

H g K g E cha ge a d Clea i g Li i ed a d The S ck E cha ge f H g K g Li i ed a ke e ibili f he c e f hi a ce e , ake e e e ai a i acc ac c le e e a d e e l di clai a liabili ha e e f a l h e e a i i g f i elia ce he h le a a f he c e f hi a ce e .



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)

DISCLOSEABLE AND CONNECTED TRANSACTION UPDATE ON THE PROPOSED SUBSCRIPTION

The Board has on 10 December 2018, based on the information available to it at the time in the PRC and elsewhere, approved the proposed subscription, BEH, the Company, Jigeg Power and BEH Finance to enter into the New Capital Increase Agreement, pursuant to which, the aggregate capital of BEH Finance will be increased by RMB3 billion (RMB5 billion), of which, RMB0.06 billion, RMB0.94 billion and RMB1 billion are subscribed by BEH, the Company and Jigeg Power, respectively.

Following the execution of the New Capital Increase Agreement, the Original Capital Increase Agreement has been terminated in its entirety.

The EGM has been held on 18 January 2019 in accordance with the articles of association of the Company. Pursuant to the resolution passed by the Company on 3 December 2018, the details are as follows.

I. INTRODUCTION

Reference is made to the announcement of the Company dated 30 October 2018 in relation to the proposed subscription of the aggregate capital of BEH Finance by the Company (the **Announcement**). Under the announcement, the aggregate capital of BEH Finance will be increased by RMB3 billion (RMB5 billion), of which, RMB0.06 billion, RMB0.94 billion and RMB1 billion are subscribed by BEH, the Company and Jigeg Power, respectively.

As a result of the announcement, BEH, the Company, Jigeg Power and BEH Finance entered into a capital increase agreement on 30 October 2018 (the **Original Capital Increase Agreement**), pursuant to which, the aggregate capital of BEH Finance will be increased by RMB3 billion (RMB5 billion), of which, RMB0.06 billion, RMB0.94 billion and RMB1 billion are subscribed by BEH, the Company and Jigeg Power, respectively. The details of the Original Capital Increase Agreement are as follows: (i) Pursuant to the Original Capital Increase Agreement, the aggregate capital of BEH Finance will be increased by RMB3 billion (RMB5 billion), of which, RMB0.06 billion, RMB0.94 billion and RMB1 billion are subscribed by BEH, the Company and Jigeg Power, respectively. (ii) Pursuant to the Original Capital Increase Agreement, the aggregate capital of BEH Finance will be increased by RMB3 billion (RMB5 billion), of which, RMB0.06 billion, RMB0.94 billion and RMB1 billion are subscribed by BEH, the Company and Jigeg Power, respectively.

Following the approval of the Proposed Subscription by the Board of Directors of the Company at the Extraordinary General Meeting of the Company, BEH Finance has received the relevant approvals from the PRC authorities of the Original Capital Increase Agreement.

The Board of Directors has, on 10 December 2018, based on the relevant agreements entered into with the PRC authorities, the relevant agreements, BEH Finance, the Company, Ji Jie Group and BEH Finance entered into a capital increase agreement (the **New Capital Increase Agreement**), pursuant to which, the registered capital of BEH Finance will be increased from RMB3 billion to RMB5 billion, of which, RMB0.06 billion, RMB0.94 billion and RMB1 billion will be subscribed by BEH Finance, the Company and Ji Jie Group, respectively. Pursuant to the New Capital Increase Agreement, the Original Capital Increase Agreement has been terminated in its entirety.

II. NEW CAPITAL INCREASE AGREEMENT

1. Principal Terms of the New Capital Increase Agreement

Date : 10 December 2018

Parties : BEH;

The Company (together with BEH Finance, the **Existing Shareholders of BEH Finance**);

Ji Jie Group; and

BEH Finance (as the **Target Company**).

Increase in Capital of BEH Finance and the Proposed Subscription : Pursuant to the New Capital Increase Agreement, the registered capital of the Target Company will be increased from RMB3 billion to RMB5 billion, of which the increase is:

(i) RMB0.06 billion, which will be subscribed by BEH;

(ii) RMB0.94 billion, which will be subscribed by the Company; and

(iii) RMB1 billion, which will be subscribed by Ji Jie Group.

