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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

**CHANGE OF DIRECTORS
CONTINUING CONNECTED TRANSACTIONS
AND
DISCLOSABLE TRANSACTION**

SUMMARY

Change of Directors

25 October 2016, the Board considered and approved the resolutions in relation to the nomination of Mr. Zhao Wei (“**Mr. Zhao**”) as a non-executive Director and each of Mr. Huang Xiang (“**Mr. Huang**”) and Mr. Chan Yin Tsung (“**Mr. Chan**”) as an independent non-executive Director. The resolutions in relation to Mr. Zhao as a non-executive Director, and Mr. Huang and Mr. Chan as independent non-executive Directors are subject to consideration and approval by the Shareholders at the EGM. The Board also resolved to appoint Mr. Huang as the chairman of the remuneration and nomination committee of the Board and a member of the audit committee of the Board and Mr. Chan as the chairman of the audit committee of the Board upon their respective approval as Independent Non-executive Director by the Shareholders at the EGM.

The Board also announces that Mr. Jin Yudan (“**Mr. Jin**”) has resigned as a non-executive Director, Mr. Liu Chaoan (“**Mr. Liu**”) has resigned as an independent non-executive Director, chairman and member of the remuneration and nomination committee of the Board and a member of the audit committee of the Board and Ms. Lau Miu Man (“**Ms. Lau**”) has resigned as an independent non-executive Director and chairman and member of the audit committee of the Board.

Continuing Connected Transactions Framework Agreements

We refer to the announcement of the Company dated 19 March 2014 and the circular of the Company dated 25 April 2014, in relation to, among other things, certain continuing connected transactions framework agreements entered into between the Company and BEH and its associates. On 25 October 2016, the Company entered into the Continuing Connected Transactions Framework Agreements with BEH and/or its associates, including: (i) the Framework Equipment Maintenance Agreement; (ii) the Framework Service Agreement; (iii) the Framework Operating Agreement; (iv) the EPC Framework Agreement; (v) the Equipment Purchase Framework Agreement; (vi) the Financial Lease Framework Agreement; (vii) the Framework Heat Sale and Purchase Agreement; and (viii) the Financial Services Framework Agreement. Each Continuing Connected Transactions Framework Agreement is for a term of three years commencing from 1 January 2017 and ending on 31 December 2019.

As each of the percentage ratio(s) applicable to the transactions under (i) the Framework Equipment Maintenance Agreement, (ii) the Framework Service Agreement, (iii) the Framework Operating Agreement, (iv) the EPC Framework Agreement, (v) the Equipment Purchase Framework Agreement and (vi) the Financial Lease Framework Agreement for each of the three years ending 31 December 2019 is more than 0.1% but less than 5% on an annual basis, respectively, each of such transactions constitutes a continuing connected transaction and is subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement according to Chapter 14A of the Listing Rules.

As the highest percentage ratio applicable to the transactions contemplated under the Framework Heat Sale and Purchase Agreement for each of the three years ending 31 December 2019 is more than 5% on an annual basis, such transaction constitutes a continuing connected transaction and is subject to the reporting and announcement requirements and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the highest percentage ratio applicable to the deposit services contemplated under the Financial Services Framework Agreement for each of the three years ending 31 December 2019 is more than 5% on an annual basis, such transaction constitutes a continuing connected transaction and is subject to the reporting and announcement requirements and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The deposit services contemplated under the Financial Services Framework Agreement also constitute a financial assistance under Rule 14.04(1)(e) of the Listing Rules and given that the relevant highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceeds 5% but is less than 25%, the deposit services contemplated under the Financial Services Framework Agreement constitute discloseable transactions of the Company and are subject to the notification and announcement but are exempt from circular and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

The loan services to be provided by BEH Finance to the Group under the Financial Services Framework Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Group. As such services are provided on normal commercial terms which are similar to or more favourable than those offered by Independent Third Parties for comparable services in the PRC, and no security over the assets of the Group will be granted in respect thereof, pursuant to the Rule 14A.90 of the Listing rules, the loan services are exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of the percentage ratio(s) applicable to the other financial services under the Financial Services Framework Agreement for each of the three years ending 31 December 2019 is more than 0.1% but less than 5% on an annual basis, respectively, such transaction constitutes the continuing connected transaction and is subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Property Lease Framework Agreement

Reference is made to the section headed "Connected Transactions" of the Prospectus and the announcement of the Company dated 19 March 2014, respectively, in which the Company disclosed the annual caps for the three years ended 31 December 2013 and the three years ended 31 December 2016, respectively, of its continuing connected transactions with BEH and/or its associates contemplated under the Property Lease Framework Agreement dated 23 May 2011. The Property Lease Framework Agreement is for a term of twenty years commencing on the listing date of the Company.

On 25 October 2016, the Board resolved to set the annual caps for such continuing connected transactions under the Property Lease Framework Agreement for the three years ending 31 December 2019.

According to Chapter 14A of the Listing Rules as each of the percentage ratio(s) applicable to the transaction under the Property Lease Framework Agreement for each of the three years ending 31 December 2019 is more than 0.1% but less than 5% on an annual basis, respectively, such transaction constitutes a continuing connected transaction and is subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement according to Chapter 14A of the Listing Rules.

Board Confirmation

The Board (including the independent non-executive Directors) are of the view that the terms of each of the Continuing Connected Transactions Framework Agreements and the Property Lease Framework Agreement are arrived at after arm's length negotiations between the parties, entered into in the ordinary course of business of the Group (other than the Financial Services Framework Agreement) and are of the view that (i) the terms of each of the Continuing Connected Transactions Framework Agreements and the Property Lease Framework Agreement, (ii) the transactions contemplated under those agreements and (iii) the respective annual caps for the three years ending 31 December 2019 are on normal commercial terms and fair and reasonable and are also in the interest of the Company and its Shareholders as a whole.

Due to their positions in BEH, Mr. Zhu Yan, Mr. Li Dawei, Mr. Guo Mingxing and Mr. Zhu Baocheng have all abstained from voting on the Board resolutions approving the aforementioned continuing connected transactions.

