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## OUR HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

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### OUR HISTORY AND DEVELOPMENT

#### History and Background

Our Company was established as a foreign-invested joint stock limited company under the PRC Company Law on August 25, 2010, and converted from our predecessor Beijing Jingneng Technology. Our Company is the primary entity through which BEIH, our controlling shareholder, engages in the clean energy business, with our main focus on the natural gas-fired and wind power businesses.

The predecessor of Beijing Jingneng Technology, Beijing Energy Investment was established in February 1993 by Beijing Comprehensive Investment Company (北京市綜合投資公司) (one of the predecessors of BEIH), a state-owned enterprise.

As at May 25, 2009, the registered capital of Beijing Jingneng Technology was RMB1 billion which had been fully paid by BEIH. In December 2009, a capital increase agreement was entered into between BEIH and its wholly owned subsidiary, BIEE. According to this agreement, the registered capital of Beijing Jingneng Technology was increased to RMB1,006,441,224. BIEE paid the additional capital of RMB6,441,224. After the capital increase, BEIH and BIEE held approximately 99.36% and 0.64%, respectively, of the equity interest in Beijing Jingneng Technology.

#### Strategic Investment

On January 21, 2010, a capital increase agreement was entered into by and among Beijing Jingneng Technology, BEIH, BIEE and our strategic investors, being BSAMAC, BDHG, Shenghui, BEETI and Barclays. According to this agreement, the registered capital of Beijing Jingneng Technology was increased from RMB1,006,441,224 to RMB1,166,212,312. BSAMAC, BDHG, Shenghui, BEETI and Barclays paid RMB53,680,753, RMB3,836,839, RMB15,335,692, RMB51,126,748 and RMB35,791,056, respectively, of the additional registered capital. The capital contributions were fully paid as of April 29, 2010. Following the capital increase, as of the Latest Practicable Date, BEIH, BIEE, BSAMAC, BDHG, Shenghui, BEETI and Barclays held approximately 85.75%, 0.55%, 4.60%, 0.33%, 1.32%, 4.38% and 3.07%, respectively, of the equity interest in our Company. Under this capital increase agreement no special rights were given to strategic investors, which are superior to the rights of other Shareholders. Barclays informed the Company that it entered into a hedging transaction on May 11, 2010 with an Independent Third Party with respect to certain number of Shares it holds. Barclays informed us that pursuant to the hedging arrangement, Barclays has transferred merely the economic interests of those Shares to its counterparty, while Barclays still retains all the other shareholder's rights (such as voting rights and disposal rights). Barclays further informed us that Barclays will comply with the relevant regulatory requirements such as lock-up undertaking with respect to those Shares. Please see the section headed "Share Capital—Our Shares" for details of the lock-up undertaking.

BSAMAC was established as the platform for capital maintenance and increment of state-owned assets as well as to support the Beijing Municipality Government's strategic adjustments to the state-owned assets and reorganization of state-owned enterprises. BDHG is a state-owned company which operates a central heating supply network in Beijing.

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Shenghui is an investment company focusing on private equity investment in China. BEETI is a wholly owned subsidiary of Beijing Enterprises Holdings Limited which is mainly engaged in public utilities business. Barclays is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services.

### Milestones in Our History

We have achieved the following important milestones in our development into a leading diversified clean energy generation group.

- 1993 Beijing Energy Investment was established.
- 2003 We entered into the wind power industry in the PRC.
- 2006 Beijing Jingneng Technology was established as a limited liability company under the Company Law, converting from its predecessor, Beijing Energy Investment.
- 2006 The construction of our first natural gas-fired power project was completed in Beijing.
- 2007 The construction of our first wind farm was completed in Inner Mongolia.
- 2009 A capital increase agreement was entered into between BEIH and BIEE which is wholly owned by BEIH. According to this agreement, BIEE paid the additional registered capital of RMB6,441,224 and held a 0.64% equity interest in our Company.
- 2010 Our Company underwent our Reorganization in preparation for the Global Offering, through which, assets and business relating to clean energy were injected into our Company by BEIH.
- 2010 A capital increase agreement was entered into by and among Beijing Jingneng Technology, BEIH, BIEE and our strategic investors, being BSAMAC, BDHG, Shenghui, BEETI and Barclays. BSAMAC, BDHG, Shenghui, BEETI and Barclays paid the additional registered capital of RMB 159,771,088 and following the capital increase, as of the Latest Practicable Date, BEIH, BIEE, BSAMAC, BDHG, Shenghui, BEETI and Barclays held 85.75%, 0.55%, 4.60%, 0.33%, 1.32%, 4.38% and 3.07%, respectively, of the equity interest in our Company.
- 2010 Our Company was established as a foreign invested joint stock limited liability company upon completion of the Reorganization.