Under the proposed business combination, BEH Finance will hold 60%, 20% and 20% of the equity of BEH Finance, respectively.

Consideration

The consideration for the acquisition of BEH Finance, BEH, the CAA and Ji Jie P is RMB76,200,000, RMB1,193,800,000 and RMB1,270,000,000, respectively.

Basis of Consideration

The business value of RMB1.27 billion of BEH Finance Regulated Capital, which is determined as a result of the independent valuation of BEH Finance conducted by the independent CAAA (i.e. RMB3,824,749,500), which is based on the Beijing SASAC.

Accordingly, the final business value of the acquired equity of BEH Finance will be determined as follows:

Business value of each of BEH Finance Regulated Capital is the consideration of BEH Finance = acquired equity of BEH Finance as a result of the Beijing SASAC/BEH Finance' equity of BEH Finance (i.e. RMB3 billion).

Finally, based on the acquired equity of BEH Finance as a result of the CAAA and above, the business value of each of BEH Finance Regulated Capital of the acquired equity of BEH Finance is RMB1.27 billion of BEH Finance Regulated Capital.

Conditions precedent

The effectiveness of the New Capital Increase Agreement is conditional upon the fulfillment of the following conditions:

- (i) the relevant shareholders have been obtained by the New Capital Increase Agreement as a result of the applicable laws and regulations;

(ii) The attached Beijing SASAC file has been amended to reflect the amended investment agreement with BEH Finance Holdings; and

(iii) The attached Beijing Bach of China Bank of International Finance Holdings file reflects the amended investment agreement with BEH Finance Holdings.

Payment schedule

: Subject to the following, the above-mentioned conditions, BEH, the Company and Jigeg Power shall execute the 10 Billion Dollar New Capital Investment Agreement as effective.

Transitional Period

: The Existing Shareholders of BEH Finance shall be entitled to all the dividends of the Target Company before the Valuation Reference Date.

BEH, the Company and Jigeg Power shall be entitled to the dividends of the Target Company, and shall be entitled to all the dividends of the Target Company during the Transitional Period of the Target Company. Notwithstanding the above, if the Target Company did not receive all the dividends of the Target Company before the New Capital Investment Agreement before 31 March 2019, the Existing Shareholders of BEH Finance shall be entitled to the dividends of the Target Company for the period from 1 September 2018 to 31 December 2018 (both dates inclusive) in the amount of the dividends of the Target Company before the Period of Shareholders.

2. PRINCIPAL ASSUMPTIONS OF THE VALUATION

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(i) *General assumptions*

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a e g i g-c ce a i : he al ai e h d , a a e e a d ba i hall be de e i ed c e di gl ba ed he fac ha he a e de al ai ill c i e be ed acc di g he c e e a d he de, cale, f e e c a d e i e , e c. ed a cha ge ba i he a ai i g.

(ii) *Special assumptions*

The e i i g i f i ca cha ge i he c e ac ec i ca d a licie f PRC.

The e i i g i f i ca cha ge i he ci -ec ice i e he e he a ai ed e e i e i e a e d a ell a he a e , a a e a d he licie i le e ed.

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c e b i e e ai a di e e i c e i h aki gi acc he
i c e e al b i e ha he e e i e a ha e i he f e.

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i h aki gi acc he i ac f f e ible ca i al i ce a e i
b i e cale de el e .

If a f he a i ab e- e i ed cha ge , ge e all he al ai ill be i alid.

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blica i f hi a ce e a R le 14.60A f he Li i g R le .