Despatch of Circular

The Company will dispatch a circular in accordance with the requirements under the Listing Rules, which will contain, among other things,

- (a) details in respect of the proposed appointment of Directors;
- (b) details in respect of the proposed continuing connected transactions under the Framework Heat Sale and Purchase Agreement and the Financial Services Framework Agreement;
- (c) the recommendations from the Independent Board Committee in respect of the proposed continuing connected transaction under the Framework Heat Sale and Purchase Agreement and the proposed deposit service under the Financial Services Framework Agreement;
- (d) the advice from independent financial advisor in respect of the proposed continuing connected transaction contemplated under the Framework Heat Sale and Purchase Agreement and the proposed deposit service under the Financial Services Framework Agreement;
- (e) other information required to be provided with the Shareholders under the Listing Rules; and
- (f) notice of the EGM.

The Company expects that the circular will be dispatched on or around 31 October 2016. The Shareholders and potential investors should refer to the circular for further information.

CHANGE OF DIRECTORS

I. PROPOSED APPOINTMENT OF DIRECTORS

The Board resolved to nominate Mr. Zhao as a non-executive Director, and Mr. Huang and Mr. Chan as independent non-executive Directors, subject to the approval by the Shareholders at the EGM. Mr. Huang will be appointed as the chairman and member of the remuneration and nomination committee of the Board and a member of the audit committee of the Board and Mr. Chan will be appointed as the chairman and member of the audit committee of the Board upon their respective approval as independent non-executive Director by the Shareholders at the EGM. The term of Mr. Zhao's appointment as non-executive Director, and Mr. Huang's and Mr. Chan's appointments as independent non-executive Directors, shall be three years, commencing upon the approval by the Shareholders at the EGM. The Company will enter into service agreements with Mr. Zhao, Mr. Huang and Mr. Chan upon the approval of their respective appointment at the EGM. Mr. Zhao will not receive any emolument from the Company. Each of Mr. Huang and Mr. Chan will receive an annual emolument of RMB150,000 from the Company. The annual emolument of Mr. Huang and Mr. Chan are determined with reference to their experience, duties, responsibilities and the Company's remuneration policy.

The biographical details of Mr. Zhao, Mr. Huang and Mr. Chan are set out in appendix I of this announcement.

Save as disclosed in this announcement, Mr. Zhao, Mr. Huang and Mr. Chan did not hold any directorship in any other listed companies or take up any post in any group members of the Company in the past three years, nor have any relationship with any other directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company. Furthermore, Mr. Zhao, Mr. Huang and Mr. Chan do not have any equity interest in the Company within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong.

Save as disclosed above, there is no other information relating to the nomination of Mr. Zhao, Mr. Huang and Mr. Chan that shall be disclosed pursuant to Rule 13.51(2) of the Listing Rules nor any matter which needs to be brought to the attention of the Shareholders.

II. RESIGNATION OF DIRECTORS

The Board announces that due to other work commitment, Mr. Jin has resigned as a non-executive Director, Mr. Liu has resigned as an independent non-executive Director, chairman of the remuneration and nomination committee of the Board and a member of the audit committee of the Board and Ms. Lau has resigned as an independent non-executive Director and chairman of the audit committee of the Board. The resignation will not become effective until the date of the nomination of the new non-executive Director and independent non-executive Directors are approved by the Shareholders at the EGM.

Mr. Jin, Mr. Liu and Ms. Lau have confirmed that they have no disagreement with the Board and there is no matter that needs to be brought to the attention of the Shareholders. Mr. Jin, Mr. Liu and Ms. Lau have also confirmed that they do not have any action or claim, existing or pending, against the Company.

The Company would like to express its sincere gratitude to Mr. Jin, Mr. Liu and Ms. Lau for their contribution to the Company during their term of office.

CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION

I. BACKGROUND AND GENERAL INFORMATION OF THE COMPANY AND ITS CONNECTED PERSONS

1. 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.

2. Background and General Information of BEH and its Associates

We conduct connected transactions with BEH and its associates in the ordinary and usual course of business and on normal commercial terms. We set out below the information regarding the main connected persons under the Continuing Connected Transactions Framework Agreements and the Property Lease Framework Agreement:

- BEH 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. BEH is the controlling shareholder of the Company, directly and indirectly holds approximately 62.41% of the issued share capital of the Company, and therefore is our connected person pursuant to Rule 14A.11(1) of the Listing Rules.
- YuanShen Financial Leasing is a financial leasing company incorporated in the PRC with approval of the Ministry of Commerce of the PRC and a wholly owned subsidiary of BEH. YuanShen Financial Leasing primarily provides financing lease services to the public and member enterprises within BEH group. YuanShen Financial Leasing, as a subsidiary of BEH, is our connected person according to Rule 14A.11(4) of the Listing Rules.
- BEH 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 BEH. BEH Finance primarily provides financial management services to its member enterprises within BEH group. BEH Finance, as a subsidiary of BEH, is our connected person according to Rule 14A.11(4) of the Listing Rules.
- BDHG is a wholly owned subsidiary of BEH. BDHG purchases heat generated by the Group from time to time. BDHG, as a subsidiary of BEH, is our connected person according to Rule 14A.11(4) of the Listing Rules.

II. CONTINUING CONNECTED TRANSACTIONS FRAMEWORK AGREEMENTS AND DISCLOSEABLE TRANSACTION

1. Particulars of the Continuing Connected Transactions

(a) Framework Equipment Maintenance Agreement

Description of the Transaction

In the ordinary and usual course of the business, the Company entered into the Framework Equipment Maintenance Agreement with BEH on 25 October 2016, pursuant to which BEH and/or its associates has agreed to provide equipment maintenance services to the Group. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

Pricing Policy

Under the Framework Equipment Maintenance Agreement, the maintenance fees shall be agreed following arm's length negotiations between the parties with reference to the prevailing market rates. Market rates refer to the rates at which the same or similar type of products or services are provided by Independent Third Parties under normal commercial terms.

When determining the pricing standard, to the extent practicable, management of the Company will take into account the rates of at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference.

Annual Caps and Basis of Annual Caps

The Company estimates that the annual caps for the Framework Equipment Maintenance Agreement for each of the three years ending 31 December 2019 is RMB156.05 million, RMB152.55 million and RMB154.97 million, respectively, after taking into account the following considerations:

- the historical amounts of such continuing connected transactions for the two years ended 31 December 2015 and six months ended 30 June 2016 were approximately RMB47.23 million, RMB118.13 million and RMB41.57 million, respectively;
- the market price of the services to be purchased; and
- the rapid growth of the demand in maintaining equipment due to the Company's rapid business development and expansion.

