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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: 579)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS

FINANCIAL SERVICES FRAMEWORK AGREEMENT

On 28 March 2012, the Company and BEIH Finance entered into the Financial Services Framework Agreement for the continuing connected transactions between the Group and BEIH Finance in the ordinary and usual course of business on normal commercial terms (the “**Financial Services Framework Agreement**”), pursuant to which, BEIH Finance has agreed to provide the Group with deposit services, loan services and the Other Financial Services subject to the terms and conditions provided therein, with a term of three years.

EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

On 28 March 2012, the Company and BEIH entered into the Equipment Purchase Framework Agreement for the continuing connected transactions between the Group and BEIH in the ordinary and usual course of business on normal commercial terms (the “**Equipment Purchase Framework Agreement**”), pursuant to which, BEIH and/or its associates have agreed to purchase equipment for the Group subject to the terms and conditions provided therein, with a term of three years.

LISTING RULES IMPLICATIONS

The loan services to be provided by BEIH Finance to the Group under the Financial Services Framework Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Group. As such services are provided on normal commercial terms which are similar to or even more favourable than those offered by independent third parties for comparable services in the PRC, and no security over the assets of the Group will be granted in respect thereof, pursuant to the Rule 14A.65(4) of the Listing rules, the loan services are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company expects that each of the applicable percentage ratios (as defined in Rule 14.07 of Listing Rules) of the total fees payable by the Group to BEIH Finance will fall within the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules. The Company will comply with the reporting, announcement and independent shareholders' approval requirements of the Listing Rules if the transaction amount of the Other Financial Services to be provided by BEIH Finance to the Group under the Financial Services Framework Agreement exceed the relevant threshold.

As each of the percentage ratio(s) applicable to the deposit services under the Financial Services Framework Agreement and the equipment purchase services under the Equipment Purchase Framework Agreement is more than 0.1% but less than 5%, respectively, each of the deposit service to be provided by BEIH Finance to the Group and the equipment purchase service to be provided by BEIH and/or its associates to the Group constitutes continuing connected transaction under Rule 14A.34 and is subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47, the annual review requirement set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules, but is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BOARD CONFIRMATION

The Board (including the independent non-executive Directors) are of the view that the terms of the transactions contemplated under the Financial Services Framework Agreement and Equipment Purchase Framework Agreement are on normal commercial terms and fair and reasonable and are also in the interest of the Company and its Shareholders as a whole.

Mr. Lu Haijun, Mr. Guo Mingxing, Mr. Xu Jingfu and Mr. Liu Guochen, who concurrently serving as the Directors of the Company and directors of BEIH, the controlling shareholder of the Company, have material interests in the continuing connected transactions between the Company and BEIH and between the Company and BEIH Finance and have all abstained from voting on the Board resolutions approving the contemplated transactions and their annual caps under the Financial Services Framework Agreement and the Equipment Purchase Framework Agreement.

BACKGROUND AND GENERAL INFORMATION OF THE COMPANY AND ITS CONNECTED PERSONS

Background and General Information of 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.

Background and General Information of BEIH and its Associates

We conduct connected transactions with BEIH and its associates in the ordinary and usual course of business and on normal commercial terms. We set out below the information regarding the main connected persons with whom we source financial services and equipment

purchase services under the Financial Services Framework Agreement and the Equipment Purchase Framework Agreement:

- 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 68.66% of the issued share capital of the Company, and therefore is our connected person pursuant to Rule 14A.11(1) of the Listing Rules.
- BEIH Finance is a non-banking financial institution incorporated in the PRC, with 2% of its equity interest being held by the Company and 98% of its equity interest being held by BEIH. BEIH Finance primarily provides financial management services to its member enterprises within BEIH group. BEIH Finance, as a subsidiary of BEIH, is our connected person according to Rule 14A.11(4) of the Listing Rules.

FINANCIAL SERVICES FRAMEWORK AGREEMENT

Description of the Transaction

On 28 March 2012, the Company and BEIH Finance entered into the Financial Services Framework Agreement, pursuant to which, BEIH Finance has agreed to provide the Group with deposit services, loan services and the Other Financial Services (as defined below) subject to the terms and conditions provided therein. The Financial Services Framework Agreement has a term of three years, and can be renewed for another three years subject to the parties' consent and compliance with requirements of the relevant laws and the Listing Rules.

Principal Terms of the Financial Services Framework Agreement

- Pursuant to the Financial Services Framework Agreement, the services to be provided by BEIH Finance to the Group include deposit services, loan services and the Other Financial Services (as defined below). The Company also agrees that, when the terms provided by BEIH Finance is not less favorable to the Company than terms available from independent third parties and provided that it is in compliance with the Listing Rules and within BEIH Finance's business scope, the Company will seek BEIH Finance's service on other services, including but not limited to, accounting and financing consulting service, credits and related consulting and agency, insurance agency, providing guarantees, acceptance and discount of bills, entrusted loans, finance leasing and underwriting of corporate bonds (the "**Other Financial Services**").
- BEIH Finance shall ensure the stable operation of fund management system to safeguard the fund, and to monitor the credit risk so as to satisfy the payments needs of the Group.
- In respect of the provision of the loan services under the Financial Services Framework Agreement, BEIH Finance will grant integrated credit facilities of RMB5 billion to the Group. The credit facilities shall be utilized, among other matters, as fixed assets loans, project financing loans, working capital loans, letter of guarantee and acceptance and discount of bills.
- In respect of the provision of the deposit services under the Financial Services Framework Agreement, the maximum amount of the daily deposit balance (including

any interest accrued thereon) for the Group's deposits with BEIH Finance shall be RMB0.4 billion for each of the three years ending 31 December 2012, 2013 and 2014.

