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北京京能热电股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(统一社会信用代码: 0059)



Reference is made to the announcement of the Company dated 24 July 2012 in relation to the Company's acquisition of a 19.97% equity interest in Jingqiao Power pursuant to the ETA(1).

The Board is pleased to announce that on 13 November 2012, the Company entered into the ETA(2) and the ETA(3) with BEIH, pursuant to which, the Company has agreed to acquire and BEIH has agreed to sell, a 100% equity interest in Sichuan Dachuan at a total consideration of RMB1,281,032,600 and a 100% equity interest in Sichuan Zhongneng at a total consideration of RMB558,870,900.

北京能源投资(集团)有限公司

As at the date of this announcement, BEIH directly holds 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. In addition, as BDHG 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. As a result, the transactions under the ETA(1), ETA(2) and ETA(3) constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Considering the transactions under the ETA(1), ETA(2) and ETA(3) were entered into by the Company with parties connected with each other within a period of 12 months, such transactions shall 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), ETA(2) and ETA(3), after aggregation, exceeds 5% but is less than 25%, the Proposed Acquisitions constitute (i) discloseable

transactions subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) connected transactions 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 24 July 2012 in relation to the Company's acquisition of a 19.97% equity interest in Jingqiao Power pursuant to the ETA(1).

The Board is pleased to announce that on 13 November 2012, the Company entered into the ETA(2) and the ETA(3) with BEIH, pursuant to which, the Company has agreed to acquire and BEIH has agreed to sell, a 100% equity interest in Sichuan Dachuan at a total consideration of RMB1,281,032,600 and a 100% equity interest in Sichuan Zhongneng at a total consideration of RMB558,870,900.

## 2. Background

Reference is made to the section headed "Relationship with Our Controlling Shareholder" of the Prospectus in respect of the hydropower business retained by BEIH and the acquisition options granted by BEIH to the Company under the Non-competition Agreements.

The principal terms of the ETA(2) are set out below:

### Article

13 November 2012

### Article

Vendor: BEIH

Acquirer: The Company

### Article

100% of the equity interests in Sichuan Dachuan held by BEIH

### Article

The total consideration for the proposed transaction under the ETA(2) of RMB1,281,032,600 was determined by the Company and BEIH following arm's length negotiations by reference to, inter alia, the appraised value of the 100% equity interests in Sichuan Dachuan of

RMB1,281,032,600 as at 30 September 2012, being the reference date. Such appraisal was prepared by China Assets Appraisal based on the income approach. The Company will use its internal funds to pay the consideration.

The consideration paid by BEIH for the purchase of the 100% equity interests in Sichuan Dachuan was RMB1,477,540,581.15. After the completion of the acquisition of 100% equity interests in Sichuan Dachuan by BEIH and as approved by the meeting of the board of directors and shareholders' meeting of Sichuan Dachuan, in August 2012, Sichuan Dachuan reduced its registered and paid-in capital by RMB250,000,000 by way of cash, and increased its registered and paid-in capital by RMB5,124,000 through the transfer of the surplus reserves. Upon completion of the above, the registered and paid-in capital of Sichuan Dachuan was RMB130,000,000.

#### **a e t**

The payment will be made in cash in two instalments. The first instalment of RMB640,516,300 will be made within 30 business days after obtaining the approval from the Beijing SASAC and the remaining RMB640,516,300 will be made within 30 business days after the completion of the amendment filings with the competent industry and commerce authorities.

#### **▶ d t f t e T 2 )**

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

- (1) the acquisition under the ETA(2) being approved by relevant competent authorities in the PRC; and
- (2) the acquisition under the ETA(2) being approved by the Independent Shareholders.

#### **▶ plet**

The acquisition will be completed on the date when the equity interests acquired are registered under the name of the Company and the amendment filings with the competent industry and commerce authorities are completed.

#### **t er Maj r Ter**

The Company shall be entitled to the operating profit or loss incurred by the 100% equity interests in Sichuan Dachuan to be acquired from BEIH from the reference date of 30 September 2012 to the completion date of the transaction under the ETA(2). The Company and BEIH will be liable for their respective fees in relation to the transfer.

Given that the appraisal of Sichuan Dachuan involves the use of discounted cash flow approach, such appraisal is regarded as a profit forecast under Rule 14.61 of the Listing Rules and the Company has fully complied with the requirements of Rule 14.62 of the Listing Rules.