Reasons for the Transactions

Our Group is required to conduct maintenance for our gas-fired powers equipment to comply with relevant PRC laws and regulations. During the ordinary courses of business, we conduct routine maintenance, regular inspections and repairs for our gas-fired power equipment. As BEH and/or its associates have extensive experience in our industry and are familiar with the equipment, the Company considers that the maintenance requirement of our Group could be better satisfied by entering such agreement with BEH and/or its associates.

(b) *Framework Service Agreement*

Description of the Transaction

In the ordinary and usual course of the business, the Company entered into the Framework Service Agreement with BEH on 25 October 2016, pursuant to which BEH and/or its associates has/have agreed to provide various services to the Group from time to time, including (i) property management services, including cleaning, security and catering services; (ii) landscaping services; (iii) conference services; and (iv) project management services. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

Pricing Policy

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

- 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. Market rates refer to the rates at which the same or similar type of products or services are provided by Independent Third Parties under normal commercial terms. When determining the pricing standard, to the extent practicable, management of the Company will take into account the rates of at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference.

Annual Caps and Basis of Annual Caps

The historical amounts and proposed annual caps of each type of the transactions under the Framework Service Agreement are set out as the table below:

Transaction	Historical amount <i>(RMB millions)</i>			Proposed annual caps <i>(RMB millions)</i>		
	for the six months			for the year ending		
	for the year ended		ended	31 December		
	31 December	2015	30 June	2017	2018	2019
	2014		2016			
property management services	18.73	19.07	8.63	49.67	56.60	57.75
landscaping services	1.68	1.92	0.47	3.54	3.38	3.40
conference services	1.15	1.38	1.09	3.00	3.00	3.00
project management services	<u>15.71</u>	<u>1.20</u>	<u>0.45</u>	<u>3.20</u>	<u>1.10</u>	<u>N/A ^(Note)</u>
Total	<u><u>37.27</u></u>	<u><u>23.57</u></u>	<u><u>10.64</u></u>	<u><u>59.41</u></u>	<u><u>64.09</u></u>	<u><u>64.15</u></u>

Note: The Company expects that no project management service is needed for the year 2019, as such, the annual cap of project management service for the year 2019 is nil.

In determining the above annual caps, the Company has considered (i) the historical transaction amounts; (ii) our future demand for such services in line with the development of the Company's business; and (iii) the estimated increase in market rates to be charged for these services to be received attributable to the increase in labor cost.

Reasons for the Transactions

(i) As Jingneng Electricity Logistic Services Co., Ltd., a subsidiary of BEH, is engaged in providing property management services and has been providing property management services on normal commercial terms or better to our Group since 2010, it is unnecessary for the Group to engage third parties to provide the same services. (ii) As a clean energy company, our Group places great emphasis on the working environment of our employees. By receiving landscaping services, we could provide better working environment for our employees. (iii) As BEH and/or its associates have/has conference centers in certain locations where we operate and their service charge is competitive, our Directors believe it is in the interest of the Company to receive such services from BEH and/or its associates. (iv) As BEH and/or its associates are familiar with the Company's business operation and project

development process, and could provide project management services at a competitive rates, our Directors believe it is in the interest of the Company to receive such services from BEH and/or its associates.

(c) ***Framework Operating Agreement***

Description of the Transaction

In the ordinary and usual course of the business, the Company entered into the Framework Operating Agreement with BEH on 25 October 2016, pursuant to which BEH and/or its associates has agreed to operate the power and/or heating equipment for the Group. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

Pricing Policy

Under the framework operating agreement, the operating fees shall be agreed following arm's length negotiations between the relevant parties which shall be reasonable costs incurred in providing the operating services plus reasonable profits. The profits amount to approximately 6% to 7% of the costs, which is determined according to the profit margin as set out in the Budget Compilation and Calculation Standard in Electric Power Plant Construction Plants issued by NDRC.

Annual Caps and Basis of Annual Caps

The Company estimates that the proposed annual cap for the Framework Operating Agreement is RMB18.70 million for each of the three years ending 31 December 2019, after taking into account the following considerations:

- the historical amounts of such continuing connected transactions for the two years ended 31 December 2015 and six months ended 30 June 2016 were approximately RMB0, RMB30.12 million and RMB7.31 million, respectively;
- the demand for operating service by the power plants which have been put into operation. The Company aims to improve its self-operation capability and reduce the number of plants that are operated by third parties; and
- the cost for the operating service to be provided is expected to be stable.

Reasons for the Transactions

The Framework Operating Agreement was entered into for the operation of the Company's power plants which requires relevant expertise and experience, as well as manpower. Beijing Jingxi Electricity Generation Co., Ltd., a wholly owned subsidiary of BEH, is engaged in electricity equipment operating, maintenance and repair businesses and thus its employees possess relevant expertise and experience in electricity equipment operating and has spare manpower after it stopped conducting the power generation business. The Directors believe it is in the interest of the Company to take advantage of the experience possessed by the employees of Beijing Jingxi Electricity Generation Co., Ltd.

(d) EPC Framework Agreement

Description of the Transaction

In the ordinary and usual course of the business, the Company entered into the EPC Framework Agreement with BEH on 25 October 2016, pursuant to which BEH and/or its associates have/has agreed to provide energy performance contracting services to the Group. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

Pricing Policy

Under the EPC Framework Agreement, the service fees are agreed following arm's length negotiations between the parties with reference to the prevailing market rates. Market rates refer to the rates at which the same or similar type of products or services are provided by Independent Third Parties under normal commercial terms.

When determining the pricing standard, to the extent practicable, management of the Company will take into account the rates of at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference.

Annual Caps and Basis of Annual Caps

The Company did not engage BEH or its associates for energy performance contracting service during the two years ended 31 December 2015 and six months ended 30 June 2016 due to the relevant gas-fired power plant is still under construction. The Framework Operating Agreement for each of the three years ending 31 December 2019 is RMB30.50 million, RMB46.50 million and RMB46.50 million, respectively, after taking into account:

- the future demand of such service by the Company; and
- the estimated increase in market rates charged for providing such service.

