Jiaze, would include: Phase I of Project Jiaze with 49.5MW of Ningxia Hongsibao Wind Farm, Project Jiaze with 49.5MW of Ningxia Hongsibao Wind Farm (Shuayishan, Dahe Township), Project Jiaze with 49.5MW of Ningxia Hongsibao Wind Farm (Mojizi, Dahe Township), Project Jiaze with 49.5MW of Ningxia Hongsibao Wind Farm (Xiaojingzi, Dahe Township), Construction Project of Jiaze Qingshan with 49.5MW of Ningxia Hongsibao Wind Farm, the project for grid-connected photovoltaic power generation in Ningxia Jiaze Hongsibao, Dahe Township, the project for Phase II photovoltaic power station with 30MWp in Ningxia Jiaze Hongsibao, Dahe Township, and Jiaze assets in Niushoushan 330kV booster station;
- 2. 100% equity interests in Ningxia Kaiyang New Energy Co., Limited (寧夏愷陽新能源有限公司), after reorganization to be conducted by Ningxia Jiaze, would include: the project of 49.5MW wind power in Ningxia Tongxin Wind Farm, Jiaze Tianjialing, and project of 49.5MW wind power in Ningxia Tongxin Wind Farm, Jiaze Kangjiawan; and
- 3. 100% equity in Xinjiang Jiaze Power Generation Co., Limited (新疆嘉澤發電有限公司), including: Phase I 49MW Wind Farm of No. 1 Shanshan Dongfeng Wind Farm, Phase II 49MW Wind Farm of No. 1 Shanshan Dongfeng Wind Farm, and Jiaze assets in Datang 220kV booster station.

Pricing Arrangement:

- 1. The specific purchase price and the relevant terms of the Proposed Transaction shall be determined upon completion of the due diligence work and are subject to the final results of the due diligence, financial audit and assets valuation, and shall be set out in the equity transfer agreement(s) to be entered into by relevant parties; and

2. The account receivables (i.e., the government subsidies that have not yet been received) in the total assets prior to (and including) the base date shall follow the principles below:
 - (1) In terms of the book value of account receivables of the Target Companies (i.e., the government subsidies that have not yet been received) prior to the base date (such base date shall be set out in the equity transfer agreement(s) to be entered into by relevant parties), Jingneng Northwest (or third party(ies) designated by Jingneng Northwest) may calculate the fees for possession of funds by multiplying the book balance of the account receivables by the annual interest rate of 4.65%, and based on the 2-year period of the maximum age of the book value account receivables (the age should start from the beginning of each month). Upon confirmation by both parties, Jingneng Northwest (or third party(ies) designated by Jingneng Northwest) may deduct such fees for possession of funds with respect to the account receivables from the consideration of the Proposed Transaction;
 - (2) If such subsidies receivable is received in advance, Jingneng Northwest (or third party(ies) designated by Jingneng Northwest) shall, based on the actual time of fund collection, refund to Ningxia Jiaze the capital cost for the corresponding period;
 - (3) If the subsidies receivable is not received within two years, Ningxia Jiaze shall, based on the actual time of fund collection, pay the capital cost for the corresponding period to Jingneng Northwest (or third party(ies) designated by Jingneng Northwest); and
 - (4) If the account receivable is reduced due to national policy, the corresponding reduced amount shall be borne by Ningxia Jiaze upon verification and confirmation by both parties.

Rights and Obligations:

1. In order to enable Jingneng Northwest to fully understand the situation of the Target Companies, Ningxia Jiaze agrees that Jingneng Northwest or third party(ies) designated by Jingneng Northwest may conduct audit, valuation, technical and legal due diligence and other work on the Target Companies and the Acquisition Target after the Cooperative Framework Agreement takes effect, and Ningxia Jiaze will provide relevant support and cooperation.

2. As certain project assets of the Acquisition Target are currently owned directly by Ningxia Jiaze, Ningxia Jiaze has undertaken that, after the Cooperative Framework Agreement takes effect, it will complete the reorganization to transfer such project assets to the Target Companies before the aforesaid due diligence work. The audit, valuation, legal and technical due diligence and other work to be conducted by Jingneng Northwest (or third party(ies) designated by Jingneng Northwest) shall be completed within 60 days after the completion of the aforesaid reorganization.