The valuation of total equity of Sichuan Dachuan contained in the appraisal report has been prepared on the following principal basis and assumptions:

**(1) General Assumptions**

- (a) As of the appraisal reference date, all examined and verified licences, use permits, letters of consent or other legal or administrative authorization documents issued by relevant local or national governments or organizations as required for the utilization of the assets, upon which this valuation is based, have been normally and legitimately used during their respective terms of validity, and may be renewed or reissued (such as business licence) at any time upon expiry;
- (b) Sichuan Dachuan has been in full compliance with the prevailing national and local laws and regulations, and has responsibly fulfilled its duties as the owner of the asset and managed the assets in a competent and efficient manner;
- (c) The valuation is based on the purchasing power of local currency as at 30 September 2012; and
- (d) There will be no material change in political, economic and social environments, national industry policies, interest rates, exchange

- (c) The revenue generated in the future will basically be collected as planned without incurring any material bad debts, and Sichuan Dachuan will be able to obtain adequate funding on a timely basis as and when the needs for financial supports arise in the future course of business;
- (d) There is no other material adverse impact arising from any unforeseeable factor or force majeure; and
- (e) The inflation factor is not taken into consideration.

Deloitte Touche Tohmatsu, the reporting accountants of the Company, have reported to the Directors of the Company in respect of the compilation, in accordance with the assumptions described above, of the discounted future estimated cash flows in connection with the valuation of 100% equity interests in Sichuan Dachuan prepared by China Assets Appraisal as set out in its appraisal report dated 31 October 2012.

The Directors confirm that the appraisal of Sichuan Dachuan, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due consideration of all relevant factors.



## Major Terms

The Company shall be entitled to the operating profit or loss incurred by the 100% equity interests in Sichuan Zhongneng to be acquired from BEIH from the reference date of 30 September 2012 to the completion date of the transaction under the ETA(3). The Company and BEIH will be liable for their respective fees in relation to the transfer.

## Principal Assumptions Adopted for the Appraisal

Given that the appraisal of Sichuan Zhongneng involves the use of discounted cash flow approach, such appraisal is regarded as a profit forecast under Rule 14.61 of the Listing Rules and the Company has fully complied with the requirements of Rule 14.62 of the Listing Rules.

The valuation of total equity of Sichuan Zhongneng contained in the appraisal report has been prepared on the following principal basis and assumptions:

### (1) General Assumptions

- (a) As of the appraisal reference date, all examined and verified licences, use permits, letters of consent or other legal or administrative authorization documents issued by relevant local or national governments or organizations as required for the utilization of the assets, upon which this valuation is based, have been normally and legitimately used during their respective terms of validity, and may be renewed or reissued (such as business licence) at any time upon expiry;
- (b) Sichuan Zhongneng has been in full compliance with the prevailing national and local laws and regulations, and has responsibly fulfilled its duties as the owner of the asset and managed the assets in a competent and efficient manner;
- (c) The valuation is based on the purchasing power of local currency as at 30 September 2012; and
- (d) There will be no material change in political, economic and social environments, national industry policies, interest rates, exchange rates, and financial, fiscal and taxation policies in the

- (b) The subject assets will be continuously utilized in accordance with the current usage and utilization manner, scale, frequency, environment and other parameters. Sichuan Zhongneng will commit certain capital expenditures and maintenance costs each year to ensure normal use of the assets, and may continue to operate as a going concern through continuous self compensations and updates;
- (c) The revenue generated in the future will basically be collected as planned without incurring any material bad debts, and Sichuan Zhongneng will be able to obtain adequate funding on a timely basis as and when the needs for financial supports arise in the future course of business;
- (d) There is no other material adverse impact arising from any unforeseeable factor or force majeure; and
- (e) The inflation factor is not taken into consideration.

Deloitte Touche Tohmatsu, the reporting accountants of the Company, have reported to the Directors of the Company in respect of the compilation, in accordance with the assumptions described above, of the discounted future estimated cash flows in connection with the valuation of 100% equity interests in Sichuan Zhongneng prepared by China Assets Appraisal as set out in its appraisal report dated 31 October 2012.

The Directors confirm that the appraisal of Sichuan Zhongneng, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiries.

Letters from Deloitte Touche Tohmatsu and the Board relating to the valuation are set out as Appendix I and Appendix II to this announcement, respectively.

#### 4 其他重要事项

The Company currently operates a diversified clean energy portfolio including small to medium hydropower operation. Sichuan Dachuan and Sichuan Zhongneng operate hydropower plants in Sichuan Province and the Proposed Acquisitions are expected to help the Group strengthen its hydropower business. In addition, as Sichuan Dachuan and Sichuan Zhongneng operate the hydropower business retained by BEIH, by acquiring the 100% equity interests in Sichuan Dachuan and Sichuan Zhongneng, the Company could reduce the intensity of competition with BEIH when operating hydropower business.

The Board believes that the Proposed Acquisitions are in line with the Company's strategy to focus on the development of its clean energy power generation businesses and are beneficial to optimize the allocation of resources of the Company.

Upon completion of the Proposed Acquisitions, the Company will hold a 100% equity interest in Sichuan Dachuan and a 100% equity interest in Sichuan Zhongneng.



