

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**CONNECTED TRANSACTION AND CONTINUING CONNECTED
TRANSACTION
IN RELATION TO
FINANCE LEASE ARRANGEMENT**

FINANCE LEASE AGREEMENT

The Board is pleased to announce that on 25 July 2014, Wulanyiligeng Power, a wholly owned subsidiary of the Company, entered into the Finance Lease Agreement with Jingneng Leasing, pursuant to which, Wulanyiligeng Power has agreed to lease from Jingneng Leasing the Lease Assets, which shall be transferred from Wulanyiligeng Power to Jingneng Leasing at the Transfer Consideration of RMB300 million (equivalent to approximately HK\$379.7468 million).

The Lease Consideration consists of the principal amount of RMB300 million (equivalent to approximately HK\$379.7468 million) and lease interests. The annual lease interest rate is 5.84% as at the date of the Finance Lease Agreement, which is equivalent to 5% below the annual RMB benchmark lending rate for term loans of three years promulgated by the PBOC. In the event that PBOC adjusts the annual RMB benchmark lending rate for term loans of three years, the lease interests rate under the Finance Lease Agreement will be adjusted accordingly. The Lease Consideration will be paid by Wulanyiligeng Power in ten instalments on a three-month basis.

LISTING RULES IMPLICATIONS

As Wulanyiligeng Power is a wholly owned subsidiary of the Company and Jingneng Leasing is a wholly owned subsidiary of BEIH, the controlling shareholder of the Company, Jingneng Leasing is a connected person of the Company under Chapter 14A Listing Rules. Accordingly, the transaction in respect of the transfer of the Lease Assets from Wulanyiligeng Power to Jingneng Leasing contemplated under the Finance Lease Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The transaction in respect of the lease of

the Lease Assets from Jingneng Leasing to Wulanyiligeng Power contemplated under the Finance Lease Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio applied in accordance with Rule 14.07 of the Listing Rules in respect of the transfer of the Lease Assets from Wulanyiligeng Power to Jingneng Leasing contemplated under the Finance Lease Agreement exceeds 0.1% but is less than 5%, the transaction is subject to reporting and announcement but is exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio applied in accordance with Rule 14.07 of the Listing Rules in respect of the lease of the Lease Assets (including the annual caps) contemplated under the Finance Lease Agreement exceeds 0.1% but is less than 5%, the transaction and the annual caps contemplated thereunder are subject to reporting and announcement but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. FINANCE LEASE AGREEMENT

Date

25 July 2014

Parties

Lessor: Jingneng Leasing, a wholly owned subsidiary of BEIH, the controlling shareholder of the Company

Lessee: Wulanyiligeng Power, a wholly owned subsidiary of the Company

On 25 July 2014, Wulanyiligeng Power entered into the Finance Lease Agreement with Jingneng Leasing, pursuant to which, Wulanyiligeng Power has agreed to lease from Jingneng Leasing the Lease Assets, which shall be transferred from Wulanyiligeng Power to Jingneng Leasing at the Transfer Consideration of RMB300 million (equivalent to approximately HK\$379.7468 million).

Lease Assets

The Lease Assets are 44 sets of 77/1500KW wind power generators currently owned by Wulanyiligeng Power, the ownership of which will be transferred to Jingneng Leasing pursuant to the Finance Lease Agreement.

As at 30 June 2014, the book value of the Lease Assets was approximately RMB306.67 million (equivalent to approximately HK\$388.1899 million).

Purchase of the Lease Assets by Jingneng Leasing

Pursuant to the Finance Lease Agreement, Wulanyiligeng Power has conditionally agreed to sell the Lease Assets at the Transfer Consideration of RMB300 million (equivalent to approximately HK\$379.7468 million).

The Transfer Consideration was determined after arm's length negotiations between Wulanyiligeng Power and Jingneng Leasing with reference to the book value of the Lease Assets as at the date of the Finance Lease Agreement. In the event that Jingneng Leasing considers the book value is unreasonable or cannot reflect the real situation of the Lease Assets, Jingneng Leasing will be entitled to conduct appraisal to the Lease Assets at its own expense and determine the Transfer Consideration after discussion with Wulanyiligeng Power.

Lease Period

The lease period for the Lease Assets is 30 months, commencing from 25 July 2014 to 25 January 2017.