### REORGANIZATION

We underwent our Reorganization in preparation for the Global Offering. Pursuant to several equity transfer agreements entered into in December 2009 and the Reorganization Agreement dated June 13, 2010, BEIH transferred to our Company for nil consideration the following equity investments:

- the entire equity interest in Jingfeng Power
- the entire equity interest in Sanlian Power

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- the entire equity interest in Beijing Huafu Energy
- the entire equity interest in New Energy
- a 74% equity interest in Taiyanggong Power
- a 78% equity interest in Jingqiao Power
- a 9.28% equity interest in Beijing Jingneng International

Pursuant to several equity transfer agreements entered into in December 2009 and the Reorganization Agreement, the Company transferred its equity interests in certain companies to BEIH and its wholly-owned subsidiary, Beijing Yuanshen Energy-saving Technology Co., Ltd. (北京源深節能技術有限責任公司), for nil consideration. The businesses of these companies are not inherently related to and do not compete with our business operations. The Company also transferred a 46.92% equity interest in Beijing Keliyuan Thermal Power Co., Ltd. (北京科利源熱電有限公司) to BDHG for nil consideration. As at the time of the transfer, Beijing Keliyuan Thermal Power Co., Ltd., as the Company understands, was engaged in coal-fired power and heat generation and its business was not inherently related to our business. The Group has entered into a memorandum of understanding dated May 19, 2008 with BDHG relating to the development of a regional energy project. Subject to finalization of the terms and structure of this project, the Group may undertake this project.

On August 25, 2010, the Company was converted from a Sino-foreign owned company with limited liability to a foreign-invested joint stock limited liability company.

### Representations and warranties

BEIH provided certain representations and warranties in favor of the Company in respect of the Reorganization, including, among others:

- the execution and performance of the Reorganization Agreement by BEIH will not conflict with or result in breach of (i) its articles of association, business license or other constitutional documents; (ii) any laws of the PRC or any court judgments, arbitral awards, administrative rulings or orders that BEIH or its assets are subject to; and (iii) any contracts or undertakings or warranties;
- the assets injected by BEIH to us were lawfully and beneficially owned by BEIH; and
- all the information provided by BEIH was complete, true and accurate in all material aspects.

### Indemnities

BEIH agreed to indemnify us against, among other things:

- losses incurred as a result of any representations and warranties being untrue, misleading or with any material omission; and

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- save as disclosed, losses incurred as a result of causes relating to the assets injected to us which had arisen before the benchmark date of each respective transfer unless the same had been expressly disclosed in the respective accountants' report.

### Non-Competition Agreements

We entered into a non-competition agreement with BEIH on June 13, 2011 and a supplemental non-competition agreement on December 2, 2011. Please see the section headed "Relationship with Our Controlling Shareholder" for details.

### Approvals

The Reorganization was approved by relevant PRC authorities. Our PRC legal advisor confirmed that we have obtained all the necessary approvals from the relevant PRC government authorities with respect to the Reorganization.

### ACQUISITIONS AND TRANSFERS

Pursuant to an equity transfer agreement dated May 21, 2010, our Company acquired the entire equity interest in Tengchong HydroPower from Tengchong Hengyi Mineral Industrial Co., Ltd. (騰沖恒益礦產實業有限公司), an Independent Third Party for a consideration of RMB52 million which was determined with reference to the valuation conducted by an independent valuer. The transfer was completed in 2010. As advised by our PRC legal advisor, the transfer was duly approved under the PRC law.

According to a shareholders resolution of Jingqiao Power dated November 11, 2010, it was resolved that the registered capital of Jingqiao Power be increased. After the capital increase, we and BDHG held a 80.03% and 19.97% equity interest, respectively, in Jingqiao Power. As advised by our PRC legal advisor, the capital increase was duly approved under the PRC law.

