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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**

**REVISION TO ANNUAL CAPS OF  
CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the section headed “Connected Transactions” of the Prospectus in respect of, among other things, certain continuing connected transactions between the Company and BEIH and/or its associates contemplated under the framework services agreement dated 23 May 2011 (the “**Framework Services Agreement**”), the framework equipment maintenance agreement dated 23 May 2011 (the “**Framework Equipment Maintenance Agreement**”) and the framework financial service agreement dated 6 July 2010, as amended on 29 December 2010 and 23 May 2011 (the “**Framework Financial Service Agreements**”).

Reference is also made to the announcement of the Company dated 28 March 2012 in respect of the financial services provided by BEIH Finance under the financial services framework agreement between the Company and BEIH Finance (together with the Framework Financial Services Agreements, the “**Financial Service Agreements**”).

**REVISION TO ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS**

Due to the commencement of construction of certain pipeline projects of the Company and the rapid development of the Group’s business, which lead to an increase in demands for relevant services provided by BEIH and/or its associates, the Board considers that the annual caps for the years ending 31 December 2012 and 2013 of the conference service and project management service under the Framework Services Agreement, the equipment maintenance service under the Framework Equipment Maintenance Agreement and the entrusted loan service under the Financial Service Agreements will not be sufficient for the Group’s current requirements, and therefore resolved to revise the annual caps accordingly as set out in this announcement.

## **LISTING RULES IMPLICATIONS**

As at the date of the announcement, BEIH directly and indirectly holds 68.66% 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 BEIH Finance is a subsidiary of BEIH, it is therefore a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being an associate of the Company's substantial shareholder. Accordingly, the transactions under the Framework Services Agreement, Framework Equipment Maintenance Agreement and the Financial Service Agreements between the Company and BEIH and/or its associates constitute connected transactions of the Company.

As the highest applicable percentage ratio of each of the revised annual caps for the Framework Services Agreement and the Framework Equipment Maintenance Agreement, calculated on an annual basis, is more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the revised annual caps for the entrusted loan service and the existing annual caps of all other services contemplated under the Financial Services Agreements, after aggregation, is more than 0.1% but less than 5% on an annual basis, such continuing connected transactions contemplated under the Financial Services Agreements are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **BOARD CONFIRMATION**

The Board (including the independent non-executive Directors) is of the view that the terms of each of the Framework Services Agreement, the Framework Equipment Maintenance Agreement and the Financial Service Agreements were arrived at after arm's length negotiations between the parties and entered into in the ordinary course of business of the Group and are of the view that the transactions contemplated under those agreements and the respective revision to the annual caps for the years ending 31 December 2012 and 2013 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, concurrently serving as Directors of the Company and directors and/or management members of BEIH, have material interests in the transactions between the Company and BEIH and/or its associates, and have all abstained from voting on the Board resolutions approving the revision to annual caps of the aforementioned continuing connected transactions.

Reference is made to the section headed "Connected Transactions" of the Prospectus in respect of, among other things, certain continuing connected transactions between the Company and BEIH and/or its associates contemplated under the Framework Services Agreement, the Framework Equipment Maintenance Agreement and the Framework Financial Service Agreements.

Reference is also made to the announcement of the Company dated 28 March 2012 in respect of the financial services provided by BEIH Finance under the financial services framework agreement between the Company and BEIH Finance.

## **I FRAMEWORK SERVICES AGREEMENT**

### **Description of the Transaction**

On 23 May 2011, the Company entered into the Framework Services Agreement with BEIH, pursuant to which, BEIH and/or its associates may from time to time provide, among others, conference service and project management service to the Group. The Framework Services Agreement is for a term of three years commencing on the listing date of the Company,

### **Pricing Policy**

Under the Framework Services Agreement, the service fees are agreed based on the following pricing policy:

- The bidding price where the bidding process is applicable;
- Where no bidding process is involved, the price to be agreed following arm's length negotiations between the relevant parties with reference to government guided-price; or
- Where no government guided-price is involved, the price to be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates.

### **Original Annual Caps, Revised Annual Caps and Reasons for the Revision**

The Company commenced construction of certain pipeline projects this year, including North-western Thermal Power Center, North-east Thermal Power Center and Haidian North Thermal Power Project, and has established project companies in connection therewith. All the project companies are expected to receive the conference service and project management service from BEIH and/or its associates. In light of these new developments, the Board expects that the original annual caps for the conference service and project management will be insufficient. The Board therefore resolved to revise the annual caps in relation to the conference service and project management service under the Framework Services Agreement.

The original annual caps and the revised annual caps in relation to the conference service and the project management service under the Framework Services Agreement are as follows:

*RMB in millions*

	<b>Original annual caps for the year ending 31 December 2012</b>	<b>Revised annual caps for the year ending 31 December 2012</b>	<b>Original annual caps for the year ending 31 December 2013</b>	<b>Revised annual caps for the year ending 31 December 2013</b>
Conference service	2.45	3.35	2.72	3.62
Project management	21	56	10.4	47.4

As a result of the revision to the annual caps of the conference service and project management service under the Framework Services Agreement, the total annual caps for all the services received under the Framework Services Agreement will be revised as follows:

*RMB in millions*

	<b>Original annual caps for the year ending 31 December 2012</b>	<b>Revised annual caps for the year ending 31 December 2012</b>	<b>Original annual caps for the year ending 31 December 2013</b>	<b>Revised annual caps for the year ending 31 December 2013</b>
Total service fees payable	90.72	126.62	86.89	124.79

### **Listing Rules Implications**

As at the date of this announcement, BEIH directly and indirectly holds 68.66% of the issued share capital of the Company. BEIH is thus a substantial shareholder of the Company and a connected person of the Company as defined under the Listing Rules. Accordingly, the transactions under the Framework Services Agreement between the Company and BEIH and/or its associates constitute connected transactions of the Company.

