

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 Non-Cash Investment Agreement, pursuant to which, the registered 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 Non-Cash Investment Agreement, the Original Capital Investment Agreement has been initiated and is expected to be effective.

The EGM has been held on 18 January 2019 in accordance with, and pursuant to, the Proposed Subscription. Pursuant to the above mentioned resolution of the Board 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 registered capital of BEH Finance by the Company (the **Announcement**). Under the terms specified, the subscribed amount is to be shared equally between the Company and Jigeg Power.

As at the date 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 registered capital of BEH Finance will be increased by RMB3 billion (RMB5 billion), of which the details are as follows: (i) Pursuant to the resolution of the Board of Directors of BEH Finance on 10 December 2018, the subscribed amount of RMB1 billion by BEH Finance Registered Capital, being the original amount of the BEH Finance Registered Capital, and (ii) Pursuant to the resolution of the Board of Directors of BEH Finance on 10 December 2018, the subscribed amount of RMB1.27 billion by 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 entered into the following agreement with the PRC Adjusted Original Capital Increase Agreement.

The Board of Directors has, on 10 December 2018, based on the foregoing, entered into the PRC Adjusted Original Capital Increase Agreement, 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 are subscribed by BEH, 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, the **Existing Shareholders of BEH Finance**);

Ji Jie Group; 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 the increase is:

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

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

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

Under the proposed business financing agreement with BEH Finance Company Limited (the "Proposed Subscription"), BEH Finance Company Limited will hold 60%, 20% and 20% of the equity of BEH Finance, respectively.

Consideration

: The total consideration for BEH Finance, BEH Finance Company Limited and Jingge Petroleum Chemicals will be RMB76,200,000, RMB1,193,800,000 and RMB1,270,000,000, respectively.

Basis of Consideration

: The business value of RMB1.27 billion in BEH Finance Registered Capital, which is determined as the fair value of BEH Finance as a result of the appraisal by CUA (i.e. RMB3,824,749,500), which is based on the Beijing SASAC.

Accordingly, the fair business value of the consideration for BEH Finance will be determined as follows:

Business value of each share of BEH Finance Registered Capital = the consideration for BEH Finance = the appraisal value of BEH Finance as a result of the appraisal by Beijing SASAC/BEH Finance' equity of BEH Finance (i.e. RMB3 billion).

Therefore, based on the appraisal value of BEH Finance as a result of the appraisal by CUA and based on the business value of each share of BEH Finance Registered Capital of the consideration for BEH Finance of RMB1.27 billion in BEH Finance Registered Capital.

Conditions precedent

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

- (i) the relevant shareholders have been obtained by the New Capital Investment Agreement as a whole as alicable law and regulations;

(ii) The attached Beijing SASAC file has been amended to reflect the decision regarding the BEH Finance Agreement; and

(iii) The attached Beijing Bach Chi Ba Ki ga dI a ce Reg la C i i i e l a i e d e c e a e i e g e e d c a i a l f B E H F i a c e h a i g b e e b a i e d .

Payment schedule

: Subject to the file of the above-mentioned conditions, BEH, the Contracting Party shall have executed by the 10th day of December the Net Capital Increase Agreement effective.

Transitional Period

: The Existing Shareholder of BEH Finance shall be entitled to all the dividend of the Target Contract before the Valuation Reference Date.

BEH, the Contracting Party shall be entitled to the dividend of the Target Contract during the Transitional Period. Notwithstanding above, if the Target Contract did not execute the above shall constitute the Net Capital Increase Agreement before 31 March 2019, the Existing Shareholder of BEH Finance shall be entitled to the dividend of the Target Contract for the period from 1 September 2018 to 31 December 2018 (both date inclusive) in the amount of the dividend of the Target Contract before the Period Start.

2. PRINCIPAL ASSUMPTIONS OF THE VALUATION

The al ai e e a ed b CUA A i e i ed be adj ed. Acc di gl , he i f ai i ela i he al ai f he Ta ge C a di cl ed i he A ce e e ai cha ged a di e d ced bel .

The a ie he Ne Ca i al I c ea e Ag ee e ha e e gaged CUA A e f he al ai i e ec f he e a e f he Ta ge C a .

A he al ai a e a ed ba ed he i c e a ach, hich i l e he e f he di c ed ca h fl , he al ai a e i he al ai e e a ed b CUA A i e ga ded a a fi f eca de R le 14.61 f he Li i g R le .

The al ai a e f ed ba ed he fl l i g i ci al a i :

(i) *General assumptions*

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e a ke a i : i i a ed ha f a e be aded i e ded be aded i he a ke , he a ie a a e a ac i hall ha e e al a , a d al ha e i a di e gai fficie a ke i f ai , a a ke ai al j dg e f ci , e a d adi g ice f a e . The e a ke a i i ba ed he fac ha a e ca be bli cl aded he a ke .

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 ed a ell a he a e , a a e a d he licie i le e ed.

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del.

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f e.

The ai b i e i c e f he a ai ed e e i e i ai l de i ed f he
c e b i e e ai a di e e i c e i h aki g i acc he
i c e e alb i e ha he e e i e a ha e i he f e.

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acc ible cha ge i he f e d e he cha ge i a age e ea .

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f eca e i d.

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he eg la a da d f ca i al ade ac ai a e ai fied.

The b i e cale f he a ai ed e i i li i ed he e i i g ca i al cale
i h aki g i 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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R le 14.62 f he Li i g R le i h ega d he calc lai f he di c ed f e ca h
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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%
Jigegp			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 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 ceed 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 -leadi g clea e eg b a d a d la ge ga -fi ed e lie i Bei ji g a d he leadi 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 di c 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' Charter of the Proposed SBCII. The Company will be advised by the Independent Financial Adviser under the Independent Board Committee of the Independent Shareholders' Charter of the Proposed SBCII.

IV. EGM

The EGM has been held on 18 January 2019 in accordance with, and under the Proposed SBCII. Please refer to the circular of the Company dated 3 December 2018 for details.

Accordingly, and in compliance with, (i) the circular of the Proposed SBCII, (ii) the circular of the Independent Board Committee of the Proposed SBCII, (iii) the relevant provisions of the Listing Rules, and (iv) the independent shareholders' Charter, the Independent Shareholders' Charter of the Proposed SBCII is hereby adopted.

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

Beijing, the PRC
10 December 2018

As the chairman, the independent Director of the Company is Mr. Li Haiqiang, Mr. Ji Shengqiang, Mr. Tang Xibin, Mr. Li Jia and Mr. Zhang Wei; the independent Director of the Company is Mr. Zhang Feng; and the independent Director of the Company is Mr. Huang Xiaogang, Mr. Zhang Feng, Mr. Chang Yi, Mr. Tang and Mr. Han Xiaoli.