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**Beijing Jingneng Clean Energy Co., Limited**

**北京京能清潔能源電力股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 00579)**

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF 100% EQUITY INTERESTS  
IN NINGXIA KAIYANG AND NINGXIA BOYANG**

**THE ACQUISITIONS**

The Company refers to the Announcement issued by the Company on 28 December 2020 in relation to the cooperative framework agreement entered into between Ningxia Jiaze and the Company. As disclosed in the Announcement, the Company, through its branch company, intended to acquire 100% equity interest in each of Ningxia Kaiyang and Ningxia Boyang.

The Board is pleased to announce that, on 19 July 2021, Ningxia Jiaze and the Company entered into the Kaiyang Equity Transfer Agreement and the Boyang Equity Transfer Agreement, pursuant to which Ningxia Jiaze agreed to transfer to the Company 100% equity interest in Ningxia Kaiyang and Ningxia Boyang at considerations of RMB380.64 million and RMB1,072.4 million, respectively. Upon the completion of the Kaiyang Acquisition and the Boyang Acquisition, the Company will directly hold 100% equity interest in Ningxia Kaiyang and Ningxia Boyang.

## **LISTING RULES IMPLICATIONS**

As the Kaiyang Equity Transfer Agreement and the Boyang Equity Transfer Agreement were entered into between Ningxia Jiaze and the Company on the same date, the transactions contemplated under the Kaiyang Equity Transfer Agreement and the Boyang Equity Transfer Agreement are required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction under the Boyang Equity Transfer Agreement, after aggregation with the transaction under the Kaiyang Equity Transfer Agreement, exceeds 5% but is less than 25%, the transactions contemplated under the Kaiyang Equity Transfer Agreement and the Boyang Equity Transfer Agreement constitute discloseable transactions of the Company and are subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under the Listing Rules.

## **1 INTRODUCTION**

The Company refers to the Announcement issued by the Company on 28 December 2020 in relation to the cooperative framework agreement entered into between Ningxia Jiaze and the Company. As disclosed in the Announcement, the Company, through its branch company, intended to acquire 100% equity interest in each of Ningxia Kaiyang and Ningxia Boyang.

The Board is pleased to announce that, on 19 July 2021, Ningxia Jiaze and the Company entered into the Kaiyang Equity Transfer Agreement and the Boyang Equity Transfer Agreement, pursuant to which Ningxia Jiaze agreed to transfer to the Company 100% equity interest in Ningxia Kaiyang and Ningxia Boyang at considerations of RMB380.64 million and RMB1,072.4 million, respectively. Upon the completion of the Kaiyang Acquisition and the Boyang Acquisition, the Company will directly hold 100% equity interest in Ningxia Kaiyang and Ningxia Boyang.

## 2 KAIYANG EQUITY TRANSFER AGREEMENT

**Parties:** (1) Ningxia Jiaze (as the seller); and  
(2) the Company (as the purchaser)

**Date:** 19 July 2021

**Subject Matter:** Ningxia Jiaze agreed to transfer 100% equity interest in Ningxia Kaiyang (including the Kaiyang Projects) to the Company at a consideration of RMB380.64 million.

Upon completion of the Kaiyang Acquisition, the Company will directly hold 100% equity interest in Ningxia Kaiyang (including the Kaiyang Projects and the total assets of Ningxia Kaiyang).

**Reorganisation:** Upon obtaining written approval from China Development Bank for the Kaiyang Acquisition, Ningxia Jiaze shall (i) transfer the Kaiyang Projects and their associated claims and liabilities to Ningxia Kaiyang within 30 business days, and (ii) transfer the relevant government subsidies, business contracts, operating license, tax filings and properties rights for the operation of Kaiyang Projects to Ningxia Kaiyang within 90 business days.

**Payment of Consideration:** The consideration of the Kaiyang Acquisition is RMB380.64 million, which is determined with reference to the valuation of the total shareholders' equity of Ningxia Kaiyang as at the Valuation Date.