- The parties agree to enter into separate agreements for each service actually provided under the Financial Services Framework Agreement and the terms of such agreements shall be based on the Financial Services Framework Agreement and shall be in compliance with the terms stipulated therein in any material aspects.
- The term of the Financial Services Framework Agreement is three years, effecting from the date of execution of the agreement. Subject to the parties' agreement and compliance with requirements of relevant laws and the Listing Rules, the agreement can be renewed for another three years.

Pricing Policy

Deposit Services

The interest rate to be paid by BEIH Finance for the Group's deposits with BEIH Finance shall not be lower than the same level deposit interest rate as published by the PBOC for the same periods.

Loan Services

The interest rate for loans granted to the Group by BEIH Finance shall not be higher than the benchmark interest rates as published by the PBOC from time to time or should not be higher than the interest rates granted by independent commercial banks which provide similar service on the same conditions.

Other Financial Services

The Other Financial Services to be provided by BEIH Finance to the Group shall be made on normal commercial terms and on terms similar to or more favourable than those offered by independent third parties for comparable services in the PRC.

Annual Caps and Basis of Annual Caps

Deposit Services

The Company estimates that the proposed annual caps for the maximum daily deposit balance (including any interest accrued thereon) with BEIH Finance for each of the three years ending 31 December 2012, 31 December 2013, and 31 December 2014 is RMB0.4 billion, after taking into account of:

- a. the increasing total asset of the Group;
- b. the anticipated increase in the daily outstanding balances of deposits of the Group;
- c. the fact that the Group holds 2% equity interest in BEIH Finance and accordingly, the Company will benefit from BEIH Finance's profit;

- d. the Group is also expected to benefit from BEIH Finance's understanding of the Group's operation which should provide more expedient and efficient service than the commercial banks in the PRC; and
- e. BEIH Finance is under the supervision of the China Banking Regulatory Commission and it has been maintaining satisfactory operating results and financial position with good risks control and well-regulated management in the past years.

The deposit transactions form part of the daily operations of the Group. The commercial terms (including the rates) offered by BEIH Finance in respect of such transaction are no less favourable than those offered by domestic commercial banks for provision of similar services to the Group. The Directors are of the view that the deposit transactions do not have any effect on the assets and liabilities of the Group. Instead, the Group can earn interests out of the deposit transactions. As the Group has already deposited the remaining cash with a number of other independent financial institutions, the Company considers that the arrangement of deposits with BEIH Finance helps diversify the Group's risk in relation to its deposits.

Loan Services

In view of the fact that the loan services provided by BEIH Finance to the Group are on normal commercial terms which are similar to or more favourable than those offered by independent third parties for comparable services in the PRC, and that no security over the assets of the Group will be granted in respect of such loan services, the loan services are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.65(4) of the Listing Rules. As such, no cap has been set for such services.

Other Financial Services

The Other Financial Services which may be provided by BEIH Finance to the Group mainly include: accounting and financing consulting service, credits and related consulting and agency, insurance agency, providing guarantees, acceptance and discount of bills, entrusted loans, finance leasing and underwriting of corporate bonds.

The Company confirms that there will be no provision of financial assistance by the Company to BEIH Finance under the Financial Services Framework Agreement. The Other Financial Services provided under the Financial Services Framework Agreement shall be made on normal commercial terms and on terms similar to or more favorable than those offered by independent third parties for comparable services in the PRC.

The Company expects that each of the percentage ratios (as defined in Rule 14.07 of Listing Rules) of the total fees payable by the Group to BEIH Finance will fall within the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules. The Company will comply with the reporting, announcement and independent shareholders' approval requirements of the Listing Rules if the transaction amount of the Other Financial Services to be provided by BEIH Finance to the Group under the Financial Services Framework Agreement exceeds the relevant threshold.

Listing Rules Implications

As BEIH directly and indirectly holds approximately 68.66% of the issued share capital of the Company, it is a controlling shareholder of the Company and thus a connected person of the Company. BEIH Finance is a subsidiary of BEIH, and is therefore a connected person of the Company. Accordingly, the transactions between the Group and BEIH or between the Group and BEIH Finance constitute connected transactions of the Company under the Listing Rules.