## T e a

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.

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

## a a a

Sichuan Dachuan is a company incorporated in the PRC and a wholly-owned subsidiary of BEIH. Sichuan Dachuan is primarily engaged in hydropower energy generation in Sichuan Province.

Based on the audited financial accounts of Sichuan Dachuan prepared under the PRC GAAP as at 30 September 2012, the total assets and net assets of Sichuan Dachuan were RMB659,780,503.77 and RMB284,498,621.83, respectively. The total profits/(loss) attributable to the equity to be acquired, which is 100% of the equity interests of Sichuan Dachuan, for the two years ended 31 December 2010 and 31 December 2011, prepared under the PRC GAAP, were as follows:

	<b>F r t e e a r e d e d</b> <b>31 e e b e r 2 0 1 0</b> <i>(audited)</i>	<i>Unit: RMB</i> <b>F r t e e a r e d e d</b> <b>31 e e b e r 2 0 1 1</b> <i>(audited)</i>
Net profit/(loss) attributable to the equity interests to be acquired in Sichuan Dachuan (before taxation and extraordinary items)	122,212,357.56	68,891,600.64
Net profit/(loss) attributable to the equity interests to be acquired in Sichuan Dachuan (after taxation and extraordinary items)	113,967,085.30	51,611,192.67

Sichuan Zhongneng is a company incorporated in the PRC and a wholly-owned subsidiary of BEIH. Sichuan Zhongneng is primarily engaged in hydropower energy generation in Sichuan Province.

Based on the audited financial accounts of Sichuan Zhongneng prepared under the PRC GAAP as at 30 September 2012, the total assets and net assets of Sichuan Zhongneng were RMB290,002,403.02 and RMB155,747,599.15, respectively. The total profits/(loss) attributable to the equity to be acquired, which is 100% of the equity interests of Sichuan Dachuan, for the two years ended 31 December 2010 and 31 December 2011, prepared under the PRC GAAP, were as follows:

	<b>F</b> <b>r t e</b> <b>31 e e</b> <i>(audited)</i>	<b>ear e ded</b> <b>ber2 010</b> <i>(audited)</i>	<i>Unit: RMB</i> <b>F</b> <b>r t e</b> <b>31 e e</b> <i>(audited)</i>	<b>ear e ded</b> <b>ber2 011</b> <i>(audited)</i>
Net profit/(loss) attributable to the equity interests to be acquired in Sichuan Zhongneng (before taxation and extraordinary items)		115,098,479.70		39,447,147.29
Net profit/(loss) attributable to the equity interests to be acquired in Sichuan Zhongneng (after taxation and extraordinary items)		96,343,980.32		38,093,482.13

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The following is the qualification of the expert who has given their opinion and advice included in this announcement:

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Deloitte Touche Tohmatsu Certified Public Accountants

As at the date of this announcement, Deloitte Touche Tohmatsu do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group.

Deloitte Touche Tohmatsu have given and have not withdrawn their consent to the publication of this announcement with inclusion of their report and all reference to their name in the form and context in which it appears.



As at the date of this announcement, BEIH directly holds 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. In addition, as BDHG is a subsidiary of BEIH, it is 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. As a result, the transactions under the ETA(1), ETA(2) and ETA(3) constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Considering the transactions under the ETA(1), ETA(2) and ETA(3) were entered into by the Company with parties connected with each other within a period of 12 months, such transactions shall 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), ETA(2) and ETA(3), after aggregation, exceeds 5% but is less than 25%, the Proposed Acquisitions constitute (i) discloseable transactions subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) connected transactions subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As disclosed in the "Relationship with our Controlling Shareholder" section of the Prospectus, BEIH has granted the Company the acquisition options which is exercisable at any time during the term of the Non-competition Agreements to purchase any equity interest which form part/or all of the business retained by BEIH. The independent non-executive Directors will be responsible for reviewing, considering and deciding whether or not to exercise the acquisition options. Accordingly, the independent non-executive Directors had convened a meeting to consider the exercise of, and had resolved to exercise, the acquisition options to acquire the 100% equity interests in Sichuan Dachuan and Sichuan Zhongneng. The Board has also resolved and approved the ETA(2), ETA(3) and the transactions contemplated thereunder. Mr. LU Haijun, Mr. GUO Mingxing, Mr. XU Jingfu and Mr. LIU Guochen, concurrently serving as Directors and directors and/or management members of BEIH, have material interests in the transactions between the Company and BEIH, and have all abstained from voting on the Board resolution approving the Proposed Acquisitions.