The Company shall pay the consideration of the Kaiyang Acquisition to Ningxia Jiaze in four installments:

(i) 80% of the consideration (which shall include the deposit previously paid to Ningxia Jiaze) within 5 business days from the date of the Kaiyang Equity Transfer Agreement;

- (ii) 10% of the consideration within 5 business days from the completion of transferring of the Kaiyang Projects and their associated claims and liabilities to Ningxia Kaiyang and the filing in relation to the Kaiyang Acquisition with the administration for industry and commerce;
- (iii) 5% of the consideration with 5 business days from the completion of transferring of the relevant government subsidies, business contracts, operating license, tax filings and properties rights for the operation of Kaiyang Projects to Ningxia Kaiyang; and
- (iv) 5% of the consideration within 5 business days from 2 months after the closing date under the Kaiyang Equity Transfer Agreement.

The Company will pay the consideration of the Kaiyang Acquisition, i.e. RMB380.64 million, through internal resources of the Company.

**Transition Period:**

All profit or loss corresponding to Kaiyang Projects from the Valuation Date to 30 April 2021 shall be enjoyed or borne by Ningxia Jiaze, and those from 1 May 2021 shall be enjoyed or borne by the Company.

During the transition period, Ningxia Jiaze shall manage Ningxia Kaiyang and its assets with the duty of care to ensure that Ningxia Kaiyang and its assets will not undergo material adverse changes, and Ningxia Jiaze shall also exercise shareholders' rights diligently and procure the directors, supervisors and senior management of Ningxia Kaiyang to perform fiduciary duties.

**Closing:**

- (i) **Equity closing:** upon obtaining written approval from China Development Bank for Kaiyang Acquisition, Ningxia Jiase shall complete step (i) of the reorganisation above and the filing in relation to the Kaiyang Acquisition to the administration for industry and commerce within 30 business days.
  
- (ii) **Administration closing:** within 10 business days from the completion of the filing in relation to the Kaiyang Acquisition to the administration for industry and commerce, Ningxia Jiase and the Company shall formulate handover plans to complete the transfer of administration work of Ningxia Kaiyang, including business operation, safety management, financial reporting and environmental protection, and sign a confirmation letter of administration closing.

The closing date is the date on which equity closing and administration closing mentioned above are both completed.

### 3 BOYANG EQUITY TRANSFER AGREEMENT

**Parties:** (1) Ningxia Jiaze (as the seller); and  
(2) the Company (as the purchaser)

**Date:** 19 July 2021

**Subject Matter:** Ningxia Jiaze agreed to transfer 100% equity interest in Ningxia Boyang (including the Boyang Projects) to the Company at a consideration of RMB1,072.4 million.

Upon completion of the Boyang Acquisition, the Company will directly hold 100% equity interest in Ningxia Boyang (including the Boyang Projects and the total assets of Ningxia Boyang).

**Reorganisation:** Upon obtaining written approval from China Development Bank for the Boyang Acquisition, Ningxia Jiaze shall (i) transfer the Boyang Projects and their associated claims and liabilities to Ningxia Boyang within 30 business days, and (ii) transfer the relevant government subsidies, business contracts, operating license, tax filings and properties rights for the operation of Boyang Projects to Ningxia Boyang within 90 business days.

**Payment of Consideration:** The consideration of the Boyang Acquisition is RMB1,072.4 million, which is determined with reference to the valuation of the total shareholders' equity of Ningxia Boyang as at the Valuation Date.

The Company shall pay the consideration of the Boyang Acquisition to Ningxia Jiaze in five installments:

(i) 50% of the consideration (which shall include the deposit previously paid to Ningxia Jiaze) within 5 business days from the date of the Boyang Equity Transfer Agreement;

- (ii) 30% of the consideration within 5 business days of obtaining the approval at the general meeting of Ningxia Jiaze for the Boyang Acquisition;
- (iii) 10% of the consideration within 5 business days from the completion of transferring of the Boyang Projects and their associated claims and liabilities to Ningxia Boyang and the filing in relation to the Boyang Acquisition with the administration for industry and commerce;
- (iv) 5% of the consideration with 5 business days from the completion of transferring of the relevant government subsidies, business contracts, operating license, tax filings and properties rights for the operation of Boyang Projects to Ningxia Boyang; and
- (v) 5% of the consideration within 5 business days from 2 months after the closing date under the Boyang Equity Transfer Agreement.