Reasons for the Transactions

BEH and/or its associates have extensive knowledge and experience in energy management. The Directors believe that energy performance contracting services provided by BEH and/or its associates can help the Company to reduce operating cost and save energy.

(e) Equipment Purchase Framework Agreement

Description of the Transaction

In the ordinary and usual course of the business, the Company entered into the Equipment Purchase Framework Agreement with BEH on 25 October 2016, pursuant to which, BEH and/or its associates has agreed to purchase equipment for the Group. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

Pricing Policy

Fees payable to BEH for the equipment purchase include equipment cost and service charges. Equipment cost shall be the actual purchase price paid by BEH. The service charges shall be agreed following arm's length negotiation between the parties with reference to prevailing market rates. Market rates refer to the rates at which the same or similar type of products or services are provided by Independent Third Parties under normal commercial terms.

When determining the pricing standard, to the extent practicable, management of the Company will take into account the rates of at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference.

Annual Caps and Basis of Annual Caps

The Company estimates that the proposed annual caps for the Equipment Purchase Framework Agreement for each of the three years ending 31 December 2019 is RMB263.69 million, RMB271.65 million and RMB289.50 million, respectively, after taking into account the following considerations:

- the historical amounts of such continuing connected transactions for the two years ended 31 December 2015 and six months ended 30 June 2016 were approximately RMB93.92 million, RMB144.44 million and RMB37.96 million, respectively;
- the market price of the equipment to be purchased; and
- the rapid growth of the demand for equipment purchase service due to the Company's rapid business development and expansion.

Reasons for the Transaction

BEH and/or its associates have extensive knowledge and experience in the industry which the Company operates its business and has stronger bargaining power as a group in the procurement process. As disclosed in the Prospectus, BEH, through one of its subsidiaries, has established a centralized procurement and tendering platform and has been purchasing equipment for BEH's associates since the establishment of that subsidiary. The Company considers procuring equipment in a centralized way could help the Company obtain more favorable terms as suppliers generally offer better price to customers with large orders.

(f) Finance Lease Framework Agreement

Description of the Transaction

In the ordinary and usual course of the business, the Company entered into the Finance Lease Framework Agreement with YuanShen Financial Leasing on 25 October 2016, pursuant to which, YuanShen Financial Leasing has agreed to provide financial lease services to the Group. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

Financial Lease Services

Pursuant to the Finance Lease Framework Agreement, YuanShen Financial Leasing will provide finance lease services, including but not limited to, direct leasing and leaseback services to the Group.

In respect of the direct leasing service, as requested or instructed by the Group, YuanShen Financial Leasing will provide financial leasing solutions to the Group for the purchase of equipment. YuanShen Financial Leasing will make the payment for the equipment to the suppliers in accordance with the conditions set by the Group and charge the Group with the lease rental for such equipment according to the schedule.

In respect of the leaseback service, based on the financing needs of the Group, YuanShen Financial Leasing will purchase equipment owned by the Group which is in accordance with the requirement of the leaseback service within the extent permitted by laws, and lease such equipment back to the Group with the lease rental.

In respect of each finance lease, the relevant member(s) of the Group and YuanShen Financial Leasing will enter into separate implementation contract(s). The terms of each implementation contract will be in line with the terms of the Finance Lease Framework Agreement, and each implementation contract shall be subject to and conditional upon the Finance Lease Framework Agreement (or its renewal agreement) continuing to be in force.

Lease Consideration

The lease consideration consists of the principal amount and lease interests. The lease consideration will be determined by the Group and YuanShen Financial Leasing after arm's length negotiations and with reference to the market price of the same type of financial leasing assets. When determining the pricing standard, to the extent practicable, management of the Company will take into account the rates of at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference.

The lease interests shall not be higher than the benchmark lending rate applicable to PRC banks for the same period and for the same term or not be higher than the lease interests available to the Group provided by independent commercial banks with the same terms.

Annual Caps and Basis for the Annual Caps

The Company estimates that the proposed annual caps for the Finance Lease Framework Agreement for each of the three years ending 31 December 2019 is RMB700 million, after taking into account:

- the expected demand for the financial leasing service of the Group; and
- the capacity of providing financial lease services by YuanShen Financial Leasing.

Reasons for the Transaction

The entering into of the Finance Lease Framework 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 the Company.

(g) *Framework Heat Sale and Purchase Agreement*

Description of the Transaction

In the ordinary and usual course of the business, the Company entered into the Framework Heat Sale and Purchase Agreement with BDHG on 25 October 2016, pursuant to which, BDHG and/or its associates has agreed to purchase heat generated by the four power centers of the Group (i.e. Jingqiao Power, Taiyanggong Power, Jingxi Power and Gao'antun Power). BDHG will make payments to the Company on monthly basis. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

Pricing Policy

Heating is the basic living needs of Beijing urban and rural residents in winter, and heat supply is infrastructural public cause directly relates to the public interests. The transaction under the Framework Heat Sale and Purchase Agreement is conducted at state-prescribed unit price, which is determined by Beijing Municipal Commission of Development and Reform from time to time.

Pursuant to the Notice of Beijing Municipal Commission of Development & Reform on Adjustment of Heat Energy Ex-factory Price of Beijing Gas-fired Power and Heat Energy Plant (JING FA GAI [2015] No.2621) (《北京市發展和改革委員會關於調整本市燃氣熱電廠熱力出廠價格的通知(京發改[2015]2621號)》), the unit heat energy ex-factory price of Beijing gas-fired power and heat energy plant is RMB87/GJ (including tax) with effect from the heat supply season of 2015-2016.

The Company is of the view that the pricing in respect of the transaction under the Framework Heat Sale and Purchase Agreement is reasonable and sufficient to cover the costs incurred by the Company after taking into account the following considerations: (i) according to the Interim Measures for the Price Control of Urban Heat Supply (FA GAI JIA GE [2007] No.1195) (《城市供熱價格管理暫行辦法》(發改價格[2007]1195號)), the state-prescribed unit price is determined by reference to, among other things, the costs incurred by the heat suppliers (such as the price of natural gas, electricity, water, fixed asset depreciation, repairs, wages), the consideration for the profitability of the heat suppliers and the tax imposed on the heat suppliers; and (ii) the gas-fired power and heat energy generation business of the Company based on the operation model of “heat-power cogeneration” (熱電聯產) is profitable as evidenced by the historical financial results of the Company.

