

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



## 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, approved the proposed subscription of shares in BEH, the Company, by Jigegp and BEH Finance Limited, the New Capital Increase Agreement, which, the agreed capital of BEH Finance Limited of RMB3 billion, RMB5 billion, of which, RMB0.06 billion, RMB0.94 billion and RMB1 billion are subscribed by BEH, the Company and Jigegp, respectively.

Following the execution of the New Capital Increase Agreement, the Original Capital Increase Agreement has been amended in the following manner.

The EGM has been held on 18 January 2019, to consider and, if thought fit, approve the Proposed Subscription. Please refer to the attached circular of the Company dated 3 December 2018 for details.

#### I. INTRODUCTION

Reference is made to the announcement of the Company dated 30 October 2018 in relation to the proposed subscription of shares in BEH Finance Limited by the Company (the "Announcement"). Under the terms specified, the capital to be subscribed by BEH Finance Limited is RMB3 billion, RMB5 billion, of which the terms are: (i) Pursuant to the terms of the proposed subscription, BEH Finance Limited has agreed to subscribe for RMB1 billion of BEH Finance Limited Registered Capital, being the total amount of the BEH Finance Limited Registered Capital, and (ii) Pursuant to the terms of the proposed subscription, BEH Finance Limited has agreed to subscribe for RMB1.27 billion of BEH Finance Limited Registered Capital.

As a result of the Agreement, BEH, the Company, Jigegp and BEH Finance Limited entered into a capital increase agreement on 30 October 2018 (the "Original Capital Increase Agreement"), which, the agreed capital of BEH Finance Limited of RMB3 billion, RMB5 billion, of which the terms are: (i) Pursuant to the terms of the proposed subscription, BEH Finance Limited has agreed to subscribe for RMB1 billion of BEH Finance Limited Registered Capital, being the total amount of the BEH Finance Limited Registered Capital, and (ii) Pursuant to the terms of the proposed subscription, BEH Finance Limited has agreed to subscribe for RMB1.27 billion of BEH Finance Limited Registered Capital.

Following the approval of the Proposed Subscription by the Board of Directors of the Company at the Extraordinary General Meeting of BEH Finance held on the date of the above-mentioned PRC adjustment of the Original Capital Increase Agreement.

The Board of Directors has on 10 December 2018, based on the above-mentioned approval of the PRC adjustment of the above-mentioned Agreement, BEH Finance, Jiageg P and BEH Finance entered into a new 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 are to be subscribed by BEH Finance, Jiageg P and Jiageg P, respectively. Pursuant to the New Capital Increase Agreement, the Original Capital Increase Agreement has been terminated with immediate effect.

## 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");

Jiageg P; and

BEH Finance (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:

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

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

(iii) RMB1 billion, which are to be subscribed by Jiageg P.

Under the terms of the BEH Finance Agreement (the "Proposed Subscription"), BEH, the Company and Jigegpe will hold 60%, 20% and 20% of the equity of BEH Finance, respectively.

**Consideration**

: In exchange for the BEH Finance, BEH, the Company and Jigegpe will contribute RMB76,200,000, RMB1,193,800,000 and RMB1,270,000,000, respectively.

**Basis of Consideration**

: The price of each BEH Finance Registered Capital, which is determined after a thorough valuation of the assets and liabilities of BEH Finance as audited by the auditor CUAA (i.e. RMB3,824,749,500), which is subject to audit by Beijing SASAC.

Accordingly, the final price of the BEH Finance will be determined after the final valuation:

Subscription price of each BEH Finance Registered Capital in exchange for BEH Finance = audited net assets of BEH Finance as audited by Beijing SASAC/BEH Finance' equity of BEH Finance (i.e. RMB3 billion).

Therefore, based on the audited net assets of BEH Finance as audited by CUAA and above, the price of each BEH Finance Registered Capital for the BEH Finance will be RMB1.27 per BEH Finance Registered Capital.