The Company will pay the consideration of the Boyang Acquisition, i.e. RMB1,072.4 million, through internal resources of the Company.

**Transition Period:**

All profit or loss corresponding to Boyang Projects from the Valuation Date to 30 April 2021 shall be enjoyed or borne by Ningxia Jiaze, and those from 1 May 2021 shall be enjoyed or borne by the Company.

During the transition period, Ningxia Jiaze shall manage Ningxia Boyang and its assets with the duty of care to ensure that Ningxia Boyang and its assets will not undergo material adverse changes, and Ningxia Jiaze shall also exercise shareholders' rights diligently and procure the directors, supervisors and senior management of Ningxia Boyang to perform fiduciary duties.

- Closing:**
- (i) **Equity closing:** upon obtaining written approval from China Development Bank for Boyang Acquisition, Ningxia Jiaze shall complete step (i) of the reorganisation above and the filing in relation to the Boyang Acquisition to the administration for industry and commerce within 30 business days.
  - (ii) **Administration closing:** within 10 business days from the completion of the filing in relation to the Boyang Acquisition to the administration for industry and commerce, Ningxia Jiaze and the Company shall formulate handover plans to complete the transfer of administration work of Ningxia Boyang, including business operation, safety management, financial reporting and environmental protection, and sign a confirmation letter of administration closing.

The closing date is the date on which equity closing and administration closing mentioned above are both completed.

#### **4 INFORMATION OF NINGXIA KAIYANG AND NINGXIA BOYANG**

##### **Ningxia Kaiyang**

Ningxia Kaiyang is a company incorporated in the PRC with limited liability in 2020. As at the date of this announcement, Ningxia Kaiyang is a wholly-owned subsidiary of Ningxia Jiaze. Ningxia Kaiyang primarily engages in the operation and management of Kaiyang Projects. The business scope of Ningxia Kaiyang includes development, construction, operation and transfer of new energy power stations and smart micro-grids; and technology development, technology transfer, technical services and technical consulting services relating to new energy.

According to the unaudited financial information of Ningxia Kaiyang under China Accounting Standard for Business Enterprises for the financial year ended 31 December 2020, the net profit before tax and net profit after tax of Ningxia Kaiyang in 2020 were approximately RMB-149,250 and RMB-149,250 respectively, and the net assets, total assets and total liabilities as of 31 December 2020 were approximately RMB-89,250, RMB26,360 and RMB115,609 respectively.



According to the unaudited financial information under China Accounting Standard for Business Enterprises for the financial years ended 31 December 2019 and 31 December 2020, the net profit before tax and net profit after tax attributable to the Kaiyang Projects in 2019 were approximately RMB26,781,306 and RMB24,809,778, the net profit before tax and net profit after tax attributable to the Kaiyang Projects in 2020 were approximately RMB19,694,333 and RMB16,821,034, and the net assets, total assets and total liabilities attributable to the Kaiyang Projects as of 31 December 2020 were approximately RMB228,400,615, RMB588,585,324 and RMB360,184,708, respectively.

According to the Kaiyang Valuation Report, as of the Valuation Date, the valuation amount of the total shareholders' equity of Ningxia Kaiyang (including the Kaiyang Projects) was RMB396.38 million.

### **Ningxia Boyang**

Ningxia Boyang is a company incorporated in the PRC with limited liability in 2020. As at the date of this announcement, Ningxia Boyang is a wholly-owned subsidiary of Ningxia Jiaze. Ningxia Boyang primarily engages in the operation and management of Boyang Projects. The business scope of Ningxia Boyang includes development, construction, operation and transfer of new energy power stations and smart micro-grids; and technology development, technology transfer, technical services and technical consulting services relating to new energy.

According to the unaudited financial information of Ningxia Boyang under China Accounting Standard for Business Enterprises for the financial year ended 31 December 2020, the net profit before tax and net profit after tax of Ningxia Boyang in 2020 were approximately RMB-117,454 and RMB-117,454 respectively, and the net assets, total assets and total liabilities as of 31 December 2020 were approximately RMB-57,454, RMB30,407 and RMB87,861 respectively.