3. SHAREHOLDING STRUCTURE OF BEH FINANCE

The following diagram illustrates the holding structure of BEH Finance immediately before and after the completion of the Proposed Subscription:

Name of shareholder	Immediately before the completion of the Proposed Subscription		Immediately after the completion of the Proposed Subscription	
	Registered capital of BEH Finance (i RMB)	Percentage	Registered capital of BEH Finance (i RMB)	Percentage
BEH	2,940,000,000	98%	3,000,000,000	60%
The Company	60,000,000	2%	1,000,000,000	20%
Jingge Petroleum			1,000,000,000	20%
Total	3,000,000,000	100%	5,000,000,000	100%

4. FINANCIAL INFORMATION OF BEH FINANCE

Based on the audited consolidated financial statements of the Target Company for the financial years ended 31 December 2016 and 2017 prepared in accordance with the PRC GAAP, the following table summarizes the financial statements for the years ended 31 December 2016 and 2017 as follows:

	For the year ended 31 December 2016	For the year ended 31 December 2017
Profit before tax	365,775,617.00	474,057,530.46
Profit after tax	273,973,829.58	355,000,748.46

Based on the consolidated financial statements of the Target Company for the eight months ended 31 August 2018 prepared in accordance with the PRC GAAP, the unaudited financial statements for the Target Company as at 31 August 2018 amount to RMB3,573,850,032.

5. REASONS FOR AND BENEFITS OF THE PROPOSED SUBSCRIPTION AND THE EFFECT OF THE PROPOSED SUBSCRIPTION

Under the Proposed Subscription, the holding structure of the Company in BEH Finance will be increased from 2% to 20%, which allows the Company to benefit from the increase in its ownership stake in BEH Finance. Accordingly, the increase in BEH Finance's holding in the Proposed Subscription is expected to generate a relatively high return for the Company.

The P ed S b c i i al e e e a i e i f he C a i e i a c a hich e gage i he i i f f i a c i a l e i c e . B E H F i a c e i a - b a k i g f i a c i a l i i i a e d b h e e l e a P R C a h i e e g a g e i h e i i f a i f i a c i g e i c e , i c l d i g a k i g d e i a d i d i g l a , a d i i a i l i d i g f i a c i a l e i c e c a i e i h i h e g e b e f B E H . T h g h a i c i a i g i h e b i e e a i f B E H F i a c e , h e C a c a h a e f h e d e a d i g a b h e e a i f a f i a c i a l i i i a d g a i e k l e d g e i e l a i i c a i a l a g e e , h i c h e a b l e h e C a e g i a e f b e e e i h c e c i a l b a k f c a i a l e i e d f i b i e d e l e a d b e e a g e i k i g c a i a l .

I a d d i , i c e h e i c a i f B E H F i a c e , h e C a h a e g a g e d B E H F i a c e i d e a i f i a c i a l e i c e , d e a i l f h i c h e e e i h e a c e e i e d b h e C a 25 O c b e 2016 . T h e C a e e c c i e e g a g e B E H F i a c e i d e c h e i c e a B E H F i a c e h a a e h g h d e a d i g f h e b i e d e l e a d c a i a l e e d f h e b i d i a i e f h e C a a d i a b l e i d e c h e i c e i a i e l a e . G i e h e C a a B E H F i a c e f h e e i c e i e c e i d b a e d a l c e c i a l e , i c e a i g h a e h l d i g i B E H F i a c e b h e C a i a l i h e i e e f h e C a i c e h e C a i l l e j a l a g e i f h e f i a d e e e e a e d b B E H F i a c e .

B a e d h e a b e , h e D i e c (e c l d i g h e i d e e d e - e e c i e D i e c , h i l l g i e h e i i i a f e a k i g i a c c h e a d i c e f G a C a i a l , d e a i l f h i c h i l l b e i c l d e d i h e c i c l a f h e E G M) c i d e h a h e e f h e N e C a i a l I c e a e A g e e e a e f a i a d e a a b l e , a d i h e i e e f h e C a a d h e S h a e h l d e a a h l e .

A h e h a e h l d i g f h e C a i B E H F i a c e i l l i c e a e f 2% 20% c l e i f h e P e d S b c i i , h e i e e i B E H F i a c e f h e C a i l l b e e c g i e d b h e C a a i e e i a c i a e d e h e e i e h d , i e a d f c e l b e i g e c g i e d b h e C a i g c e h d .

6. LISTING RULES IMPLICATION

A h e h i g h e a l i c a b l e e c e a g e a i i e e c f h e P e d S b c i i e c e e d 5% b i l e h a 25% , h e P e d S b c i i c i e a d i c l e a b l e a a c i f h e C a a d i b j e c h e e i g a d a c e e e i e e d e C h a e 14 f h e L i i g R l e .