Lease Consideration and Payment

The Lease Consideration consists of the principal amount of RMB300 million (equivalent to approximately HK\$379.7468 million) and lease interests. The annual lease interest rate is 5.84% as at the date of the Finance Lease Agreement, which is equivalent to 5% below the annual RMB benchmark lending rate for term loans of three years promulgated by the PBOC. Based on this interest rate, the total amount of lease interests for the entire term of the Finance Lease Agreement is approximately RMB44.20 million (equivalent to approximately HK\$55.9494 million). The Lease Consideration will be paid by Wulanyiligeng Power in ten instalments on a three-month basis.

In the event that PBOC adjusts the annual RMB benchmark lending rate for term loans of three years, the lease interests rate under the Finance Lease Agreement will be adjusted accordingly. Jingneng Leasing will issue a notice of adjustment to the Lease Consideration to Wulanyiligeng Power. Assuming the annual RMB benchmark lending rate for term loans of three years remains unchanged throughout the lease period, the Lease Consideration for the entire term of the Finance Lease Agreement is approximately RMB344.20 million (equivalent to approximately HK\$435.6962 million).

The Lease Consideration has been determined after arm's length negotiations between Wulanyiligeng Power and Jingneng Leasing with reference to the prevailing market rate for comparable assets finance leases.

Annual Caps and Basis of Determination

	25 July 2014 to 31 December 2014	1 January 2015 to 31 December 2015	1 January 2016 to 31 December 2016	1 January 2017 to 25 January 2017
Annual caps	approximately RMB13.22 million (equivalent to approximately HK\$16.7342 million)	approximately RMB51.69 million (equivalent to approximately HK\$65.4304 million)	approximately RMB51.62 million (equivalent to approximately HK\$65.3418 million)	approximately RMB299.67 million (equivalent to approximately HK\$379.3291 million)

The annual caps were determined in reference to, inter alia, (1) the annual lease rent to be paid for each of the financial years within the lease period of 30 months from 25 July 2014 to 25 January 2017 under the Finance Lease Agreement; (2) the prevalent market conditions (including the interest rate, which is no less favourable than those offered by an independent third party for similar services) and the potential adjustment by PBOC of the annual RMB benchmark lending rate for term loans of three years in the future; (3) the historical annual cash flow of Wulanyiligeng Power for the three years ended 31 December 2011, 31 December 2012 and 31 December 2013 and the future development potential of Wulanyiligeng Power; and (4) the nature, value and expected useful life of the Lease Assets.

Ownership and Purchase Option

Titles of the Lease Assets shall vest in Jingneng Leasing throughout the lease period.

Upon the expiry of the Finance Lease Agreement and on the condition that Wulanyiligeng Power has paid up the Lease Consideration contemplated under the Finance Lease Agreement, Wulanyiligeng Power has an option to purchase the Lease Assets from Jingneng Leasing at a nominal price of RMB100 (equivalent to approximately HK\$126.58).

Transfer of Rights, Interests and Obligations

Wulanyiligeng Power shall not, without the prior written consent of Jingneng Leasing, transfer, sublease, mortgage, pledge, invest in or make other use of the Lease Assets that may infringe the ownership of Jingneng Leasing to the Lease Assets.

2. REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT

The entering into of the Finance Lease Agreement and participation in the finance lease business will expand the financing channels and innovate the financing methods of the Company. It also enables the Company to control financing risk and lower the financing cost for the follow-on construction projects of Wulanyiligeng Power.