According to the unaudited financial information under China Accounting Standard for Business Enterprises for the financial years ended 31 December 2019 and 31 December 2020, the net profit before tax and net profit after tax attributable to the Boyang Projects in 2019 were approximately RMB77,556,502 and RMB70,829,139, the net profit before tax and net profit after tax attributable to the Boyang Projects in 2020 were approximately RMB60,826,905 and RMB51,764,700, and the net assets, total assets and total liabilities as of 31 December 2020 were approximately RMB772,492,512, RMB1,904,496,379 and RMB1,132,003,867, respectively.

According to the Boyang Valuation Report, as of the Valuation Date, the valuation amount of the total shareholders' equity of Ningxia Boyang (including the Boyang Projects) was RMB1,096.02 million.

## **5 PROFIT FORECAST UNDER THE KAIYANG VALUATION REPORT AND THE BOYANG VALUATION REPORT**

According to the Kaiyang Valuation Report and the Boyang Valuation Report, in preparing the valuation of the total shareholders' equity of Ningxia Kaiyang and Ningxia Boyang, the Valuer applied, among other things, the discounted cash flow method under the income approach and based on certain assumptions in the valuation to appraise the value of Ningxia Kaiyang and Ningxia Boyang, which constitutes a profit forecast under Rule 14.61 of the Listing Rules.

### **General Assumptions**

- (i) Transaction assumption: It is assumed that all assets to be evaluated are already in the process of transaction, and the Valuer evaluates according to the transaction conditions of assets to be evaluated through simulated markets.
- (ii) Open market assumption: The open market assumption is an assumption of the market conditions in which assets will enter and how assets will be affected under such market conditions. Open market refers to fully developed and perfect market conditions and refers to a competitive market with voluntary buyers and sellers. In this market, buyers and sellers have equal status and have the opportunity and time to obtain sufficient market information, and transactions between buyers and sellers are conducted under voluntary, rational, non-mandatory or unrestricted conditions.
- (iii) Continuous use assumption: The assumption of continuous use is an assumption of the market conditions of the assets and the status of assets under such market conditions. Firstly, the assets being evaluated are in use, and secondly, it is assumed that the assets in use will continue to be used. Under the assumption of continuous use, without considering the change of use of assets or the best utilization conditions, the application range is limited.
- (iv) Business continuity assumption: it is an assessment assumption regarding the total assets of the enterprise as the evaluation object, i.e. an enterprise can operate in accordance with its business objectives under its external environment on continuing basis. Business operators are responsible and are capable of taking responsibility. Enterprises operate legally, and can obtain appropriate profits to maintain the ability of continuous operation.

## **Assumptions under income approach valuation**

- (i) There is no material change in relevant laws, regulations, policies and macroeconomic situation in the PRC; there is no major change in the political, economic and social environment of the regions where the parties of the transaction are located; there is no major disadvantage caused by other unpredictable or force majeure factors.
- (ii) In terms of the actual conditions of assets on the Valuation Date, it is assumed that the enterprise continues to operate within the approved period.
- (iii) It is assumed that the company's operators are responsible, and the enterprise's management can take up their duties.
- (iv) It is assumed that the accounting policies that the company will adopt in the future and the accounting policies adopted when preparing this report are basically the consistent in material respects.
- (v) It is assumed that the scope and method of operation of the enterprise remain unchanged under the current method and level of management.
- (vi) It is assumed that there will be no material change in relevant interest rates, exchange rates, tax bases, tax rates and policy related levies.
- (vii) According to the "Circular on Value-added Tax Policies for Wind Power Generation" (《關於風力發電增值稅政策的通知》) (Caishui 2015 No. 74) by the Ministry of Finance and the State Administration of Taxation, since 1 July 2015, the taxpayer's sales of self-produced wind power products will be subject to a 50% refund of value-added tax. This assessment will refer to this policy for forecast of other incomes.
- (viii) It is assumed that annual sales revenues, costs, and expenses of the enterprise are generated on an average basis.
- (ix) It is assumed that the power generation subsidy payback period is 2 years from 2021 to 2024 and 1 year from 2025 onwards.
- (x) It is assumed that the remaining subsidies at the end of the operating period are fully recovered in the last year.

