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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)

(Registration No.: 00579)

## CONNECTED TRANSACTION ANNOUNCEMENT

### DISPOSAL OF 35% EQUITY INTEREST IN BEIH IN A PUBLIC OFFERING

The Board of Directors of the Company has on 29 June 2012 the Company entered into the Haiaa Equity Transfer Agreement with BEIH, pursuant to which the Company has agreed to sell and BEIH has agreed to acquire a 35% equity interest in Haiaa Heating and Power Co., Ltd. of RMB107,237,300.

#### LISTING OBLIGATION

BEIH is the controlling shareholder of the Company, directly and indirectly holding a 67.958% interest in the Company. In accordance with the Company's articles of association of the Company, according to the applicable provisions of the Haiaa Equity Transfer Agreement, the Company is required to file the Company's Charter 14A with the Listing Rules.

As the highest applicable percentage of the applicable provisions of the Haiaa Equity Transfer Agreement exceed 0.1% but not more than 5%, the Haiaa Director will be required to file the Company's Charter 14A with the Listing Rules.

#### 1 INTRODUCTION

The Board of Directors of the Company has on 29 June 2012 the Company entered into the Haiaa Equity Transfer Agreement with BEIH, pursuant to which the Company has agreed to sell and BEIH has agreed to acquire, a 35% equity interest in Haiaa Heating and Power Co., Ltd. of RMB107,237,300.

2      **INCIDENTAL MEMORANDUM OF THE BOARD OF DIRECTORS AND MANAGERS**

**Date:**

29 June 2012

**Subject:**

**Verdichting:** The Company

**Actie:** BEIH

**Erasmus Institute for Business Development**

35% of the equity of the Haaq Holding held by the Company

**Conclusions**

The Board of Directors of the Haaq Holding (RMB107,237,300, which is held by the Company and BEIH for the purpose of the investment, hereinafter referred to as the 35% equity of the Haaq Holding) of RMB107,237,300 as at 31 December 2011, being the effective date. Such amount is held by Beijing Taifeng Xing Investment Administration Limited (hereinafter referred to as the "Company").

**Recommendations**

The Board of Directors shall be made aware that within 30 days after the Haaq Holding Taifeng Agreement is effective.

**Comments**

The Board of Directors shall be aware that the date of the effective date of the agreement of the Company and BEIH shall be the effective date of the agreement.

The Company of the agreement of the Haaq Holding Taifeng Agreement shall be the basis of the agreement of the Haaq Holding Taifeng Agreement and the agreement of the Company shall be the effective date of the agreement of the Company.

## Other Matters

BEIH has been acquired by the Hebei Group, formed by the 35% equity interest in Hebei Hea Group being purchased from the Company for the effective date of 31 December 2011. The completion date of the Hebei Group is as follows:

The Company and BEIH will be liable for the respective audit fees payable to the auditors.

### 3 FINANCIAL EFFECT OF THE TRANSACTION

As at 31 December 2011, the book value of the 35% equity interest in Hebei Hea Group is RMB84,146,129. Accordingly, a gain of approximately RMB20,688,200 is recorded in the consolidated income statement of the Company arising from the disposal of the 35% equity interest in Hebei Hea Group. The Company will recognize a gain of approximately RMB20,688,200 in the consolidated income statement of the Hebei Group. The proceeds from the disposal of the 35% equity interest will be applied as general working capital and/or for the future development of the Company's business.

### 4 REASON FOR AND BENEFIT OF THE TRANSACTION

Hebei Hea Group is a well-regarded company in the industry, having enjoyed a long and successful history. Beijing and Hebei Province and other well-regarded companies are its business partners. The Board believes that the disposal of the 35% equity interest in Hebei Hea Group from the Group will be in the Company's best interests of the shareholders, as the disposal will allow the Company to focus on its core business and benefit from the synergies between the Company and the Hebei Group.

Under the terms of the Hebei Group, BDHG, BEIH and the Company will hold 50%, 35% and 15% of Hebei Hea Group's equity interest, respectively.

The Board (including the independent non-executive Directors) of the Company believes that the Hebei Group is a well-regarded company, and the disposal of the 35% equity interest in Hebei Hea Group from the Company will be in the Company's best interests of the shareholders.

### 5 INFORMATION OF THE TRANSACTION

#### Company

The Company is a general unlisted company incorporated in the People's Republic of China. The Company is a public company listed on the Shanghai Stock Exchange, and its shares are traded on the Shanghai Stock Exchange.