As each of the percentage ratio(s) applicable to the deposit services under the Financial Services Framework Agreement is more than 0.1% but less than 5%, the deposit service to be provided by BEIH Finance to the Group constitutes continuing connected transactions under Rule 14A.34 and is subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47, the annual review requirement set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules, but is exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The loan services to be provided by BEIH Finance to the Group will constitute financial assistance to be provided by a connected person for the benefit of the Group. As such services are on normal commercial terms which are similar to or even more favourable than those offered by independent third parties for comparable services in the PRC, and no security over the assets of the Group will be granted in respect of the loan services, pursuant to Rule 14A.65(4) of the Listing Rules, the loan services are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company expects that each of the percentage ratios (as defined in Rule 14.07 of Listing Rules) of the total fees payable by the Group to BEIH Finance will fall within the de minimis threshold as stipulated under Rule 14A.33(3) of the Listing Rules. The Company will comply with the reporting, announcement and independent shareholders' approval requirements of the Listing Rules if the transaction amount of the Other Financial Services to be provided by BEIH Finance to the Group under the Financial Services Framework Agreement exceeds the relevant threshold.

EQUIPMENT PURCHASE FRAMEWORK AGREEMENT

Description of the Transaction

On 28 March 2012, the Company and BEIH entered into the Equipment Purchase Framework Agreement. Pursuant to which, BEIH and/or its associates have agreed to purchase equipment for the Group subject to the terms and conditions provided therein. The Equipment Purchase Framework Agreement has a term of three years, and is renewable subject to the parties' consent and compliance with requirements of the relevant laws and the Listing Rules.

Principal Terms of the Equipment Purchase Framework Agreement

- Relevant subsidiaries or associates of both parties shall enter into separate agreements for each actual transaction on the basis of this Equipment Purchase Framework Agreement. Such agreements shall set out specific requirement of equipments to be

purchased and shall be in compliance with the requirement of the Equipment Purchase Framework Agreement in all material aspects.

- The term of Equipment Purchase Framework Agreement shall be three years, effecting from the date of execution of the agreement.

Pricing Policy

Fees payable to BEIH for the equipment purchase include equipment fees and service charges, the fees shall be agreed following arm's length negotiation between the parties with reference to prevailing market prices and rates.

Annual Caps and Basis of Annual Caps

The Company estimates that the proposed annual caps for the equipment purchase service for each of the three years ending 31 December 2012, 31 December 2013, and 31 December 2014 is RMB26 million, RMB40 million and RMB63 million, respectively, after taking into the following considerations:

- a. The market price of the equipments to be purchased; and
- b. the rapid growth of the demand in purchasing equipment due to the Company's rapid business development and expansion.

BEIH and/or its associates have extensive knowledge and experience in the industry which the Company operates its business and has stronger bargaining power as a group in the procurement process. As disclosed in the Prospectus, BEIH, through one of its subsidiaries, has established a centralized procurement and tendering platform and has been purchasing equipments for BEIH's associates since the establishment of that subsidiary. The Company considers procuring equipments in a centralized way could help the Company obtain more favorable terms as suppliers generally offer better price to customers with large orders.

Listing Rules Implications

As BEIH directly and indirectly holds approximately 68.66% of the issued share capital of the Company, it is a controlling shareholder of the Company and thus a connected person of the Company. Accordingly, the transactions between the Group and BEIH constitute connected transactions of the Company under the Listing Rules.

As each of the percentage ratio(s) applicable to the equipment purchase service under the Equipment Purchase Framework Agreement is more than 0.1% but less than 5%, the equipment purchase service to be provided by BEIH and/or its associates to the Group constitutes continuing connected transactions under Rule 14A.34 and is subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47, the annual review requirement set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Listing Rules, but is exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

BOARD CONFIRMATION

The Board (including the independent non-executive Directors) are of the view that the terms of the transactions contemplated under the Financial Services Framework Agreement and Equipment Purchase Framework Agreement are on normal commercial terms and fair and reasonable and are also in the interest of the Company and its Shareholders as a whole.

Mr. Lu Haijun, Mr. Guo Mingxing, Mr. Xu Jingfu and Mr. Liu Guochen, who concurrently serving as the Directors of the Company and directors of BEIH, the controlling shareholder of the Company, have material interests in the continuing connected transactions between the Company and BEIH and between the Company and BEIH Finance and have all abstained from voting on the resolutions in relation to approving the contemplated transactions and their annual caps under the Financial Services Framework Agreement and the Equipment Purchase Framework Agreement.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“BEIH Finance”	京能集团财务有限公司(BEIH Finance Co., Ltd.*), a limited liability company incorporated in the PRC and a connected person of our Group, with 2% of its equity interest being held by the Company and 98% of its equity interest being held by BEIH
“BEIH”	北京能源投资（集团）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
“Board”	the board of Directors of the Company
“Company”, “we”, “our” or “us”	北京京能清洁能源电力股份有限公司 (Beijing Jingneng Clean Energy Co., Limited), a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on 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
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC”	中国人民银行 (the People’s Bank of China)

“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, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus issued by the Company on 12 December 2011
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	means the ordinary share(s) of RMB1.00 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the ordinary share(s) of the Company
“%”	means per cent

** For identification purpose only*

The terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless otherwise defined above or where the context otherwise requires.

By order of the Board

Beijing Jingneng Clean Energy Co., Limited

LU Haijun

Chairman

Beijing, the PRC

28 March 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.