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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)

ANNOUNCEMENT
DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF A 15% EQUITY INTEREST IN HUAYUAN HEATING

Reference is made to the announcement of the Company dated 29 June 2012 in relation to the Company's disposal of a 35% equity interest in Huayuan Heating pursuant to the ETA(1).

The Board is pleased to announce that, on 28 September 2012, the Company entered into the ETA(2) with BEIH, pursuant to which, the Company has agreed to sell and BEIH has agreed to acquire a 15% equity interest in Huayuan Heating at a total consideration of RMB45,958,800.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BEIH directly held 67.958% of the issued share capital of the Company. Accordingly, BEIH is a substantial shareholder of the Company and thus a connected person of the Company as defined under the Listing Rules. As a result, the transactions under the ETA(1) and ETA(2) constitute connected transactions of the Company under Chapter 14A of the Listing Rules. In addition, as BIEE and BDHG are subsidiaries of BEIH, they are therefore connected persons of the Company under Chapter 14A of the Listing Rules by virtue of being associates of the Company's substantial shareholder.

Considering both the disposal under the ETA(1) and the ETA(2) are disposals of certain equity interests in the same entity by the Company, and the ETA(1) and ETA(2) were entered into by the Company with the same party within a period of 12 months, such transactions will be aggregated pursuant to Rule 14A.25 of the Listing Rules. As the highest applicable percentage ratio in respect of the transactions under the ETA(1) and ETA(2), after aggregation, exceeds 5% but is less than 25%, the Proposed Disposal constitutes (i) a discloseable transaction subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) connected transaction subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. INTRODUCTION

Reference is made to the announcement of the Company dated 29 June 2012 in relation to the Company's disposal of a 35% equity interest in Huayuan Heating pursuant to the ETA(1).

The Board is pleased to announce that, on 28 September 2012, the Company entered into the ETA(2) with BEIH, pursuant to which, the Company has agreed to sell, and BEIH has agreed to acquire, a 15% equity interest in Huayuan Heating at a total consideration of RMB45,958,800.

2. PRINCIPAL TERMS OF THE ETA(2)

Date

28 September 2012

Parties

Vendor: the Company

Acquirer: BEIH

Equity Interests to Be Disposed

15% of the equity interests in Huayuan Heating held by the Company

Consideration

The total consideration for the Proposed Disposal is RMB45,958,800, which was determined by the Company and BEIH following arm's length negotiations by reference to, inter alia, the appraised value of the 15% equity interests in Huayuan Heating of RMB45,958,800 as at 31 December 2011, being the reference date. Such appraisal was prepared by Beijing Tianjian Xingye Assets Appraisal Co., Ltd., an independent assets appraisal firm qualified in the PRC, based on an asset-based approach.

Payment

The payment will be made in a lump sum in cash within 30 days after the ETA(2) takes effect.

Conditions of the ETA(2)

The ETA(2) is conditional upon, among others, the following being fulfilled:

- (1) the Proposed Disposal being approved by the Independent Shareholders; and
- (2) the Proposed Disposal being approved by relevant competent authorities in the PRC.

Completion

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.

Other Major Terms

BEIH shall be entitled to the operating profit or loss attributable to the 15% 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 Proposed Disposal. The Company and BEIH shall be liable for their respective taxes and fees in relation to the transfer.

3. FINANCIAL EFFECT OF THE PROPOSED DISPOSAL

As at 31 December 2011, the net book value of the 15% equity interests in Huayuan Heating was RMB36,062,627. Accordingly, a gain of approximately RMB8,906,556 after deducting relevant tax is expected to accrue to the Company as a result of the disposal of the 15% equity interests in Huayuan Heating. The Company will recognize a gain on disposal of the 15% equity interests in Huayuan Heating in its consolidated income statement as at the completion date of the Proposed Disposal. The proceeds from the disposal of the 15% equity interests will be applied as general working capital and/or for the future development of the Company's business.

4. REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

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 its equity interests in Huayuan Heating is in line with the Company's strategy to focus on the development of its clean energy power generation businesses and is beneficial to the optimization of the allocation of the resources of the Company.

Upon completion of the disposal under the ETA(1) and the Proposed Disposal, BDHG and BEIH each will hold 50% of Huayuan Heating's equity interests.

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.