As the highest applicable percentage ratio of the revised annual caps of the Framework Services Agreement, calculated on an annual basis, is more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## II FRAMEWORK EQUIPMENT MAINTENANCE AGREEMENT

### Description of the Transaction

On 23 May 2011, the Company entered into the Framework Equipment Maintenance Agreement with BEIH, pursuant to which, BEIH and/or its associates may from time to time provide equipment maintenance service to the Group. The Framework Equipment Maintenance Agreement is for a term of three years commencing on the listing date of the Company.

### Pricing Policy

Under the Framework Equipment Maintenance Agreement, the maintenance fees shall be agreed following arm's length negotiations between the relevant parties with reference to the prevailing market rates.

### Original Annual Caps, Revised Annual Caps and Reasons for the Revision

According to the relevant requirements of Beijing environment protection authorities, certain equipments of Beijing Taiyanggong Gas-fired Power Company are going through denitration transformation process, and are expected to receive the equipment maintenance service. As a result, the original annual caps of the Framework Equipment Maintenance Agreement will not cover the maintenance service fees to be paid to BEIH and/or its associates due to the newly arisen demand. Therefore, the Board resolved to revise the annual caps under the Framework Equipment Maintenance Agreement.

The original annual caps and the revised annual caps under the Framework Equipment Maintenance Agreement are as follows:

*RMB in millions*

	<b>Original annual caps for the year ending 31 December 2012</b>	<b>Revised annual caps for the year ending 31 December 2012</b>	<b>Original annual caps for the year ending 31 December 2013</b>	<b>Revised annual caps for the year ending 31 December 2013</b>
Total service fees payable	25	39	25	39

### Listing Rules Implications

As at the date of this announcement, BEIH directly and indirectly holds 68.66% of the issued share capital of the Company. BEIH is thus a substantial shareholder of the Company and a connected person of the Company as defined under the Listing Rules. Accordingly, the transaction under Framework Equipment Maintenance Agreement between the Company and BEIH and/or its associates constitutes connected transactions of the Company.

As the highest applicable percentage ratio of the revised annual caps under the Framework Services Agreement, calculated on an annual basis, is more than 0.1% but less than 5%, such continuing connected transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### III ENTRUSTED LOAN SERVICE

#### Description of the Transaction

Pursuant to the Financial Service Agreements between the Company and BEIH Finance, BEIH Finance agreed to provide, among others, the entrusted loan service to the Group.

#### Pricing Policy

Service fees for the entrusted loan service under the Financial Service Agreements shall not be higher than fees to be charged by independent financial institutions which provide similar services on the same conditions.

#### Original Annual Cap, Revised Annual Caps and Reasons for the Revision

The Company commenced construction of certain pipeline projects this year, including North-western Thermal Power Center project, North-east Thermal Power Center project, Future City project, Machang wind power projects, Liangcheng wind power projects and Lingwu wind power projects. The construction of these projects require large capital investment from the Company. Due to the increase in demand, the Board expects that the original annual caps for the entrusted loan service will be insufficient. The Board therefore resolved to revise the annual caps for the entrusted loan service under the Financial Service Agreements.

The original annual caps and the revised annual caps for the entrusted loan service are as follows:

*RMB in millions*

	<b>Original annual caps for the year ending 31 December 2012</b>	<b>Revised annual caps for the year ending 31 December 2012</b>	<b>Original annual caps for the year ending 31 December 2013</b>	<b>Revised annual caps for the year ending 31 December 2013</b>
Total service fees payable	3.00	5.80	3.00	6.10

## **Listing Rules Implications**

As at the date of this announcement, BEIH directly and indirectly holds 68.66% 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 BEIH Finance is a subsidiary of BEIH, it is therefore a connected person of the Company under Chapter 14A of the Listing Rules by virtue of being an associate of the Company's substantial shareholder. Accordingly, the transaction under Financial Service Agreements between the Company and BEIH Finance constitute connected transactions of the Company.

As the highest applicable percentage ratio of the revised annual caps of the entrusted loan service and the existing annual caps of all other services contemplated under the Financial Services Agreements, after aggregation, is more than 0.1% but less than 5% on an annual basis, such continuing connected transactions contemplated under the Financial Services Agreements are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **IV BOARD CONFIRMATION**

The Board (including the independent non-executive Directors) is of the view that the terms of each of the Framework Services Agreement, the Framework Equipment Maintenance Agreement and the Financial Service Agreements were arrived at after arm's length negotiations between the parties and entered into in the ordinary course of business of the Group and are of the view that the transactions contemplated under those agreements and the respective revision to the annual caps for the years ending 31 December 2012 and 2013 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, concurrently serving as Directors of the Company and directors/management members of BEIH, have material interests in the transactions between the Company and BEIH and/or its associates, and have all abstained from voting on the Board resolutions approving the revision to annual caps of the aforementioned continuing connected transactions.

## **V 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 BEIH Finance

- 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 under 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 services to its member enterprises within BEIH group.

## VI DEFINITIONS

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

“BEIH Finance”	京能集團財務有限公司 (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
“Board”	the board of Directors of the Company
“Company”, “we”, “our” or “us”	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 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



“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

*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**  
**KANG Jian**  
*Joint Company Secretary*

Beijing, the PRC

23 August 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.*

\* *For identification purpose only*