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i elia ce t,he h le a a t, f t,he c t,e t, f t,hi a ceme t,.*



## Beijing Jingneng Clean Energy Co., Limited 北京京能清潔能源電力股份有限公司

*(A j i t, t ck c m a i c d ed i t,he Pe le Re blic f Chi a i h limi ed liabili )*  
(Stock Code: 00579)

### CONNECTED TRANSACTION ANNOUNCEMENT

#### ACQUISITION OF 19.97% EQUITY INTERESTS IN JINGQIAO POWER

The Board is pleased to announce that on 24 July 2012 the Company entered into the Jingqiao Equity Transfer Agreement with BDHG, pursuant to which, BDHG has agreed to sell and the Company has agreed to acquire a 19.97% equity interest in Jingqiao Power at a total consideration of RMB116,721,800.

#### LISTING RULES IMPLICATIONS

BEIH is the controlling shareholder of the Company, directly and indirectly holding approximately a 67.958% interest in the total issued share capital of the Company and is a connected person of the Company. BDHG, as a wholly owned subsidiary of BEIH, is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Jingqiao Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Jingqiao Equity Transfer Agreement exceeds 0.1

## **2 PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT**

### **Date**

24 July 2012

### **Parties**

Vendor : BDHG

Acquirer : the Company

### **Equity Interests To Be Acquired**

19.97% of the equity interests in Jingqiao Power held by BDHG

### **Consideration**

The total consideration is RMB116,721,800, which was determined after arm's length negotiation between the Company and BDHG, taking into account the value of the 100% equity interests of Jingqiao Power of approximately RMB584,485,700 contained in the appraisal report prepared by Beijing Zhongping Jiancheng Asset Appraisal as at 31 December 2011 (the "*Appraisal Report*"), based on the income approach.

### **Payment**

The payment will be made in a lump sum in cash within 10 business days after the Jingqiao Equity Transfer Agreement takes effect.

### **Other Major Terms**

The Company shall also be entitled to the operating profit or loss incurred by the remaining 19.97% equity interests in Jingqiao Power to be purchased from BDHG from the reference date of 31 December 2011 to the completion of the transfer.

The Company and the BDHG will be liable for their respective tax and fees in relation to the transfer.

### **3 PRINCIPAL ASSUMPTIONS ADOPTED FOR DISCOUNTED CASH FLOW APPROACH UNDER THE JINGQIAO ACQUISITION**

Given that the appraisal of Jingqiao Power involves the use of the discounted cash flow approach, such appraisal is regarded as a profit forecast under Rule 14.61 of the Listing Rules and the Company has fully complied with Rule 14.62 of the Listing Rules.

The value of total equity of Jingqiao Power contained in the Appraisal Report has been prepared on the following principal basis and assumptions:

#### **General Assumptions:**

- (1) There will be no material changes in legislation, regulations, policies or rules of the PRC which shall be complied with by Jingqiao Power;
- (2) Jingqiao Power will not change its business after 31 December 2011 and will continue its operation; except for unforeseeable reasons, Jingqiao Power will have full power to possess and control its assets, and there will be no material changes in the business scope, manners of operation and decision-making procedures of the Jingqiao Power;
- (3) The relevant financial and credit interest rates, bases or applicable rates of taxation, foreign exchange rate and market conditions shall be maintained at a normal level or within the scope approved by the government; and
- (4) There will be no other force majeure or unforeseeable factors which will have a material adverse effect on the production and management of Jingqiao Power.

#### **Particular Assumptions:**

- (1) Jingqiao Power is managed by a responsible management team, which is capable of performing its duties;
- (2) Jingqiao Power could continue to operate in line with its established strategies;
- (3) Unless otherwise specified, Jingqiao Power will fully comply with all relevant laws and regulations and will continue as an ongoing concern;
- (4) Jingqiao Power will keep its heat energy supply capacity unchanged after meeting the production capacity and will keep its heat energy generation units in normal operating conditions;
- (5) Jingqiao Power will remain relatively stable in its production and organizing technologies, materials consumption structure and heat supply model in the future;

- (6) Jingqiao Power will not experience material difficulties in collecting receivables (i.e., bad debts) and there will be no changes in the recovery period and manner for its receivables;
- (7) The domestic and international fuel markets will stay rational. There will be no change in the payment terms of Jingqiao Power in making purchases in areas such as purchasing fuel and materials in the future; and
- (8) Without taking into consideration of any major technological renovation projects which may lead to significant improvement in return on assets, Jingqiao Power will conduct ongoing upgrades and renovations of its generation units in the future to maintain the stability of the existing equipment utilization rates, including equipment efficiency and the normal operation of generation units.

Deloitte Touche Tohmatsu, the reporting accountants of the Company, has reported to the Directors of the Company the arithmetical accuracy of calculations of the discounted future estimated cash flows in connection with the valuation of 100% equity interests in Jingqiao Power prepared by Beijing Zhongping Jiancheng Asset Appraisal as set out in the Appraisal Report.

The Directors confirm that the appraisal of Jingqiao Power, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry.