New Energy entered into an equity transfer agreement with Beijing Jingneng International on November 25, 2010, pursuant to which Beijing Jingneng International agreed to transfer the entire equity interest in Balingyou Wind Power to New Energy for a consideration of RMB3 million, which was determined with reference to an asset valuation report issued by an Independent Third Party. Balingyou Wind Power is a project company and had not commenced any operations as at the date of the agreement. As advised by our PRC legal advisor, the transfer was approved by the relevant PRC authorities in December 2010.

The Company entered into an equity transfer agreement with BEIH on April 28, 2011, pursuant to which BEIH agreed to transfer the entire equity interest in Gaoantun Power to the Company for a consideration of RMB81,320,000, which was determined with reference to an asset valuation report issued by an Independent Third Party. Gaoantun Power is a project company and had not commenced any operations as at the date of the agreement. As advised by our PRC legal advisor, the transfer was approved by the relevant PRC authorities in May 2011.

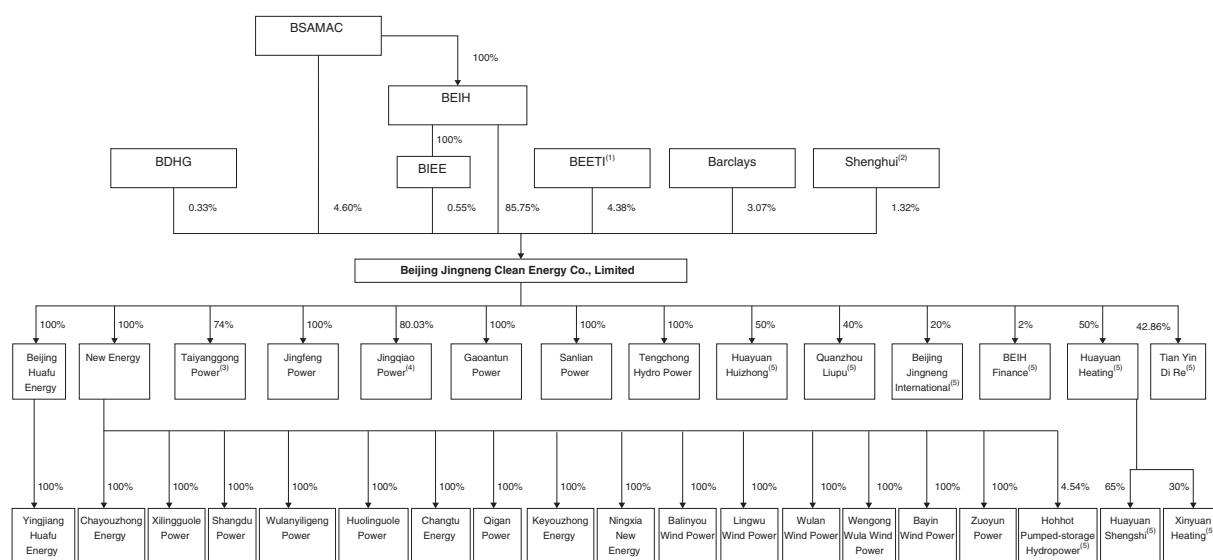
New Energy entered into an equity transfer agreement with BEIH on December 29, 2010, pursuant to which New Energy agreed to transfer a 60% equity interest it held in

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Shangdong Jingneng Energy to BEIH for a consideration of RMB19,263,600, which was determined with reference to an asset valuation report issued by an Independent Third Party. As advised by our PRC legal advisor, the transfer was approved by the relevant PRC authorities in January 2011.

New Energy entered into an equity transfer agreement with BEIH on December 29, 2010, pursuant to which New Energy agreed to transfer a 40% equity interest it held in Guodian Tangyuan to BEIH for a consideration of RMB15,782,000, which was determined with reference to an asset valuation report issued by an Independent Third Party. As advised by our PRC legal advisor, the transfer was approved by the relevant PRC authorities in January 2011.

The following chart sets out our ownership and corporate structure as at the Latest Practicable Date.