Annual Caps and Basis of Annual Caps

The Company estimates that the proposed annual cap for the Framework Heat Sale and Purchase Agreement is RMB2,271.80 million for each of the three years ending 31 December 2019.

The historical amounts of such continuing connected transactions for the two years ended 31 December 2015 and nine months ended 30 September 2016 were approximately RMB522.04 million, RMB1,159.26 million and RMB757.70 million, respectively.

The proposed annual caps for the three years ending 31 December 2019 are determined after taking into account: (i) the total production capacity of the four power centers, (ii) the current state-prescribed unit price in respect of the heat energy; and (iii) the prescribed 4-month heat supply period in Beijing, which is from 15 November to 15 March next year, as stipulated in the Administrative Measures of Heat Supply and Heating of Beijing Municipality (《北京市供熱採暖管理辦法》).

The heat energy generation capacity of Jingqiao Power, Taiyanggong Power, Jingxi Power and Gao'antun Power is 902 MW, 465 MW, 883 MW and 596 MW, respectively and 2,846 MW in total; and (ii) the heat supply period is 4 months, which is approximately 2880 hours. Accordingly, the maximum heat energy that could be generated by the four power centers during each heat supply period is approximately 29.5 million GJ, calculated at the rate of 1 MWH equals to 3.6 GJ.

The current heat energy price is RMB87/GJ (including tax) or RMB76.99/GJ (excluding tax), which is prescribed by Beijing Municipal Commission of Development and Reform in November 2015 and is expected to be stable.

Therefore, the maximum amount payable by BDHG in each year is approximately RMB2,271.80 million (excluding tax). The Company expects that the amount of the heat energy supplied to BDHG for the three years ending 31 December 2019 to be stable as all of the heat energy supplied to BDHG are generated from the four power centers and the Company currently has no plan to increase its heat energy supply to BDHG. As such, the annual caps for the three years ending 31 December 2019 are the same.

The Company considers such annual caps, based on the maximum production capacity of the four power centers, are reasonable, taking into account the following factors: (i) the implementation of the 13th Beijing National Economic and Social Development Five-Year Plan (《北京市國民經濟和社會發展第十三個五年規劃綱要》) and other clean-air action plans of Beijing Municipal, which will further reduce the coal-fired heat supply and increase the use of gas-fired heat in Beijing; (ii) the rapid development of the real estate industry in Beijing city areas, which will create new demand for heat supply; (iii) the expected colder winters as compared to previous years, which will increase the demand for heat supply; (iv) the Company's objective to make full use of the current production capacity so as to increase utilization rate and improve production efficiency; and (v) the public policy reasons associated with this transaction given the heat supplied to BDHG is used for heating during winter times for citizens in Beijing.

To ensure the proposed annual caps for the transaction under the Framework Heat Sale and Purchase Agreement will not be exceeded, the Company will monitor the transaction under the Framework Heat Sale and Purchase Agreement in accordance with the terms of the Framework Heat Sale and Purchase Agreement. The Company will also compile report of continuing connected transaction on a quarterly basis, cross-check the actual amounts against the proposed annual caps to ensure the proposed annual caps will not be exceeded.

Reasons for the Transactions

The gas-fired power and heat energy generation business of the Company based on the operation model of “heat-power cogeneration” (熱電聯產) can make full use of the four power plants of the Group and is more profitable compared to the single power generation or single heat generation business model.

According to Administrative Measures of Heat Supply and Heating of Beijing Municipality (《北京市供熱採暖管理辦法》), heat supply should comply with the principle of unified planning and localized management. As BDHG is the only central heat supply company whose network covers the area where the power plants of Taiyanggong Power, Jingqiao Power, Jingxi Power and Gao’antun Power are located and thus, the Company must sell the gas-fired heat energy through BDHG’s network in the absence of any alternative purchasers, and more importantly, the Company must sell heat energy generated by the four power centers to BDHG in order to meet the requirement of “subject to the unified schedule by BDHG based on heat supply standard”.

As heating is the basic living needs of Beijing urban and rural residents in winter, and heat supply is infrastructural public cause directly relates to the public interests, heat supply during the heat supply period is and will become the Group’s yearly permanent and stable source of income. As such, the Board is of the view that the entering into of the Framework Heat Sale and Purchase Agreement is in the interest of the Company and the Shareholders as a whole.

(h) *Financial Services Framework Agreement*

BEH Finance and the Company entered into the Financial Services Framework Agreement on 25 October 2016, pursuant to which, BEH Finance has agreed to provide the Group with deposit services, loan services and the other financial services, subject to the terms and conditions provided therein. The term of such agreement is three years commencing from 1 January 2017 and ending on 31 December 2019.

Principal terms and Pricing Policy

Pursuant to the Financial Services Framework Agreement, BEH Finance shall provide the following financial services to the Group on normal commercial terms no less favourable than those available to the Group from Independent Third Parties:

(i) Deposit Services

The Group may from time to time deposit cash with BEH Finance. The terms (including the interest rates and commission charged) offered by BEH Finance in respect of the transactions under the Financial Services Framework Agreement shall be no less favourable than those offered by independent domestic commercial banks for provision of similar services to the Group and the interest rate to be paid by BEH Finance for the Group’s deposits with BEH Finance shall not be lower than the same level deposit interest rate as published by the People’s Bank of China for the same periods.

(ii) Loan Services

The Group may from time to time request BEH Finance to provide loan services to it. The interest rate for loans granted to the Group by BEH Finance shall not be higher than the benchmark interest rates as published by the People's Bank of China from time to time and should not be higher than the interest rates granted by independent commercial banks which provide similar service on the same conditions.

(iii) Other Financial Services

The other financial services which may be provided by BEH Finance to the Group primarily include: accounting and financing consulting service, credits and related consulting and agency, insurance agency, providing guarantees, acceptance and discount of bills, entrusted loans, finance leasing and underwriting of corporate bonds.

BEH Finance charges commission for the other financial services provided to the Group. The other financial services to be provided by BEH Finance to the Group shall be made on normal commercial terms and on terms similar to or no less favourable than those offered by Independent Third Parties for same services in the PRC.