#### **4 REASONS FOR AND BENEFITS OF THE TRANSACTION**

As disclosed in the prospectus of the Company dated 12 December 2011, the Company operates Jingqiao Power Plant through Jingqiao Power, a subsidiary in which the Company directly holds an 80.03% equity interests. The remaining 19.97% is held by BDHG. After the Jingqiao Acquisition, Jingqiao Power will be 100% owned by the Company.

Jingqiao Power is primarily engaged in generating and selling heat energy. By acquiring the remaining 19.97% equity interests in Jingqiao Power from BDHG, the Company could be in a better position to consolidate its businesses, to achieve full control over the management and operation of Jingqiao Power, and to benefit from the profits of Jingqiao Power.

The Board (including the independent non-executive Directors) is of the view that the Jingqiao Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders as a whole.

#### **5 INFORMATION OF THE PARTIES**

##### **The Company**

The Company is the largest gas-fired power provider in Beijing and a leading wind power operator in the PRC, with a diversified clean energy portfolio including gas-fired power and heat energy, wind power, small to medium hydropower and other clean energy projects.

## BDHG

BDHG is a state-owned company incorporated in the PRC, which is primarily engaged in generation, transportation and supplying of heat energy. BDHG is a shareholder of the Company, holding 0.261% of the total issued share capital of the Company. It is also a directly wholly-owned subsidiary of BEIH, the controlling shareholder of the Company.

## Jingqiao Power

Jingqiao Power is a company jointly incorporated by the Company and BDHG in the PRC and a subsidiary of the Company. Jingqiao Power manages and operates Jingqiao Power Plant, which only generates heat energy.

Based on the audited financial accounts of Jingqiao Power prepared under the PRC GAAP, as at 31 December 2011, the total assets, total liabilities and net assets of Jingqiao Power were approximately RMB1,613,720,042, RMB1,120,909,648 and RMB492,810,394, respectively. The total profits/(loss) attributable to the equity to be acquired, which is 19.97% of the equity interests of Jingqiao Power for the two years ended 31 December 2010 and 31 December 2011 were as follows:

(Unit: RMB)

	<b>For the year ended 31 December 2010</b>	<b>For the year ended 31 December 2011</b>
	<i>(a di'ed)</i>	<i>(a di'ed)</i>
Net profit/(loss) attributable to the equity to be acquired (before taxation and extraordinary items)	(3,216,896)	408,089
Net profit/(loss) attributable to the equity to be acquired (after taxation and extraordinary items)	(2,829,022)	166,219

## 6 LISTING RULE IMPLICATIONS

BEIH is the controlling shareholder of the Company, directly and indirectly holding approximately a 67.958% interest in the total issued share capital of the Company and is a connected person of the Company. BDHG, as a wholly owned subsidiary of BEIH, is therefore a connected person of the Company under Rule 14A.11(4) of the Listing Rules. Accordingly, the transaction contemplated under the Jingqiao Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Jingqiao Equity Transfer Agreement, exceeds 0.1% but is less than 5%, the Jingqiao Disposal is subject to the reporting and announcement requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board has resolved and approved the Jingqiao Equity Transfer Agreement and the transaction contemplated thereunder. Mr. LU Haijun, Mr. GUO Mingxing, Mr. XU Jingfu and Mr. LIU Guochen, concurrently serving as Directors of the Company and directors and/or management members of BEIH, have material interest in the transaction between the Company and BDHG, and have all abstained from voting on the Board resolution to approve the Jingqiao Acquisition.

## 7 DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BDHG”	北京市熱力集團有限公司 (Beijing District Heating (Group) Co., Ltd.), a state-owned company incorporated in the PRC
“BEIH”	北京能源投資(集團)有限公司(Beijing Energy Investment Holding Co., Ltd.), a limited liability company incorporated in the PRC and the controlling shareholder of the Company, which directly holds 67.958% of the total issued share capital of the Company as at the date of this announcement
“Beijing Zhongping Jiancheng Assets Appraisal”	北京中平建誠資產評估有限公司(Beijing Zhongping Jiancheng Assets Appraisal Co., Ltd.), an independent assets appraisal firm qualified in the PRC
“Board”	the board of directors of the Company
“Company”	Beijing Jingneng Clean Energy Co., Limited, a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Jingqiao Acquisition”	the transaction contemplated under the Jingqiao Equity Transfer Agreement
“Jingqiao Equity Transfer Agreement”	the equity transfer agreement entered into between the Company and BDHG on

“Jingqiao Power”	北京京橋熱電有限責任公司 (Beijing Jingqiao Thermal Power Co., Ltd.), a company incorporated in the PRC, with 80.03% of its equity interests currently being held by our Company and the remaining 19.97% being held by BDHG
“Jingqiao Power Plant”	Beijing Jingqiao Gas-fired Power Plant, the gas-fired heat energy generation plant managed and operated by Jingqiao Power, as well as its second phase development project which is a gas-fired cogeneration plant
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“PRC GAAP”	generally accepted accounting principles in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules

By order of the Board  
**Beijing Jingneng Clean Energy Co., Limited**  
**KANG Jian**  
*J i t', C m a    Sec ø'a*

Beijing, the PRC

24 July 2012

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M . Li Cha a , M . Shi Xia mi , a d M . La Mi Ma .*