A a he da e f he a ce e , BEH di ec l a di di ec l h ld 68.68% e i i e e i he C a a di ac ec ed e f he C a de Cha e 14A f he Li i g R le . BEH Fi a ce i a b idia f BEH a d h c i e a c ec ed e f he C a b i e f bei g a a cia e f BEH. Acc di gl he P ed S b c i i al c i e a c ec ed a ac i f he C a de Cha e 14A f he Li i g R le . A he highe a l icable e ce age a i i e ec f he P ed S b c i i e ce ed 5%, he P ed S b c i i i bjec he e i g, a ce e a d I de e de Sha eh lde 'a al e i e e de Cha e 14A f he Li i g R le .

D e hei i i i BEH a d/ i a cia e , M . Li Hai ia, M . Ji She g ia g, M . Ta g Xi bi g a d M . Li J a ha e ab ai ed f i g he B a d e l i a i g he P ed S b c i i .

BEH a d i a cia e , h ldi g a agg ega e f 5,886,444,144 Sha e a d e e e i g a i a el 71.4% f he e i i e e i he C a , a e e i ed ab ai f i g he e l i be ed a he EGM a e he P ed S b c i i .

7. INFORMATION OF THE PARTIES

The C a i a clea e eg c a f c i g ga -fi ed e a d hea e eg ge e a i , i d e , h laic e , all edi h d e a d he clea e eg ge e a i b i e e , hich hel clai he C a he ile f he i e ai all ell-k clea e eg e e i e, i d -lead i g clea e eg b a d a d la ge ga -fi ed e lie i Bei ji g a d he lead i g i d e e a i Chi a.

BEH i a li i ed liabili c a i c a ed i he PRC, hich e gage i he b i e e f ge e a i a d l i g f elec i c i a d hea , d c i a d ale f c al a d de el e f eal e a e. BEH i h ll ed b Bei ji g S a e- ed Ca i al O e a i a d Ma age e Ce e .

Ji g e g P e i a j i ck li i ed liabili c a i c a ed i he PRC h e ha e a e li ed he Sha ghai S ck E cha ge (ck c de: 600578), hich e gage i d c i f elec ic e a d he al d c , ge e al ca g a d ca g a ai (a k e), ale f elec ic e a d he al d c , e ai f elec ic e e i e , de ec i a d e ai f e ge e a i e i e , a d ale f de lf a i g . Ji g e g P e i a b idia f BEH.

BEH Fi a ce i a li i ed liabili c a i c a ed i he PRC, hich e gage i idi g fi a cial e ice cha fi a cial c l i g, a e , i a ce age c , bill acce a ce a d dic i g, e ed l a i e be i . BEH Fi a ce i a b idia f BEH.

III. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (consisting of Mr. Huang Xiaogang, Mr. Zhang Feng, Mr. Chang Yi, Mr. Tang and Mr. Han Xiaoli), all being independent non-executive Directors) has been established under the Independent Shareholder Policy of the Company. The Company will be advised by the Independent Financial Adviser under the Independent Board Committee of the Independent Shareholder Policy of the Company.

IV. EGM

The EGM has been held on 18 January 2019 in accordance with the provisions of the Company's Articles of Association. Please refer to the circular letter of the Company dated 3 December 2018 for details.

Accordingly, the Company, (i) fulfils the obligations of the Company under the Company's Articles of Association, (ii) has complied with the Independent Board Committee Policy of the Company, (iii) and the Independent Financial Adviser of the Company and (iv) has fulfilled the obligations of the Listing Rules, in accordance with the Independent Shareholder Policy.

Board of the Board
Beijing Jingneng Clean Energy Co., Limited
KANG Jian
Chairman

Beijing, the PRC
10 December 2018

As the date of this circular, the independent directors of the Company are Mr. Li Haiqiang, Mr. Ji Shengqiang, Mr. Tang Xibing, Mr. Li Jia and Mr. Zhang Wei; the executive directors of the Company are Mr. Zhang Feng and Mr. Huang Xiaogang, Mr. Zhang Feng, Mr. Chang Yi, Mr. Tang and Mr. Han Xiaoli.