Annual Caps and Basis of Annual Caps

(i) Deposit Services

The Company estimates that the proposed annual caps for the maximum daily deposit balance (including any interest accrued thereon) with BEH Finance is RMB1.50 billion, RMB1.75 billion and RMB2.00 billion, respectively, for each of the three years ending 31 December 2019.

The proposed annual caps of the deposit services under the Financial Services Framework Agreement for the three years ending 31 December 2019 are determined after taking into account: (i) the maximum daily deposit balance (including interest accrued thereon) for the two years ended 2015 and the nine months ended 30 September 2016 were RMB611.21 million, RMB994.89 million and RMB905.27 million, respectively, which are close to the approved annual cap of RMB1,000 million during the relevant years; (ii) the anticipated increase in the daily outstanding balances of deposits of the Group attributable to the expected increase in revenue, which is in line with the expected increase of the Group's business operation in domestic markets, such as Beijing, Shanxi, Guangdong, Zhejiang, Ningxia, Xinjiang and Inner Mongolia; and (iii) the cash and equivalents of our Group as of 30 June 2016 of approximately RMB3,291 million. Given that BEH Finance has a more thorough understanding of the business operation and development of the Group and can provide the financial services in a more timely manner and at comparable or better terms to the Group, the Company intends to place more deposit with BEH Finance to further strengthen its capital management.

(ii) Loan Services

As the loan services provided by BEH Finance to the Group are on normal commercial terms which are similar to or no less favourable than those offered by Independent Third Parties for comparable services in the PRC, and no security over the assets of the Group will be granted in respect of such loan services, the loan services are exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As such, no cap has been set for such services.

(iii) Other Financial Services

The proposed annual caps for the other financial services under the Financial Services Framework Agreement for the three years ending 31 December 2019 are determined after taking into account the need for larger and more flexible capital investment and management of the Group in line with the developments of business operation of the Group.

(iv) Internal Control Measures

To safeguard the interests of our Shareholders as whole, including the minority shareholders, the Company has adopted internal approval and monitoring procedures relating to the transactions under the Financial Services Framework Agreement, which include the followings:

- Before entering into any new deposit arrangements with BEH Finance, the Company will obtain quotes from other independent financial institutions for similar deposit services for similar duration. Such quotes, together with the offer from BEH Finance, will be reviewed and the offer from BEH Finance has to pass the internal approval process of the Company before it can be accepted;
- BEH Finance shall provide the Company with a daily report on each business day on the status of the Group's deposits with it to allow it to monitor and ensure that the aggregate daily deposit balance (including interests accrued thereon) would not exceed the caps;
- BEH Finance shall set up and maintain, or procure the setting up and maintaining of, secured and stable on-line systems through which the relevant member of the Group which deposits money with it can view the balance of such deposits at any time on any day; and
- the independent non-executive Directors and auditors of the Company will conduct annual review of the transactions under the Financial Services Framework Agreement (including the rates and fees charged in respect of the transactions) and provide annual confirmations in accordance with the Listing Rules that the transactions are conducted in accordance with the terms of the agreement, on normal commercial terms and in accordance with the pricing policy.

Reasons for and Benefits of the Transaction

BEH Finance is under the supervision of the China Banking Regulatory Commission and it has been maintaining satisfactory operating results and financial position with good risks control and well-regulated management in the past years.

We believe BEH Finance has a more thorough understanding of the business development and capital needs of the fellow subsidiaries of the Company at a lower cost and in a more timely manner. As such, BEH Finance has an advantage in communicating information on capital needs and business development of the Company with its fellow subsidiaries.

The entering into of the Financial Services Framework Agreement will not prevent the Group from using services offered by other independent PRC commercial banks. The Group may still select other major and independent PRC commercial banks to act as its financial services providers as it thinks fit and appropriate for the benefits of the Group.

The transactions under the Financial Services Framework Agreement form part of the daily operations of the Group. In addition, the operation of the Group requires flexible and diversified financial services. The terms (including the interest rates and commission charged) offered by BEH Finance in respect of the transactions under the Financial Services Framework Agreement shall be no less favourable than those offered by domestic commercial banks for provision of similar services to the Group and the interest rate to be paid by BEH Finance for the Group's deposits with BEH Finance shall not be lower than the same level deposit interest rate as published by the People's Bank of China for the same periods. The Company is of the view that the transactions do not have any adverse effect on the assets and liabilities of the Group. Instead, the Group can earn interests out of the deposit transactions and enjoy benefits derived from diversified financing channels.

2. Listing Rules Implications

As BEH directly and indirectly holds approximately 62.41% of the issued share capital of the Company, it is a controlling shareholder of the Company and thus a connected person of the Company. Accordingly, the transactions between the Group and BEH constitute connected transactions of the Company under the Listing Rules.

As each of the percentage ratio(s) applicable to the transactions under (i) the Framework Equipment Maintenance Agreement, (ii) the Framework Service Agreement, (iii) the Framework Operating Agreement, (iv) the EPC Framework Agreement, (v) the Equipment Purchase Framework Agreement and (vi) the Finance Lease Framework Agreement for each of the three years ending 31 December 2019 is more than 0.1% but less than 5% on an annual basis, respectively, each of such transactions constitutes a continuing connected transaction and is subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement according to Chapter 14A of the Listing Rules.

As each of the percentage ratio(s) applicable to the transactions contemplated under the Framework Heat Sale and Purchase Agreement for each of the three years ending 31 December 2019 is more than 5% on an annual basis, such transactions constitute the continuing connected transaction and is subject to the reporting and announcement requirements and the independent shareholders' approval requirement.

As the highest percentage ratio applicable to the deposit services contemplated under the Financial Services Framework Agreement for each of the three years ending 31 December 2019 is more than 5% on an annual basis, such transaction constitutes a continuing connected transaction and is subject to the reporting and announcement requirements and the independent shareholders' approval requirement.