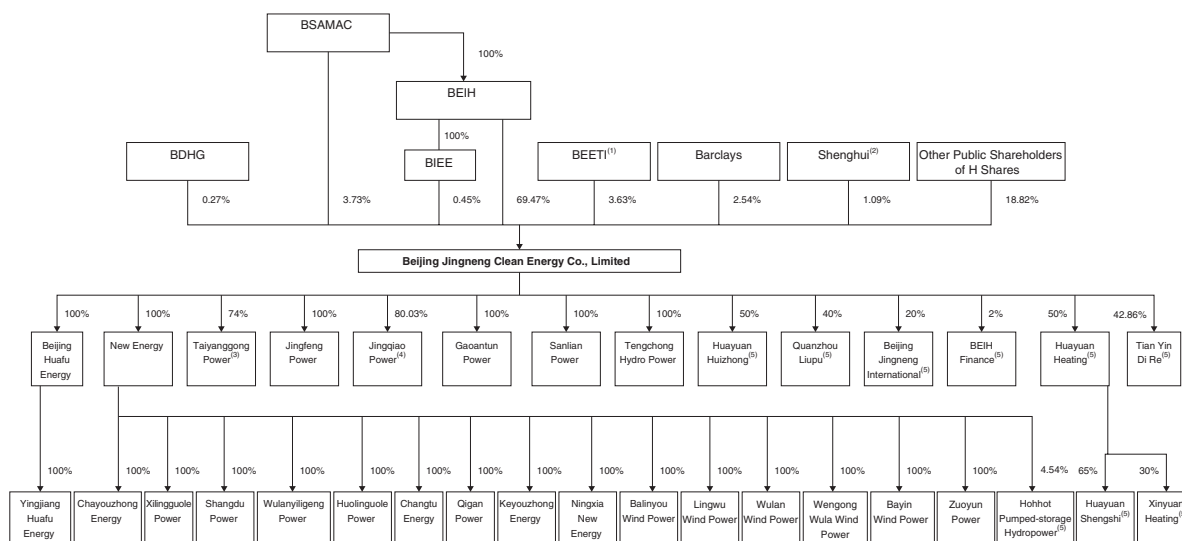
**Notes:**

- (1) As at the Latest Practicable Date, BEETI was wholly owned by Beijing Enterprises Energy Technology (Hong Kong) Co., Ltd. which was in turn wholly owned by Beijing Enterprises Holdings Limited, a company listed on the Main Board of the Stock Exchange.
- (2) As at the Latest Practicable Date, MA Liqun (馬利全), CHEN Li (陳麗), KONG Lingwu (孔令武), LIANG Jinhua (梁錦華), XU Bin (徐濱), LIU Liyan (劉麗豔), TAN Ming (譚明) and SHI Jiali (施家立), who are Independent Third Parties, held 48.9%, 35%, 5.55%, 5.55%, 2.2%, 2.2%, 0.3% and 0.3%, respectively, of the equity interest in Shenghui.
- (3) The remaining 26% equity interest in Taiyanggong Power is owned by GD Power Development, whose shares are listed on the Shanghai Stock Exchange.
- (4) The remaining 19.97% equity interest in Jingqiao Power is owned by BDHG, a state-owned company.
- (5) Not a subsidiary of the Company.

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## OUR CORPORATE STRUCTURE

The following chart sets out our ownership and corporate structure immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised:



**Notes:**

- (1) As at the Latest Practicable Date, BEETI was wholly owned by Beijing Enterprises Energy Technology (Hong Kong) Co., Ltd. which was in turn wholly owned by Beijing Enterprises Holdings Limited, a company listed on the Main Board of the Stock Exchange.
- (2) As at the Latest Practicable Date, MA Liquan (馬利全), CHEN Li (陳麗), KONG Lingwu (孔令武), LIANG Jinhua (梁錦華), XU Bin (徐濱), LIU Liyan (劉麗豔), TAN Ming (譚明) and SHI Jiali (施家立), who are Independent Third parties, held 48.9%, 35%, 5.55%, 5.55%, 2.2%, 2.2%, 0.3% and 0.3%, respectively, of the equity interest in Shenghui.
- (3) The remaining 26% equity interest in Taiyanggong Power is owned by GD Power Development, whose shares are listed on the Shanghai Stock Exchange.
- (4) The remaining 19.97% equity interest in Jingqiao Power is owned by BDHG, a state-owned company.
- (5) Not a subsidiary of the Company.