**BEIH**

BEIH is a limited liability company incorporated in the PRC and is controlled and managed by the shareholders, namely, Beijing Huayuan Technology Co., Ltd. (Beijing Huayuan Technology), a company incorporated in the PRC. BEIH is the controlling shareholder of the Company, and the Company is a subsidiary of Beijing Huayuan Technology, which holds 67.958% of the issued share capital of the Company, and the effective controlling interest of the Company is held by Beijing Huayuan Technology.

**Headquarters**

The headquarters of the Company are located in Beijing, China, and BDHG is the chief executive office of the Company in the PRC and is controlled and managed by Beijing Huayuan Technology and 50% owned by the Company and 50% owned by BDHG. The headquarters of the Company are engaged in various consulting services, including engineering design, design, construction management, and other related services in Beijing and Hebei Province.

Based on the audited financial statements of the Company prepared under the PRC GAAP, as at 31 December 2011, the total assets, total liabilities and total equity of the Company are RMB3,469,535,033, RMB3,211,264,350 and RMB258,270,683, respectively. The total assets/(liabilities) are primarily denominated in RMB, which is 35% of the total assets/equity of the Company. The total assets/equity of the Company as at 31 December 2010 and 31 December 2011 are as follows:

(Unit: RMB)

	F12月31日 31 D	F12月31日 31 D
	2010	2011
	(audited)	(audited)
Net assets/(liabilities) denominated in RMB (before adjustment)	482,929	(302,735)
Net assets/(liabilities) denominated in RMB (after adjustment)	72,456	(6,161,856)

**6 LIQUIDATION**

BEIH is the controlling shareholder of the Company, which holds 67.958% of the issued share capital of the Company and is a controlling interest of the Company. According to the applicable laws and regulations of the People's Republic of China, the Company is required to comply with Article 14A of the Company Law.

At the highest applicable percentage and effective date of the Acquisition completed by the Haier Energy Technology Agreement, the proceeds 0.1% but not less than 5% of the Haier Energy Technology Agreement shall be used to fund the development of the Haier Energy Technology Agreement 14A of the Long River.

The Board has elected as directors of the Haier Energy Technology Agreement the Acquisition completed by the M. LU Han, M. GUO Ming, M. XU Jing and M. LIU Guocheng, chief executive officer of the Company and director of the Company, and the Board has appointed as independent non-executive directors of the Company the M. LU Han, M. GUO Ming, M. XU Jing and M. LIU Guocheng, chief executive officer of the Company and director of the Company, and the Board has appointed as independent non-executive directors of the Company the M. LU Han, M. GUO Ming, M. XU Jing and M. LIU Guocheng.

## 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 (Group) Co., Ltd.), a limited liability company incorporated in the PRC and the controlling shareholder of the Company, which directly holds 67.958% of the issued share capital of the Company as at the date of the Acquisition.
Beijing Tianjian Xingye Asset Appraisal	北京天健興業資產評估有限公司 (Beijing Tianjian Xingye Asset Appraisal Co., Ltd.), an independent appraisal firm incorporated in the PRC
Board	the board of directors of the Company
Company	Beijing Jingji Energy Group Co., Ltd., a state-owned company incorporated in the PRC and a limited liability company, the H-share issuer of the Main Board of The Stock Exchange of Hong Kong Limited
Director(s)	director(s) of the Company
Group	the Company and its subsidiaries
Haier Energy Agreement	the Acquisition completed by the Haier Energy Technology Agreement
Haier Energy Technology Agreement	the energy technology agreement entered into between the Company and BEIH on 29 June 2012, effective from a 35% effective interest in Haier Heating by the Company

Huaqiang Heating	北京華源熱力管網有限公司(BeiqiangHuaqiangHeatingPipeline Co., Ltd.), a company incorporated in the PRC, with 50% of the equity interest being held by China Energy Group 50% being held by BDHG
Listing Rules	The Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
PRC	The People's Republic of China and the mainland of the People's Republic of China, excluding the Hong Kong Special Administrative Region of the People's Republic of China, Taiwan and the Macao Special Administrative Region of the People's Republic of China
PRC GAAP	Generally accepted accounting practices in the PRC
RMB	Renminbi, the official currency of the PRC
Subsidiary (e)	As defined in paragraph 2.01 of the Listing Rules

Board of the Board  
 董事會主席  
 GUO MINGXING / 郭鳴興  
**KANG JIA**  
*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 Guochan 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.*