- (xi) According to the “Announcement on Renewing the Enterprise Income Tax Policy for Great Western Development” (《關於延續西部大開發企業所得稅政策的公告》)(Announcement of the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission 2020 No. 23), enterprises applying the Western Development Policy shall have the right to be levied enterprise income tax at a reduced rate of 15%. It is assumed that the policy will remain in force in the future operating period.
- (xii) It is assumed that the change of main bodies of loan contracts, power purchase and sale contracts, real estate certificates, land use rights certificates, etc., can be successfully completed without affecting the operation of the enterprise.
- (xiii) It is assumed that the future market-based transaction electricity price, market-based transaction scale, and base transaction amount are the average value from 2018 to 2020, the electricity price of the base transaction is the local desulfurized coal-fired benchmark electricity price plus subsidized electricity price.
- (xiv) It is assumed that there are no other force majeure or unforeseen factors that will cause significant adverse effects on the enterprise.

### **Confirmation**

The Reporting Accountants have been engaged to report on the calculations of the discounted cash flows used in the Kaiyang Valuation Report and the Boyang Valuation Report prepared by the Valuer. The Reporting Accountants have reported that so far as the calculations are concerned, the discounted cash flows have been properly compiled in all material aspects in accordance with the bases and assumptions as set out in the Kaiyang Valuation Report and the Boyang Valuation Report. The text of the report issued by the Reporting Accountants in relation to the calculations of the discounted cash flows is set out in Appendix I to this announcement for the purpose under Rule 14.62(2) of the Listing Rules.

The Board confirms that the profit forecasts in respect of Ningxia Kaiyang and Ningxia Boyang as set out in the Kaiyang Valuation Report and the Boyang Valuation Report prepared by the Valuer has been made after due and careful enquiries. The letter from the Board is set out in Appendix II to this announcement in accordance with Rule 14.62(3) of the Listing Rules.

## **6 EXPERTS**

The following are the qualifications of the expert who has provided opinions included in this announcement:

<b>Name</b>	<b>Qualification</b>
SHINEWING (HK) CPA Limited	Certified Public Accountants

The expert mentioned above has given and has not withdrawn its written consent to the issue of this announcement with the inclusion of its letters, reports and/or opinions and the references to its name included herein in the form and context in which it is included.

As at the date of this announcement, neither the expert mentioned above nor its subsidiaries held any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, SHINEWING (HK) CPA Limited is a third party independent of the Group and its connected persons.

## **7 REASONS FOR AND BENEFITS OF THE KAIYANG ACQUISITION AND THE BOYANG ACQUISITION**

The Company attaches great importance to the development of clean energy in its medium and long-term development plan 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 Kaiyang Acquisition and the Boyang Acquisition is in line with the Company’s development strategy.

Accordingly, the Directors are of the view that the terms of the Kaiyang Equity Transfer Agreement and the Boyang Equity Transfer Agreement are fair and reasonable and the Kaiyang Acquisition and the Boyang Acquisition was entered into on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

## **8 FINANCIAL IMPACT OF THE KAIYANG ACQUISITION AND THE BOYANG ACQUISITION**

Upon the completion of the Kaiyang Acquisition and the Boyang Acquisition, the Company will directly hold 100% equity interest in Ningxia Kaiyang and Ningxia Boyang. Ningxia Kaiyang and Ningxia Boyang will become wholly-owned subsidiaries of the Company and their financial results will be included into the consolidated financial statements of the Group.

## **9 INFORMATION OF PARTIES**

### **The Company**

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.

### **Ningxia Jiaze**

Ningxia Jiaze is a company incorporated in the PRC and the shares of which are 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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Ningxia Jiaze and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **10 LISTING RULES IMPLICATIONS**

As the Kaiyang Equity Transfer Agreement and the Boyang Equity Transfer Agreement were entered into between Ningxia Jiaze and the Company on the same date, the transactions contemplated under the Kaiyang Equity Transfer Agreement and the Boyang Equity Transfer Agreement are required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction under the Boyang Equity Transfer Agreement, after aggregation with the transaction under the Kaiyang Equity Transfer Agreement, exceeds 5% but is less than 25%, the transactions contemplated under the Kaiyang Equity Transfer Agreement and the Boyang Equity Transfer Agreement constitute discloseable transactions of the Company and are subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under the Listing Rules.