**Conditions precedent**

: The effectiveness of the Proposed Capital Investment Agreement is conditional upon the fulfillment of the following conditions:

(i) The relevant laws and regulations have been obtained by the Company and Jigegpe from the relevant government departments and agencies;

(ii) The annual Beijing SASAC for the  
annual fee for the electricity  
and electricity metering fee for BEH  
Finance has been paid; and

(iii) The annual Beijing Bach Chi  
Bakigad Insurance Company  
insurance for the electricity  
metering fee for BEH Finance has been  
paid.

**Payment schedule**

: Subject to the following conditions:  
BEH, the Company and Jigeg Power  
shall have entered into a  
10 Year Deal with the National  
Agreement take effect.

**Transitional Period**

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

BEH, the Company and Jigeg Power shall be  
entitled to the dividends, and shall be entitled to  
all the dividends of the Target Company during the  
Transition Period. The Target Company shall  
pay the dividends of the Target Company to the  
Existing Shareholder. Notwithstanding the above,  
if the Target Company did not receive all the  
dividends of the Target Company before the National  
Agreement before 31 March 2019,  
the Existing Shareholder of BEH Finance shall be  
entitled to the dividends, and shall be entitled to  
all the dividends of the Target Company from 1  
September 2018 to 31 December 2018 (both  
inclusive) of the Target Company. The  
Target Company shall pay the dividends of the  
Target Company to the Existing Shareholder.

## 2. PRINCIPAL ASSUMPTIONS OF THE VALUATION

The valuation of the CUAA is to be adjusted. Accordingly, the fair value of the CUAA is to be determined on the basis of the actual value of the CUAA as determined by the Board of Directors.

The valuation of the Net Capital Income Agreement is to be determined by the CUAA in accordance with the valuation of the CUAA.

The valuation of the actual value of the CUAA is to be determined in accordance with the provisions of the Income Tax Act, which include the provisions of the Income Tax Act, and the provisions of the Income Tax Act, and the provisions of the Income Tax Act.

The valuation of the actual value of the CUAA is to be determined in accordance with the provisions of the Income Tax Act.

### (i) General assumptions

The actual value of the CUAA is to be determined in accordance with the provisions of the Income Tax Act, and the provisions of the Income Tax Act, and the provisions of the Income Tax Act.

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### (ii) Special assumptions

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The fact that the age of the father at the time of the child's birth is a factor in determining the child's status as a legitimate child.

The age of the child at the time of the father's death is a factor in determining the child's status as a legitimate child.

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If a father is absent at the time of the child's birth, the child will be illegitimate.

The law of the State of New York, as amended, provides that the child of a man and a woman who are not married to each other at the time of the child's birth is illegitimate. (15 B.C.L.S. § 14.62)

**3. SHAREHOLDING STRUCTURE OF BEH FINANCE**

The following diagram sets out 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%
Jingpeng			1,000,000,000	20%
<b>Total</b>	<b>3,000,000,000</b>	<b>100%</b>	<b>5,000,000,000</b>	<b>100%</b>

**4. FINANCIAL INFORMATION OF BEH FINANCE**

Based on the audited consolidated financial statements of the Company for the financial years ended 31 December 2016 and 2017 prepared in accordance with the PRC GAAP, the following table sets out the financial information for the financial 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 Company for the eight months ended 31 August 2018 prepared in accordance with the PRC GAAP, the profit of the Company as at 31 August 2018 amounted 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 of the Company in BEH Finance will be increased from 2% to 20%, which allows the Company to benefit from the advantages of BEH Finance. Accordingly, the investment in BEH Finance through the Proposed Subscription is expected to generate a high return for the Company.

