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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)  
(Company No.: 00579)

CONNECTED AND ACTION ANNOUNCEMENT

DI Q AL OF 35% E IN E IN H A AN HEATING

The Board is pleased to announce that on 29 June 2012 the Company entered into the Huayuan Equity Transfer Agreement with BEIH, pursuant to which the Company has agreed to sell and BEIH has agreed to acquire a 35% equity interests in Huayuan Heating at a total consideration of RMB107,237,300.

## LIVING RELATION

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. Accordingly, the transaction contemplated under the Huayuan 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 Huayuan Equity Transfer Agreement exceeds 0.1% but is less than 5%, the Huayuan Disposal is subject to the reporting and announcement requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## 1 INTRODUCTION

The Board is pleased to announce that on 29 June 2012 the Company entered into the Huayuan Equity Transfer Agreement with BEIH, pursuant to which the Company has agreed to sell, and BEIH has agreed to acquire, a 35% equity interests in Huayuan Heating at a total consideration of RMB107,237,300.

## 2 INCIDENTAL VALUE OF THE EQUITY AND AGREEMENT

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29 June 2012

Vendor : The Company

Acquirer : BEIH

Equity Interests in Huayuan Heating

35% of the equity interests in Huayuan Heating held by the Company

Consideration

The total consideration for the Huayuan Disposal is RMB107,237,300, which was determined by the Company and BEIH following arm's length negotiations by reference to, inter alia, the appraised value of the 35% equity interests in Huayuan Heating of RMB107,237,300 as at 31 December 2011, being the reference date. Such appraisal was prepared by Beijing Tianjian Xingye Asset Appraisal based on an asset-based approach.

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The payment will be made in a lump sum in cash within 30 days after the Huayuan Equity Transfer Agreement takes effect.

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The transfer will be completed on the date when the disposed equity interests are registered under the name of BEIH at the competent industry and commerce authority.

The completion of the transaction pursuant to the Huayuan Equity Transfer Agreement is conditional upon the obtaining of all necessary authorisation and approval on the Huayuan Equity Transfer Agreement and the transactions contemplated thereunder as required by applicable laws and regulations.

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BEIH shall be entitled to the operating profit or loss incurred by the 35% equity interests in Huayuan Heating to be purchased from the Company from the reference date of 31 December 2011 to the completion date of the Huayuan Disposal.

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

### 3 FINANCIAL EFFECT OF THE TRANSACTION

As at 31 December 2011, the net book value of the 35% equity interests in Huayuan Heating was RMB84,146,129. Accordingly, a gain of approximately RMB20,688,200 after deducting relevant tax is expected to accrue to the Company as a result of the disposal of the 35% equity interests in Huayuan Heating. The Company will recognize a gain on disposal of the 35% equity interests in Huayuan Heating in its consolidated income statement as at the completion date of the Huayuan Disposal. The proceeds from the disposal of the 35% equity interests will be applied as general working capital and/or for the future development of the Company's business.

### 4 RATIONALE AND BENEFIT OF THE TRANSACTION

Huayuan Heating is primarily engaged in construction of pipelines, heat energy generation plants and exchange plants in Beijing and Hebei Province and is not engaged in power generation businesses. The Board believes that the disposal of certain equity interest in Huayuan Heating from the Group is in line with the Company's strategy to focus on the development of its clean energy power generation businesses and is beneficial to optimize the allocation of the resources of the Company.

Upon completion of the Huayuan Disposal, BDHG, BEIH and the Company will hold 50%, 35% and 15% of Huayuan Heating's equity interests, respectively.

The Board (including the independent non-executive Directors) is of the view that the Huayuan Disposal 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 COMPANY

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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.

## BEIH

BEIH is a limited liability company incorporated in the PRC and is principally engaged in investment in energy, real estate, infrastructure, high-tech and financial sectors in the PRC. BEIH is the controlling shareholder of the Company, directly and indirectly holds approximately 67.958% of the issued share capital of the Company, and therefore is our connected person pursuant to the Listing Rules.

## Huayuan Heating

Huayuan Heating is a company incorporated by the Company and BDHG as the co-founders in the PRC and is a jointly controlled entity which is 50% owned by the Company and 50% owned by BDHG. Huayuan Heating is primarily engaged in construction of pipelines, heat energy generation plants and exchange plants in Beijing and Hebei Province.

Based on the audited financial accounts of Huayuan Heating prepared under the PRC GAAP, as at 31 December 2011, the total assets, total liabilities and net assets of Huayuan Heating were approximately RMB3,469,535,033, RMB3,211,264,350 and RMB258,270,683, respectively. The total profits/(loss) attributable to the equity to be disposed, which is 35% of the equity interests of Huayuan Heating for the two years ended 31 December 2010 and 31 December 2011 were as follows:

(Unit: RMB)

	For the period ended 31 December 2010	For the period ended 31 December 2011
	(audited)	(audited)
Net profit/(loss) attributable to the equity to be disposed (before taxation and extraordinary items)	482,929	(302,735)
Net profit/(loss) attributable to the equity to be disposed (after taxation and extraordinary items)	72,456	(6,161,856)

## 6 LISTING DECLARATION

BEIH is the controlling shareholder of the Company, holding approximately 67.958% interests in the total issued share capital of the Company and is a connected person of the Company. Accordingly, the transaction contemplated under the Huayuan 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 Huayuan Equity Transfer Agreement exceeds 0.1% but is less than 5%, the Huayuan 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 Huayuan Equity Transfer Agreement and the transaction contemplated thereunder. Mr. LU Haijun, Mr. GUO Mingxing, Mr. XU Jingfu and Mr. LIU Guocun, 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 BEIH, and have all abstained from voting on the Board resolution to approve the Huayuan Disposal.

## 7 DEFINITION

“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 Tianjian Xingye Asset Appraisal”	北京天健興業資產評估有限公司 (Beijing Tianjian Xingye 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
“Huayuan Disposal”	the transaction contemplated under the Huayuan Equity Transfer Agreement
“Huayuan Equity Transfer Agreement”	the equity transfer agreement entered into between the Company and BEIH on 29 June 2012 in respect of disposal of 35% equity interests in Huayuan Heating by the Company

“Huayuan Heating”	北京華源熱力管網有限公司(Beijing Huayuan Heating Pipeline Co., Ltd.), a company incorporated in the PRC, with 50% of its equity interests currently being held by our Company and the remaining 50% being held by BDHG
“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)”	the meaning ascribed to it in the Listing Rules

By order of the Board  
 北京華源熱力管網有限公司董事會  
 KANG JIAN  
 Joint Company Secretary

Beijing, the PRC

29 June 2012

*As at the date of this announcement, the non-executive directors of the Company are Mr. Lu Haijun, Mr. Guo Mingxing, Mr. Xu Jingfu, Mr. Liu Guochen and Mr. Yu Zhongfu; the executive director of the Company is Mr. Meng Wentao; and the independent non-executive directors of the Company are Mr. Liu Chaoan, Mr. Shi Xiaomin, and Ms. Lau Miu Man.*