## 11 DEFINITIONS

Unless the context otherwise requires, the following expressions in this announcement shall have the following meanings:

“Boyang Acquisition”	the acquisition of 100% equity interest in Ningxia Boyang by the Company pursuant to the Boyang Equity Transfer Agreement
“Boyang Projects”	Phase I of Project Jiaze with 49.5MW of Ningxia Hongsibao Wind Farm, project with 49.5MW of Ningxia Hongsibao Wind Farm (Shuayishan, Dahe Township), project with 49.5MW of Ningxia Hongsibao Wind Farm (Mojizi, Dahe Township), project 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 Phase I photovoltaic power station with 20MWp in Ningxia Hongsibao, the project for Phase II photovoltaic power station with 30MWp in Ningxia Hongsibao, Dahe Township, and the Niushoushan 330kV booster station
“Boyang Valuation Report”	the asset valuation report dated 17 June 2021 issued by the Valuer, in relation to the valuation of the total shareholders' equity of Ningxia Boyang
“Board” or “Board of Directors”	the board of Directors of the Company

“Boyang Equity Transfer Agreement”	the equity transfer agreement entered into between Ningxia Jiaze and the Company on 19 July 2021 in respect of the acquisition of 100% equity interest in Ningxia Boyang by the Company
“business days”	statutory working days in the PRC except Saturdays, Sundays and statutory holidays
“Company”	北京京能清潔能源電力股份有限公司 (Beijing Jingneng Clean Energy Co., Limited), a joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Kaiyang Acquisition”	the acquisition of 100% equity interest in Ningxia Kaiyang by the Company pursuant to the Kaiyang Equity Transfer Agreement
“Kaiyang Equity Transfer Agreement”	the equity transfer agreement entered into between Ningxia Jiaze and the Company on 19 July 2021 in respect of the acquisition of 100% equity interest in Ningxia Kaiyang by the Company
“Kaiyang Projects”	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
“Kaiyang Valuation Report”	the asset valuation report dated 17 June 2021 issued by the Valuer, in relation to the valuation of the total shareholders’ equity of Ningxia Kaiyang



“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
“Ningxia Boyang”	Ningxia Boyang Renewables Co., Limited (寧夏博陽新能源有限公司), a limited liability company incorporated in the PRC on 7 August 2020 and a wholly-owned subsidiary of Ningxia Jiaze as at the date of this announcement
“Ningxia Jiaze”	Ningxia Jiaze Renewables Corporation Limited (寧夏嘉澤新能源股份有限公司), a joint stock company incorporated in the PRC with limited liability on 16 April 2010, whose A shares are listed on the Shanghai Stock Exchange (stock code: 601619)
“Ningxia Kaiyang”	Ningxia Kaiyang Renewables Co., Limited (寧夏愷陽新能源有限公司), a limited liability company incorporated in the PRC on 7 August 2020 and a wholly-owned subsidiary of Ningxia Jiaze as at the date of this announcement
“PRC” or “China”	the People’s Republic of China and for the purpose of this announcement, excludes Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Reporting Accountants”	SHINEWING (HK) CPA Limited
“Shareholder(s)”	shareholder(s) of the Company
“Valuation Date”	30 November 2020, which is the reference date for the valuation of the total shareholders’ equity of Ningxia Kaiyang and Ningxia Boyang

“Valuer”

Pan-China Assets Appraisal Co., Ltd. (北京天健興業資產評估有限公司), an independent valuer who performed the valuation of the total shareholders' equity of Ningxia Kaiyang and Ningxia Boyang

By Order of the Board

**Beijing Jingneng Clean Energy Co., Limited**

**KANG Jian**

*Deputy General Manager and Company Secretary*

Beijing, the PRC

19 July 2021

*As at the date of this announcement, the executive Directors of the Company are Mr. Zhang Fengyang, Mr. Chen Dayu, Mr. Gao Yuming and Mr. Cao Mansheng; the non-executive Directors 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. Xu Daping and Ms. Zhao Jie.*

## Appendix I – Letter from the Reporting Accountants

The following is the text of a report received from the Company’s reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong, for inclusion in this announcement.