3. LISTING RULES IMPLICATIONS

As Wulanyiligeng Power is a wholly owned subsidiary of the Company and Jingneng Leasing is a wholly owned subsidiary of BEIH, the controlling shareholder of the Company, therefore Jingneng Leasing is a connected person of the Company under Chapter 14A Listing Rules. Accordingly, the transaction in respect of the transfer of the Lease Assets from Wulanyiligeng Power to Jingneng Leasing contemplated under the Finance Lease Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The transaction in respect of the lease of the Lease Assets by Wulanyiligeng Power from Jingneng Leasing contemplated under the Finance Lease Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio applied in accordance with Rule 14.07 of the Listing Rules in respect of the Lease Assets from Wulanyiligeng Power to Jingneng Leasing contemplated under the Finance Lease Agreement exceeds 0.1% but is less than 5%, the transaction is subject to reporting and announcement but is exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio applied in accordance with Rule 14.07 of the Listing Rules in respect of the transaction of the lease of the Lease Assets (including the annual caps) contemplated under the Finance Lease Agreement exceeds 0.1% but is less than 5%, the transaction and the annual caps contemplated thereunder are subject to reporting and announcement but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Due to their positions in BEIH, Mr. Lu Haijun, Mr. Guo Mingxing, Mr. Xu Jingfu and Mr. Liu Guochen have all abstained from voting on the Board resolutions approving the Finance Lease Agreement and the transactions (including the annual caps) contemplated under the Finance Lease Agreement. Save as disclosed above, none of the Directors has material interest in the transactions contemplated under the Finance Lease Agreement. The Directors (including the independent non-executive Directors) are of the view that the terms of the Finance Lease Agreement (including the annual caps) are on normal commercial terms and fair and reasonable and are also in the interest of the Company and its Shareholders as a whole.

4. EXCHANGE RATE CONVERSION

For exchange rate conversion throughout this announcement, amounts denominated in RMB have been converted based on the rates of HK\$1.00 : RMB0.79 (for the purpose of illustration only).

5. INFORMATION ON THE PARTIES

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.

BEIH

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 64.521% of the issued share capital of the Company.

Wulanyiligeng Power

Wulanyiligeng Power, registered and established in the PRC, is a wholly owned subsidiary of the Company, mainly engages in wind power generation and solar photovoltaic power generation.

Jingneng Leasing

Jingneng Leasing is a company registered and established in the PRC and a wholly owned subsidiary of BEIH. Jingneng Leasing mainly engages in finance leasing, leasing, purchasing leasing assets from abroad and domestic vendors, salvage value disposal and maintenance of the leasing asset, lease transaction consultation and guarantee.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“BEIH”	Beijing Energy Investment Holding Co., Ltd. (北京能源投資(集團)有限公司), a limited liability company incorporated in the PRC and the controlling shareholder of the Company which directly held 64.521% of the total issued share capital of the Company as at the date of this announcement
--------	---

“Board”	the board of directors of the Company
“Company”	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 limited company incorporated in the PRC with limited liability, whose H shares are listed on Hong Kong Stock Exchange
“Directors”	the director(s) of the Company
“Finance Lease Agreement”	the Finance Lease Agreement dated 25 July 2014 entered into between Jingneng Leasing and Wulanyiligeng Power
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Shareholder(s)”	shareholders other than BEIH and its associates, and who are not involved in, or interested in the transactions contemplated under the Finance Lease Agreement
“Jingneng Leasing”	Shenzhen Jingneng Finance Lease Limited (深圳京能融資租賃有限公司), a company incorporated in the PRC with limited liability and a wholly owned subsidiary of BEIH
“Lease Consideration”	the total consideration to be paid by Wulanyiligeng Power to Jingneng Leasing under the Finance Lease Agreement, which consists of the principal amount of RMB300 million (equivalent to approximately HK\$379.7468 million) and the lease interests
“Leasing Assets”	the lease assets to be transferred and leased under the Finance Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC”	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, the Macau Special Administrative Region and Taiwan
“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
“Transfer Consideration”	the consideration of RMB300 million (equivalent to approximately HK\$379.7468 million) to be paid by Jingneng Leasing to Wulanyiligeng Power in relation to the purchase of the Lease Assets under the Finance Lease Agreement
“Wulanyiligeng Power”	Inner Mongolia Jingneng Wulanyiligeng Wind Power Co., Ltd. (內蒙古京能烏蘭伊力更風力發電有限責任公司), a wholly owned subsidiary of the Company incorporated in the PRC

Save and except for those defined above or the context requires otherwise, the expressions, such as “associate”, “connected person”, “connected transaction”, “continuing connected transaction”, “subsidiary” and “controlling shareholder”, have the meaning ascribed to them in the Listing Rules.

By order of the Board
Beijing Jingneng Clean Energy Co., Limited
LU Haijun
Chairman

Beijing, the PRC
25 July 2014

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. Li Fuqiang, Ms. Lau Miu Man and Mr. Wei Yuan.