Within 60 days after the execution of the Cooperative Framework Agreement, if Ningxia Jiaze has not received any written notification from Jingneng Northwest indicating that it has decided to terminate the Proposed Transaction, Ningxia Jiaze may not negotiate with any third party on the transfer of the equity interests in the Target Companies or enter into any indicative documents, framework agreements, memorandum or definitive transaction agreements.

3. The Proposed Transaction is conducted pursuant to the investment decisions of Jingneng Northwest and the Company, and the Company has authorized Jingneng Northwest to enter into the Cooperative Framework Agreement. Upon approval by Beijing Energy Group Co., Ltd. (the controlling shareholder of the Company) and the completion of registration of the assets evaluation, Ningxia Jiaze shall procure relevant parties to enter into the definitive equity transfer agreement(s). Under the same conditions, Jingneng Northwest (or third party(ies) designated by Jingneng Northwest) has the preemptive right to the equity interests of the Target Companies.

Miscellaneous Provisions:

1. Any dispute arising out of or relating to the Cooperative Framework Agreement shall first be resolved through amicable negotiation. If the negotiation fails, the dispute shall be submitted to the people's court in the place where Jingneng Northwest is incorporated for ruling.
2. The Cooperative Framework Agreement shall come into effect upon execution by the legal representatives of both parties or their authorized representatives and affixation with the official seal or the contract seal of relevant company. This agreement shall be signed in eight copies, with each party holding four copies. All copies shall have the same legal effect.

Reasons for and Benefits of the Transaction

In recent years, the national energy policy has been oriented towards “clean, low-carbon, safe and efficient”, focusing on green and low-carbon development. In the medium and long-term development plan of the Company, the Company attaches great importance to the development of clean energy and has actively expanded the clean energy business through the “Two-wheel Drive”, i.e. independent development and project mergers and acquisitions. As such, the Proposed Transaction is in line with the requirements of the national energy policy and the Company’s development strategy.

The Board believes that the terms of the Cooperative Framework Agreement are fair and reasonable, entered into on normal commercial terms and in the interests of the Company and its shareholders as a whole.

Information on the Parties

Information on the Company and Jingneng Northwest

The Company is a clean energy company focusing on gas-fired power generation and heating supply, wind power generation, photovoltaic power generation, small to medium hydropower and other clean energy power generation businesses. It is an internationally renowned clean energy company, an industry-leading clean energy brand, and the largest gas-fired thermal power supplier in Beijing and a leading wind power operator in the PRC.

Jingneng Northwest is the northwest branch of the Company, mainly engaged in the business operations and projects development of the Company in Northwest China.

Information on Ningxia Jiaze

Ningxia Jiaze is a company incorporated in the PRC and listed on the Shanghai Stock Exchange (stock code: 601619). It is mainly engaged in the development, investment, construction, operation and management of solar, wind power, biological and other renewable energy projects.

Possible Listing Rules Implications

The Proposed Transaction to be contemplated under the Cooperative Framework Agreement is subject to the execution of the definitive agreement(s), and the Parties may not enter into any definitive agreement on the Proposed Transaction. If the Proposed Transaction is implemented, such transaction may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. In this regard, the Company will comply with applicable disclosure and/or shareholders’ approval requirements under the Listing Rules.

The Board wishes to emphasise that while the Cooperative Framework Agreement is stated to be binding, the Proposed Transaction is subject to the definitive agreement(s) being negotiated and agreed. As at the date of this announcement, (i) all salient terms and conditions for the Proposed Transaction are still being negotiated and have not been finalised; and (ii) the definitive agreement(s) has not been entered into by the Company. Shareholders and potential investors of the Company are reminded that the Proposed Transaction may or may not materialise. If the Proposed Transaction materialises, it may constitute a notifiable transaction on the part of the Company under Chapter 14 of the Listing Rules. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. Further announcement(s) relating to the Proposed Transaction will be made by the Company as and when appropriate in accordance with the Listing Rules.

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

Beijing, the PRC
28 December 2020

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