The Board of Directors

Beijing Jingneng Clean Energy Co., Limited  
No. 6 Xibahe Road, Chaoyang District,  
Beijing, the People’s Republic of China

Dear Sirs,

**Re: Beijing Jingneng Clean Energy Co., Limited**  
**(the “Company”) and its subsidiaries, (hereinafter collectively referred to as the “Group”)**

### INDEPENDENT ASSURANCE REPORT

We have examined the accounting policies adopted and calculations of the underlying profit forecasts (the “**Underlying Forecast**”) to the business valuation reports dated 17 June 2021 prepared by Pan-China Assets Appraisal Co., Ltd.\* (北京天健興業資產評估有限公司) (the “**Valuer**”) in respect of the valuations on Ningxia Boyang New Energy Co., Limited\* (寧夏博陽新能源有限公司) and Ningxia Kaiyang New Energy Co., Limited\* (寧夏愷陽新能源有限公司) (the “**Target Companies**”) in connection with the acquisition of 100% equity interest in the Target Companies by Beijing Jingneng Clean Energy Co., Limited, as set out in the announcement of the Company dated 19 July 2021 (the “**Announcement**”).

### Directors’ Responsibilities

The directors of the Company and the Target Companies (the “**Directors**”) are solely responsible for the preparation of the Underlying Forecast including the bases and assumptions, for the purpose of business valuation of the Target Company based on discounted cash flow method. The Underlying Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”) that include hypothetical assumptions about future events and management’s actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The Directors are responsible for the reasonableness and validity of the Assumptions.

## **Our Independence and Quality Control**

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

The 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” 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 Accountant’s Responsibilities**

Our responsibility is to express an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and for no other purpose. We have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) (“**HKSAE 3000 (Revised)**”) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to the procedures specified in Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecast, Statements of Sufficiency of Working Capital and Statements of Indebtedness” issued by the HKICPA. We examined the consistency of accounting policies adopted and the arithmetical accuracy of the Underlying Forecast. We have planned and performed our work to obtain reasonable assurance for giving our opinion below.

We have planned and performed such procedures as we considered necessary to assist the Directors solely in evaluating whether the Underlying Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors. Our work does not constitute any valuation of the Target Companies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Opinion**

In our opinion, so far as the accounting policies and calculations are concerned, the Underlying Forecast has been properly compiled in accordance with the Assumptions adopted by the Directors as set out in Section 5 of the Announcement and is presented on a basis consistent in all material aspects with the accounting policies currently adopted by the Group.

## **Other matters**

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the Assumptions on which the Underlying Forecast are based and our work does not constitute any valuation of the Target Companies or an expression of an audit or review opinion on the valuation.

The Underlying Forecast depends on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period of the Underlying Forecast. Further, since the Underlying Forecast relates to the future, actual results are likely to be different from the Underlying Forecast because events and circumstances frequently do not occur as expected, and the differences may be material.

Yours faithfully,

**SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

**Lee Shun Ming**

Practising Certificate Number: P07068

Hong Kong

19 July 2021

**Appendix II – Letter from 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)**

The Listing Division  
The Stock Exchange of Hong Kong Limited  
12/F, Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

19 July 2021

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF 100% EQUITY INTERESTS  
IN NINGXIA KAIYANG AND NINGXIA BOYANG**

We refer to the valuation reports dated 17 June 2021 prepared by Pan-China Assets Appraisal Co., Ltd. (北京天健興業資產評估有限公司) in relation to the valuations of Ningxia Kaiyang and Ningxia Boyang respectively, which constitute profit forecasts under Rule 14.61 of the Listing Rules. Terms defined in the announcement of the Company dated 19 July 2021 in respect of acquisition of 100% equity interest in Ningxia Kaiyang and Ningxia Boyang shall have the same meanings in this letter unless the context otherwise requires.

We have reviewed the bases and assumptions based upon which the valuations of Ningxia Kaiyang and Ningxia Boyang have been prepared by the Valuer for which the Valuer is responsible. We have also considered the report from the Reporting Accountants regarding whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly complied, in all material respects, in accordance with their respective bases and assumptions.

On the basis of the foregoing, we are of the opinion that the valuations prepared by the Valuer have been made after due and careful enquiries.

By Order of the Board  
**Beijing Jingneng Clean Energy Co., Limited**  
**ZHANG FENGYANG**  
*Director*