The deposit services contemplated under the Financial Services Framework Agreement also constitute a financial assistance under Rule 14.04(1)(e) of the Listing Rules and given that the relevant highest applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceeds 5% but is less than 25%, the deposit services contemplated under the Financial Services Framework Agreement constitute discloseable transactions of the Company and are subject to the notification and announcement but are exempt from circular and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

The loan services to be provided by BEH Finance to the Group under the Financial Services Framework Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Group. As such services are provided on normal commercial terms which are similar to or more favourable than those offered by Independent Third Parties for comparable services in the PRC, and no security over the assets of the Group will be granted in respect thereof, pursuant to the Rule 14A.90 of the Listing rules, the loan services are exempted from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

According to Chapter 14A of the Listing Rules as each of the percentage ratio(s) applicable to the other financial services under the Financial Services Framework Agreement for each of the three years ending 31 December 2019 is more than 0.1% but less than 5% on an annual basis, respectively, such transaction constitutes the continuing connected transaction and is subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement.

III. PROPERTY LEASE FRAMEWORK AGREEMENT

1. Particulars of the Continuing Connected Transaction

Description of the Transaction

Reference is made to the section headed “Connected Transactions” of the Prospectus and the announcement of the Company dated 19 March 2014, respectively, in which the Company disclosed the annual caps for the three years ended 31 December 2013 and the three years ended 31 December 2016, respectively, of its continuing connected transactions with BEH and/or its associates contemplated under the Property Lease Framework Agreement dated 23 May 2011. The Property Lease Framework Agreement is for a term of twenty years commencing on the listing date of the Company.

On 25 October 2016, the Board resolved to set the annual caps for such continuing connected transactions under the Property Lease Framework Agreement for the three years ending 31 December 2019.

Pricing Policy

Under the Framework Property Lease Agreement, the rent shall be agreed following arm’s length negotiations between the relevant parties with reference to the prevailing market rates. Market rates refer to the rates at which the same or similar type of products or services are provided by Independent Third Parties under normal commercial terms.

When determining the pricing standard, to the extent practicable, management of the Company will take into account the rates of at least two similar and comparable transactions entered with or carried out by Independent Third Parties in the corresponding period of reference.

The Company estimates that the proposed annual caps for the Property Lease Framework Agreement for each of the three years ending 31 December 2019 is RMB20.96 million, RMB21.22 million and RMB21.48 million, respectively.

Annual Caps and Basis of Annual Caps

In determining the above annual caps, the Company has considered:

- the historical amounts of such continuing connected transactions for the two years ended 31 December 2015 and six months ended 30 June 2016 were approximately RMB9.35 million, RMB9.40 million and RMB2.82 million, respectively;
- the rentals to be paid for the existing leases;
- the potential rise in rent for premises in the vicinity of the relevant properties; and
- the recent development of the property market.

Reasons for the Transactions

As disclosed in the Prospectus, the long term nature of the property lease agreement enables the Group to secure a location for its business operation at a fair market price and to prevent unnecessary cost, effort, time and interruption of business caused by relocation in the case of short term leases.

2. Listing Rules Implications

As each of the percentage ratio(s) applicable to the transaction under the Property Lease Framework Agreement for each of the three years ending 31 December 2019 is more than 0.1% but less than 5% on an annual basis, respectively, such transaction constitutes a continuing connected transaction and is subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement according to Chapter 14A of the Listing Rules.

IV. BOARD CONFIRMATION

The Board (including the independent non-executive Directors) are of the view that the terms of each of the Continuing Connected Transactions Framework Agreements and the Property Lease Framework Agreement are arrived at after arm's length negotiations between the parties, entered into in the ordinary course of business of the Group (other than the Financial Services Framework Agreement) and are of the view that (i) the terms of each of the Continuing Connected Transactions Framework Agreements and the Property Lease Framework Agreement, (ii) the transactions contemplated under those agreements and (iii) the respective annual caps for the three years ending 31 December 2019 are on normal commercial terms and fair and reasonable and are also in the interest of the Company and its Shareholders as a whole.

Due to their positions in BEH, Mr. Zhu Yan, Mr. Li Dawei, Mr. Guo Mingxing and Mr. Zhu Baocheng have all abstained from voting on the Board resolutions approving the aforementioned continuing connected transactions.

V. DESPATCH OF CIRCULAR

The Company will dispatch a circular in accordance with the requirements under the Listing Rules, which will contain, among other things:

- (i) details in respect of the proposed appointment of Directors;
- (ii) details in respect of the proposed continuing connected transactions under the Framework Heat Sale and Purchase Agreement and the Financial Services Framework Agreement;
- (iii) the recommendations from the Independent Board Committee in respect of the proposed continuing connected transaction under the Framework Heat Sale and Purchase Agreement and the proposed deposit service under the Financial Services Framework Agreement;
- (iv) the advice from independent financial advisor in respect of the proposed continuing connected transaction contemplated under the Framework Heat Sale and Purchase Agreement and the proposed deposit service under the Financial Services Framework Agreement;

- (v) other information required to be provided with the Shareholders under the Listing Rules; and
- (vi) notice of the EGM.

The Company expects that the circular will be dispatched on or around 31 October 2016 in accordance with the Listing Rules. The Shareholders and potential investors should refer to the circular for further information.

DEFINITIONS

The following expressions have the meanings set out below unless the context requires otherwise:

“Administrative Measures of Heat Supply and Heating of Beijing Municipality”	《北京市供熱採暖管理辦法》
“BDHG”	北京熱力集團有限責任公司 (Beijing District Heating (Group) Co., Ltd), a whole owned subsidiary of BEH
“BEH”	北京能源集團有限責任公司 (Beijing Energy Holding Co., Ltd.), a limited liability company incorporated in the PRC and the controlling shareholder of the Company
“BEH Finance”	京能集團財務有限公司 (BEH 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 BEH
“Board”	the board of Directors of the Company
“Continuing Connected Transaction Framework Agreement”	(i) the Framework Equipment Maintenance Agreement, (ii) the Framework Service Agreement, (iii) the Framework Operating Agreement, (iv) the EPC Framework Agreement, (v) the Equipment Purchase Framework Agreement, (vi) the Finance Lease Framework Agreement, (vii) the Framework Heat Sale and Purchase Agreement and (viii) the Financial Services Framework Agreement
“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, whose H Shares are listed on Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on or around 29 December 2016
“EPC Framework Agreement”	《合同能源管理框架協議》 (EPC Framework Agreement), entered into between BEH and the Company on 25 October 2016