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

I a d d i i , i c e t h e i c a i f B E H F i a c e , t 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 t t h e a c e e t i e d b t h e C a 25 O c t o b e 2016 . T h e C a e e c t t c t i e t 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 t a d i g f h e b i e d e e l e t a d c a i a l e e d f t h e b i d i a i e f t h e C a a d i a b l e t i d e c h e i c e i a t i e l a e . G i e t h e C a a B E H F i a c e f t h e e i c e i t e c e i e d b a e d a l c e c i a l e t , i c e a i g h a e h l d i g i B E H F i a c e b t h e C a i a l i t h e i e e t f t h e C a i c e t h e C a i l l e j a l a g e t i f t 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 t h e a b e , t h e D i e c t ( e c l d i g t h e i d e e d e t - e e c t i e D i e c t , h i l l g i e h e i i i a f e a k i g i t a c c t t h e a d i c e f G a C a i a l , d e a i l f t h i c h i l l b e i c l d e d i t h e c i c l a f t h e E G M ) c i d e t h a h e e f t h e N e C a i a l I c e a e A g e e t a e f a i a d e a a b l e , a d i t h e i t e e t f t h e C a a d t h e S h a e h l d e a a h l e .

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

**6. LISTING RULES IMPLICATION**

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



A a the da e f the a ce e t, BEH di ec l a di di ec l h ld 68.68% e i i e e i the C a a di ac ec ed e f the C a de Cha e 14A f the Li i g R le . BEH Fi a ce i a b idia f BEH a d h c i t e a c ec ed e f the C a b i t e f bei g a a cia e f BEH. Acc di gl the P ed S b c i i al c i t e a c ec ed t a ac i f the C a de Cha e 14A f the Li i g R le . A the highe a l icable t e ce t age a i i e ec f the P ed S b c i i e ceed 5%, the P ed S b c i i i bjec t t the e t i g, a ce e t a d I de e de t Sha eh lde 'a al e i e e t de Cha e 14A f the Li i g R le .

D e t hei i i i BEH a d/ i t 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 t ai ed f t i g t the B a d e l t i a i g t the P ed S b c i i .

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

## 7. INFORMATION OF THE PARTIES

The C a i a clea e e g c a f c i g ga -fi ed e a d hea e e g ge e a i , i d e , h t laic e , all t edi h d e a d t he clea e e g ge e a i b i e e , hich hel clai t the C a the i le f the i e a i all ell-k clea e e g e t e i e, i d t -leadi g clea e e g b a d a d la ge t ga -fi ed e lie i Bei j i g a d t he leadi g i d e e a t i Chi a.

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

Ji g e g P e i a j i t t ck li i ed liabili c a i c a ed i t the PRC h e ha e a e li ed t the Sha ghai S ck E cha ge ( t ck c de: 600578), hich e gage i d c i f elec i c e a d t he al d c t , ge e al ca g a d ca g t a a i ( a k t e), ale f elec i c e a d t he al d c t , e a i f elec i c e e i e t , de ec i a d e a i f e ge e a i e i e t , a d ale f de l f i z 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 t the PRC, hich e gage i idi g fi a cial e ice cha fi a cial c l i g, a e t , i t a ce age c , bill acce t a ce a d di c t i g, e t t ed l a t t e be t . 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. Chen Yi, Mr. Tang Gaodong, Mr. Han Xiaoli, all being independent non-executive Directors) has been established under the Independent Shareholder's Policy of the Company. The Company will be advised by the Independent Financial Adviser under the Independent Board Committee's advice under the Independent Shareholder's Policy.

### 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 dated 3 December 2018 for details.

Accordingly, the Company, (i) for the details of the Proposed Share Issue, (ii) the details of the Independent Board Committee's advice to the Proposed Share Issue, (iii) a letter from the Company to the Proposed Share Issue and (iv) the information related to the Listing Rules, is enclosed herewith for the Independent Shareholder's reference.

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

Beijing, PRC  
10 December 2018

As a reference, the independent directors of the Company are Mr. Li Haiqiang, Mr. Ji Shengqiang, Mr. Tang Xiaoli, Mr. Li Jiaodong, Mr. Zhang Wei, the executive directors of the Company are Mr. Zhang Feng, and the independent directors of the Company are Mr. Huang Xiaogang, Mr. Zhang Feng, Mr. Chen Yi, Mr. Tang Gaodong, Mr. Han Xiaoli.