

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 provisions of the Articles of Association. 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, BEH Finance will be increased by RMB1 billion (RMB1.27 billion) by BEH Finance Registered Capital, being the original capital of BEH Finance Registered Capital, and (ii) Pursuant to the Original Capital Increase Agreement, BEH Finance will be increased by RMB0.06 billion (RMB0.06 billion) by BEH Finance Registered Capital, being the original capital of BEH Finance Registered Capital, and (iii) Pursuant to the Original Capital Increase Agreement, BEH Finance will be increased by RMB0.94 billion (RMB0.94 billion) by BEH Finance Registered Capital, being the original capital of BEH Finance Registered Capital.

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, the registered capital of BEH Finance shall be increased to the New Capital Increase Agreement (the **Proposed Subscription**), BEH, the Capital and Dividend Policy will hold 60%, 20% and 20% of the equity of BEH Finance, respectively.

Consideration

: The total consideration of BEH Finance, BEH, the Capital and Dividend Policy shall consist of RMB76,200,000, RMB1,193,800,000 and RMB1,270,000,000, respectively.

Basis of Consideration

: The business value of RMB1.27 per share of BEH Finance Registered Capital, which is determined after a professional appraisal by the appraisal firm engaged by the Board of BEH Finance and the appraisal value of BEH Finance is added to the appraisal value of CUAA (i.e. RMB3,824,749,500), which is based on the Beijing SASAC.

Accordingly, the final business value of the consideration of BEH Finance will be determined after the final appraisal:

Business value of each share of BEH Finance Registered Capital = the consideration of BEH Finance = appraisal value of BEH Finance + appraisal value of BEH Finance added to the Beijing SASAC/BEH Finance' equity of BEH Finance (i.e. RMB3 billion).

Finally, based on the appraisal value of BEH Finance added to the appraisal value of CUAA and above, the business value of each share of BEH Finance Registered Capital of the consideration of BEH Finance is RMB1.27 per share of BEH Finance Registered 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 notified by the New Capital Increase Agreement and the relevant shareholders have agreed to the agreement;

(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 investment agreement with BEH Finance Holdings.

Payment schedule

: Subject to the following amendments to the original BEH Finance Holdings and Jigeg Power Hall agreement, the original investment agreement with BEH Finance Holdings shall be deemed to be amended to reflect the amendments to the original investment agreement with BEH Finance Holdings.

Transitional Period

: The existing Shareholders of BEH Finance Holdings shall be deemed to have agreed to the amendments to the original investment agreement with BEH Finance Holdings.

BEH Finance Holdings and Jigeg Power Hall shall be deemed to have agreed to the amendments to the original investment agreement with BEH Finance Holdings, and shall be deemed to have agreed to the amendments to the original investment agreement with BEH Finance Holdings. Notwithstanding to the above, if the amendments to the original investment agreement with BEH Finance Holdings are not approved by the Board of Directors of BEH Finance Holdings before 31 March 2019, the existing Shareholders of BEH Finance Holdings shall be deemed to have agreed to the amendments to the original investment agreement with BEH Finance Holdings, and shall be deemed to have agreed to the amendments to the original investment agreement with BEH Finance Holdings, and shall be deemed to have agreed to the amendments to the original investment agreement with BEH Finance Holdings, and shall be deemed to have agreed to the amendments to the original investment agreement with BEH Finance Holdings.

2. PRINCIPAL ASSUMPTIONS OF THE VALUATION

The valuation is based on CCAA information provided by the company. Accordingly, the financial statements are prepared on the basis of the financial records maintained by the company.

The value of the Net Capital Investment Agreement is based on the valuation of the company.

All the valuation is based on the historical data, which is the historical financial statements, the valuation is based on the historical financial statements of the company.

The valuation is based on the following assumptions:

(i) General assumptions

The company is a going concern; all assets are valued at fair value based on the current market conditions, and the liabilities are valued at their face value. The company is a going concern; all assets are valued at fair value based on the current market conditions, and the liabilities are valued at their face value.

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(ii) Special assumptions

The estimated change in the value of the company is based on the current market conditions.

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The company is a going concern; all assets are valued at fair value based on the current market conditions, and the liabilities are valued at their face value. The company is a going concern; all assets are valued at fair value based on the current market conditions, and the liabilities are valued at their face value.

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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 a total of 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 .

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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.

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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 g hai 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 Shareholders' Committee of the Proposed SBCII. The Company will be advised by the Independent Financial Adviser under the Independent Board Committee of the Independent Shareholders' Committee of the Proposed SBCII.

IV. EGM

The EGM has been held on 18 January 2019 in accordance with the provisions of the Proposed SBCII. Please refer to the attached Circular dated 3 December 2018 for details.

Accordingly, the Company, (i) fulfils the duties of the Proposed SBCII, (ii) has completed the Independent Board Committee of the Proposed SBCII, (iii) has referred the Company to the Proposed SBCII and (iv) has informed the Listing Rules, in accordance with the Independent Shareholders' Committee.

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.