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

BEIH, BDHG, BIEE and BSAMAC will abstain from voting at the EGM on the ordinary resolutions approving the Proposed Acquisitions. BSAMAC, the holding entity of BEIH, T•aMHHZ--8 associate of BEIHBDHG andBIEE defined in Chapter of the Listing



“China” or “PRC”	the People’s Republic of China (excluding, for the purposes of this announcement, Hong Kong, Macau and Taiwan)
“China Assets Appraisal”	(China Assets Appraisal Co., Ltd.), an independent assets appraisal firm qualified in the PRC
“Company”	Beijing Jingneng Clean Energy Co., Limited ( ), 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 third extraordinary general meeting of 2012 of the Company to be held on 31 December 2012
“ETA(1)”	the equity transfer agreement entered into between the Company and BEIH on 24 July 2012 in respect of the acquisition of a 19.97% equity interest in Jingqiao Power by the Company
“ETA(2)”	the equity transfer agreement entered into between the Company and BEIH on 13 November 2012 in respect of the acquisition of a 100% equity interest in Sichuan Dachuan by the Company
“ETA(3)”	the equity transfer agreement entered into between the Company and BEIH on 13 November 2012 in respect of the acquisition of a 100% equity interest in Sichuan Zhongneng by the Company
“Group”	the Company together with its subsidiaries
“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 consisting of Mr. LIU Chaoan, Mr. SHI Xiaomin, Ms. LAU Miu Man and Mr. Wei Yuan, who are independent non-executive Directors, ~~formed~~ [3ind56PMtee”N]6•a5H

"subsidiary(ies)"

has the meaning ascribed to it in the Listing Rules

"%"

per cent

By order of the Board  
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Ha j  
Chairman

Beijing, the PRC  
13 November 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, Mr. Yu Zhongfu and Mr. Jin Yudan; the executive director of the Company is Mr. Chen Ruijun; and the independent non-executive directors of the Company are Mr. Liu Chaoan, Mr. Shi Xiaomin, Ms. Lau Miu Man and Mr. Wei Yuan.*

Set out below is the text of the letter received by the Directors from the reporting accountants of our Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this announcement in connection with the profit forecast.

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Deloitte Touche Tohmatsu  
35/F One Pacific Place  
88 Queensway Hong  
Hong Kong

To the Directors of Beijing Jingneng Clean Energy Co., Limited

T M T U H F W RT W T U TH TH V T F T R  
T R T H U H W R T H U ZH G U Y G  
U R T U

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by (China Assets Appraisal Co., Ltd., English name for identification purpose) dated 31 October 2012, of 100% equity interests in Sichuan Dachuan Power Co., Ltd. ("Sichuan Dachuan") and Sichuan Zhongneng Power Co., Ltd. ("Sichuan Zhongneng") at 30 September 2012 (the "Valuation") is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and reference to the Valuation will be included in announcement dated 13 November 2012 issued by Beijing Jingneng Clean Energy Co., Limited (the "Company") in connection with the proposed acquisitions of 100% equity interests in Sichuan Dachuan and Sichuan Zhongneng (the "Announcement").

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The directors of the Company are responsible for the reasonableness and validity of the assumptions, as set out in the Announcement (the "Assumptions"), based on which the discounted future estimated cash flows and the Valuation are prepared.

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It is our responsibility to form an opinion on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions. Our work does not constitute any valuation of Sichuan Dachuan and Sichuan Zhongneng.



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Because the Valuation relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express any opinion whatsoever thereon.

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Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions.

**el tte T , e T at**  
*Certified Public Accountants*  
Hong Kong

13 November 2012



BJCE

(A joint stock company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 0059)

13 November 2012

Listing Division  
The Stock Exchange of Hong Kong Limited  
11/F., One International Finance Centre,  
1 Harbour View Street,  
Central,  
Hong Kong

Dear Sirs,

Re: Sichuan Dachuan 100% subsidiary of Sichuan Zhongneng

We refer to the valuation reports dated 31 October 2012 prepared by China Assets Appraisal in relation the valuations of Sichuan Dachuan and Sichuan Zhongneng, the valuation of which constitute profit forecasts under Rule 14.61 of the Listing Rules. Terms defined in this announcement shall have the same meanings in this letter unless the context otherwise requires.

We have reviewed the bases and assumptions based upon which the valuations of Sichuan Dachuan and Sichuan Zhongneng have been prepared and reviewed the valuations by China Assets Appraisal for which China Assets Appraisal is responsible. We have also considered the report from the reporting accountants of the Company, Deloitte Touche Tohmatsu, regarding whether the discounted future estimated cash flows of Sichuan Dachuan and Sichuan Zhongneng, so far as the calculations are concerned, have been properly complied, in all material respects, in accordance with their respective bases and assumptions.

On the basis of the foregoing, we are of the opinion that the valuations prepared by China Assets Appraisal have been made after due and careful enquiries.

Yours faithfully

For and on behalf of the Board of  
BJCE  
Chairman