“Equipment Purchase Framework Agreement”	《物資採購框架協議》(Equipment Purchase Framework Agreement), entered into between BEH and the Company on 25 October 2016
“Finance Lease Framework Agreement”	《融資租賃業務框架協議》(the Finance Lease Framework Agreement), entered into between BEH and the Company on 25 October 2016
“Framework Equipment Maintenance Agreement”	《設備維修框架協議》(Framework Equipment Maintenance Agreement), entered into between BEH and the Company on 25 October 2016
“Framework Heat Sale and Purchase Agreement”	《熱力銷售框架協議》(Framework Heat Sale and Purchase Agreement), entered into between BDHG and the Company on 25 October 2016
“Framework Operating Agreement”	《委託運營框架協議》(Framework Operating Agreement), entered into between BEH and the Company on 25 October 2016
“Framework Service Agreement”	《服務框架協議》(Framework Service Agreement), entered into between BEH and the Company on 25 October 2016
“Financial Services Framework Agreement”	《金融服務框架協議》(Financial Services Framework Agreement), entered into between BEH Finance and the Company on 25 October 2016
“Jingxi Power”	北京京西燃氣熱電有限公司 (Beijing Jingxi Gas-fired Thermal Power Co., Ltd.), a company established in the PRC and is wholly-owned by the Company as at the date of this announcement
“Gao’antun Power”	北京京能高安屯燃氣熱電有限責任公司 (Beijing Jingneng Gao’antun Gas-fired Thermal Power Co., Ltd.), a company established in the PRC and is wholly-owned by the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Third Party”	any party who is not connected (within the meaning of the Listing Rules) with any Director, supervisor, chief executive or substantial shareholder of the Company or any of its subsidiaries or any associate of any of them
“Jingneng Electricity Logistic Services Co., Ltd.”	京能電力後勤服務有限公司 (Jingneng Electricity Logistic Services Co., Ltd.), a subsidiary of BEH

“Jingqiao Power”	北京京橋熱電有限責任公司 (Beijing Jingqiao Thermal Power Co., Ltd.), a company established in the PRC and currently wholly owned by the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“NDRC”	The National Development and Reform Commission of the Government of PRC
“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 of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property Lease Framework Agreement”	《物業租賃框架協議》 (Property Lease Framework Agreement) entered into between BEH and the Company on 23 May 2011
“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
“Taiyanggong Power”	北京太陽宮燃氣熱電有限公司 (Beijing Taiyanggong Gas-fired Thermal Power Co., Ltd.), a subsidiary of the Company
“YuanShen Financial Leasing”	北京京能源深融資租賃有限公司 (Beijing YuanShen Financial Leasing Co., Ltd.*), a whole owned subsidiary of BEH
“%”	means per cent

* For identification purpose only

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.

Beijing, the PRC, 25 October 2016

As at the date of this announcement, the non-executive Directors of the Company are Mr. Zhu Yan, Mr. Guo Mingxing, Mr. Yu Zhongfu, Mr. Li Dawei, Mr. Zhu Baocheng 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. Zhang Fusheng, Ms. Lau Miu Man and Mr. Han Xiaoping.

Appendix I – Biographical Details of the Proposed Directors

Mr. Zhao Wei, aged 45, served as the deputy general manager of Funds Usage Centre of China Life Insurance (Group) Company from March 2003 to June 2004; served as the director-general of Account Management Centre of China Life Asset Management Co., Ltd. from June 2004 to April 2006; served as the general manager of China Life Hong Kong Asset Management Company and the president of China Life Franklin Asset Management Co., Ltd. from April 2006 to February 2010; served as the vice president of New China Asset Management Co., Ltd. from February 2010 to September 2011; serves as the deputy chairman and the general manager of China Re-Asset since April 2012. In addition, Mr. Zhao serves as a non-executive director of China Everbright Bank Company Limited (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 6818 and on the Shanghai Stock Exchange, stock code: 601818) since February 2015, and the chairman of the board of China Re-Asset Hong Kong since April 2015. Mr. Zhao graduated from Jilin University with a master degree in National Economic Planning and Management major in May 1998, and graduated from the Research Institute for Fiscal Science of Ministry of Finance in PRC with a doctorate degree in finance major in July 2005.

Mr. Huang Xiang, aged 60, served as a lead engineer in heat engine and site worker representative of Institute for Electric Power Survey and Design in Hebei province from July 1982 to January 1991; served as the project design president and deputy general engineer of Institute for Electric Power Survey and Design in Hebei province from January 1991 to August 1993; served successively as the general engineer, manager representative for the Institute, deputy president and president of Institute for Electric Power Survey and Design in Hebei province from August 1993 to November 2001; served as the deputy general engineer and general engineer of China Huadian Engineering (Group) Co., Ltd, a judge for the National Prize for Progress in Electric Power, editor-in-chief of Huadian Technology magazine, head of electric power coal-fired mechanism standardization technical committee in electric power industry, deputy head of National Key Laboratory for Huadian Decentralized Energy from November 2001 to March 2014. Mr. Huang served as an inspector of China Huadian Engineering (Group) Co., Ltd from March 2004 to June 2016. Mr. Huang retired in June 2016. Mr. Huang graduated from Thermal Energy and Power Engineering major of Southeast University with a bachelor degree in July 1982. He is a qualified senior engineer.

Mr. Chan, aged 37, has over 13 years of working experience in initial public offering, corporate merger and acquisition, restructuring, due diligence, auditing, financial modelling analysis and business valuation. From November 2003 to July 2010, Mr. Chan held relevant positions in Ernst & Young, KPMG Transaction Advisory Services and PricewaterhouseCoopers Corporate Finance. Mr. Chan served at the investment banking division of Essence International Financial Holdings Limited from October 2010 to April 2011; served the private equity department of the same company as a senior manager from June 2011 to July 2012; served as an executive director of Green International Holdings Limited (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 02700) from July 2012 to July 2013; served as the CEO of Hao Wen Holdings Limited (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 8019) from February 2014 to May 2016; serves as an independent non-executive director, the chairman of audit committee and nomination committee and a member of remuneration committee of Zhidao International (Holdings) Limited (a company listed on the Main Board of Hong Kong Stock Exchange, stock code: 1220) since September 2014. Mr. Chan graduated from the University of British Columbia in November 2001 with a bachelor degree in business and Hong Kong University of Science and Technology in November 2011 with a master degree in financial analysis. Mr. Chan is a certified public accountant certified under the American Institute of Certified Public Accountants.