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 held approximately 67.958% of the issued share capital of the Company as at the date of this announcement, 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 was a jointly controlled entity which was 50% owned by the Company and 50% owned by BDHG at the time of its incorporation. Upon the Completion of the disposal under the ETA(1) and the Proposed Disposal, BDHG and BEIH each will hold 50% of Huayuan Heating's equity interests. 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 15% of the equity interests in Huayuan Heating for the two years ended 31 December 2010 and 31 December 2011 were as follows:

	<i>(Unit: RMB)</i>	
	For the year ended 31 December 2010 (audited)	For the year ended 31 December 2011 (audited)
Net profit/(loss) attributable to the equity interests to be disposed under the Proposed Disposal (before taxation and extraordinary items)	206,969.45	(129,743.55)
Net profit/(loss) attributable to the equity interests to be disposed under the Proposed Disposal (after taxation and extraordinary items)	31,052.47	(2,640,795.27)

6. LISTING RULE IMPLICATIONS

As at the date of this announcement, BEIH directly held 67.958% of the issued share capital of the Company. Accordingly, BEIH is a substantial shareholder of the Company and thus a connected person of the Company as defined under the Listing Rules. As a result, the transactions under the ETA(1) and ETA(2) constitute connected transactions of the Company under Chapter 14A of the Listing Rules. In addition, as BIEE and BDHG are subsidiaries of BEIH, they are therefore connected persons of the Company under Chapter 14A of the Listing Rules by virtue of being associates of the Company's substantial shareholder.

Considering both the disposal under the ETA(1) and the ETA(2) are disposals of certain equity interests in the same entity by the Company, and the ETA(1) and ETA(2) were entered into by the Company with the same party within a period of 12 months, such transactions will be aggregated pursuant to Rule 14A.25 of the Listing Rules. As the highest applicable percentage ratio in respect of the transactions under the ETA(1) and ETA(2), after aggregation, exceeds 5% but is less than 25%, the Proposed Disposal constitutes (i) a discloseable transaction subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) connected transaction subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board (excluding the members of the Independent Board Committee, the opinion of which will be included in the circular to be dispatched to the Shareholders as soon as practicable after publication of this announcement) is of the view that the Proposed Disposal is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board has resolved and approved the ETA(2) and the transaction contemplated thereunder. Mr. LU Haijun, Mr. GUO Mingxing, Mr. XU Jingfu, Mr. LIU Guochen and Mr. MENG Wentao, 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 approving the Proposed Disposal.

An Independent Board Committee comprising all of the independent non-executive Directors of the Company has been formed to advise the Independent Shareholders on the Proposed Disposal. Cinda has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

An ordinary resolution in respect of the Proposed Disposal will be proposed for the Independent Shareholders' consideration and approval at the EGM. BEIH, BIEE, BDHG and their respective associates, being connected persons of the Company, will abstain from voting at the EGM on the ordinary resolution to approve the Proposed Disposal. The Company confirms that none of the independent non-executive Directors has any interests in the ETA(2) and the Proposed Disposal.

7. OTHER INFORMATION

A supplemental circular, containing a letter from the Board, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and other details in respect of the Proposed Disposal, will be dispatched to the Shareholders on or about 12 October 2012.

8. 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 and a Shareholder, which directly held 0.261% of the total issued share capital of the Company as at the date of this announcement. BDHG is a wholly-owned subsidiary of BEIH

“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 held 67.958% of the total issued share capital of the Company as at the date of this announcement
“BIEE”	北京國際電氣工程有限公司(Beijing International Electric Engineering Co., Ltd.), a company incorporated in the PRC and a Shareholder, which directly held 0.437% of the total issued share capital of the Company as at the date of this announcement. BIEE is a wholly-owned subsidiary of BEIH
“Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, Macau and Taiwan)
“Cinda” or “Independent Financial Adviser”	Cinda International Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Disposal
“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 PRC with limited liability, the H Shares of which are listed on the Stock Exchange (stock code: 00579), and except where the context indicates otherwise, include all of its subsidiaries
“Director(s)”	the director(s) of the Company
“EGM”	the second extraordinary general meeting of 2012 of the Company to be held on 30 October 2012
“ETA(1)”	the equity transfer agreement entered into between the Company and BEIH on 29 June 2012 in respect of the disposal of 35% of the equity interests in Huayuan Heating by the Company

“ETA(2)”	the equity transfer agreement entered into between the Company and BEIH on 28 September 2012 in respect of the disposal of 15% of the 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 by the Company and BDHG as the co-founders in the PRC
“H Share(s)”	overseas listed foreign invested share(s) in the Company’s issued share capital with a par value of RMB1.00 per share, which are listed on the Stock Exchange
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of Directors, consisting of Mr. LIU Chaoan, Mr. SHI Xiaomin and Ms. LAU Miu Man, who are independent non-executive Directors, formed to advise the Independent Shareholders on the Proposed Disposal
“Independent Shareholders”	Shareholders other than BEIH, BIEE, BDHG and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Proposed Disposal”	the transaction contemplated under the ETA(2)
“PRC GAAP”	generally accepted accounting principles in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”

has the meaning ascribed to it in the Listing Rules

“%”

per cent

By order of the Board
Beijing Jingneng Clean Energy Co., Limited
LU Haijun
Chairman

Beijing, the PRC
28 September 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.