

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 ake  
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, passed the resolution to  
authorize the Board to execute the PRC and the relevant laws and regulations, BEH, the  
Company, Jingneng Power and BEH Financial and the New Capital Increase Agreement,  
which, the agreed financial of BEH Financial will be increased by RMB3 billion  
billion, of which, RMB0.06 billion, RMB0.94 billion and RMB1 billion are  
the Company and Jingneng Power, respectively.

Following the execution of the New Capital Increase Agreement, the Original Capital Increase  
Agreement has been revised and the effect.

The EGM has been held on 18 January 2019 to consider and, if necessary,  
approve the Proposed Subscription. Please refer to the relevant 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 the agreed financial of BEH Financial by the Company (the  
**Announcement**). Under the specified, consolidated financial statement of the Company  
has been approved and defined in the Annual Report.

As at the end of the year, BEH, the Company, Jingneng Power and BEH Financial and the  
capital increase agreement on 30 October 2018 (the **Original Capital Increase Agreement**),  
which, the agreed financial of BEH Financial will be increased by RMB3 billion  
RMB5 billion, of which the details are: (i) Part 1 of 61,224,489.80 million, which are  
increased by the Existing Shareholder of BEH Financial in the existing financial  
statement of BEH Financial and the financial of RMB1 billion of BEH Financial Registered  
Capital, being the financial of the BEH Financial Registered Capital, and (ii) Part 2 of  
1,938,775,510.20 million, which are increased by the Company and Jingneng Power  
and the financial of RMB1.27 billion of BEH Financial Registered Capital.

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

The Board of the Company has, on 10 December 2018, based on the relevant approvals from the PRC authorities, the AGM, BEH, the Company, Jiagegong 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 to be subscribed by BEH, the Company and Jiagegong, 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, the **Existing Shareholders of BEH Finance**);

Jiagegong; 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 details are:

(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 Jiagegong.

Under the terms of the subscription agreement entered into between BEH Finance and the NECAI Investment Agreement (the **Proposed Subscription**), BEH, the Company and Jiageg Pe will hold 60%, 20% and 20% of the equity in BEH Finance, respectively.

#### Consideration

: In exchange for the subscription of BEH Finance, BEH, the Company and Jiageg Pe shall contribute RMB76,200,000, RMB1,193,800,000 and RMB1,270,000,000, respectively.

#### Basis of Consideration

: The subscription price of RMB1.27 per share of BEH Finance Registered Capital, which is determined after a thorough negotiation between the parties, is the basis for the subscription of BEH Finance and is the basis for the subscription of CUAA (i.e. RMB3,824,749,500), which is subject to the approval of Beijing SASAC.

Accordingly, the final subscription price for the subscription of BEH Finance will be determined after the final negotiation:

Subscription price for each share of BEH Finance Registered Capital is equal to the subscription price of BEH Finance = the subscription price of BEH Finance as approved by Beijing SASAC/BEH Finance' equity subscription (i.e. RMB3 billion).

Finally, the subscription price for each share of BEH Finance as approved by the Company and CUAA is the subscription price for each share of BEH Finance Registered Capital for the subscription of BEH Finance is RMB1.27 per share of BEH Finance Registered Capital.

#### Conditions precedent

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

(i) The relevant authorities have issued the necessary approvals for the NECAI Investment Agreement to be entered into and implemented;

(ii) The above Beijing SASAC for the  
 authorized employee involved in the  
 investigation of the BEH  
 Finance Department; and

(iii) The above Beijing Branch of China  
 Bank of International Trade and  
 Finance Company Limited (CIB) for the  
 investigation of the BEH Finance  
 Department.

#### Payment schedule

: Subject to the following conditions:  
 (i) BEH, the Company and Jigegong  
 shall agree in writing to the  
 10 Business Days after the  
 Agreement becomes effective.

#### Transitional Period

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

BEH, the Company and Jigegong shall be  
 entitled to the dividend of the Tagge  
 Company, the Tagge Company and the Tagge  
 Company shall agree in writing to the  
 10 Business Days after the  
 Agreement becomes effective. Notwithstanding the above,  
 if the Tagge Company did not receive all the  
 dividend of the Tagge Company before the  
 Valuation Reference Date, the Existing Shareholder of BEH Finance shall be  
 entitled to the dividend of the Tagge  
 Company, the Tagge Company and the Tagge  
 Company shall agree in writing to the  
 10 Business Days after the  
 Agreement becomes effective. Notwithstanding the above,  
 if the Tagge Company did not receive all the  
 dividend of the Tagge Company before the  
 Valuation Reference Date, the Existing Shareholder of BEH Finance shall be  
 entitled to the dividend of the Tagge  
 Company, the Tagge Company and the Tagge  
 Company shall agree in writing to the  
 10 Business Days after the  
 Agreement becomes effective.

## 2. PRINCIPAL ASSUMPTIONS OF THE VALUATION

The al a i e e a ed b CUAA i e i ed be adj ed. Acc di gl , he i f a i i e la i he al a i 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 CUAA e f he al a i i e ec f he e a e f he Ta ge C a .

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di c ed ca h fl , he al a i a e i he al a i e e a ed b CUAA i ega ded  
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The al a i a e f e d b a e d h e f l l i g i c i a l a i :

**(i) General assumptions**

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a i al j dg e f c i , 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 bliel 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 c a c h a g e i h e c e a c e c i c a d a l i c i e f P R C .

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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 al b i e ha he e e i e a ha e i he f e.

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a d e ai g c di i a a he Val ai Refe e ce Da e i h aki g i  
acc ible cha ge i he f e d e he cha ge i a age e ea .

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f e ca e i d.

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acc da ce i h he ele a eg lai , a d di i b e i e ai i g fi i f ll if  
he eg lai 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  
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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  
fl ed i he al ai ill be bli hed i hi fif ee (15) B i e Da afe he  
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 shareholding 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%
Jinggang Petroleum			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 Target 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 data 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 Target Company for the eight months ended 31 August 2018 prepared in accordance with the PRC GAAP, the unaudited financial data of the Target Company as at 31 August 2018 is as follows: 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 shareholding of the Company in BEH Finance will be increased from 2% to 20%, which will allow the Company to benefit from the business expansion and growth of BEH Finance. Accordingly, the increase in BEH Finance through the Proposed Subscription is expected to generate a relatively high return for the Company.

The Proposed Subsidial element is if the C is a c which e gage i he i f f i a c i a l e i c e . BEH 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 add 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 e 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 ible 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 ied 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 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 l aic e , all edi h d e a d he clea e e g ge e a i b i e e , hich hel clai he C a he ile f he i e a i all ell-k clea e e g e e i e, i d -leadi g clea e e g 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 ied 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 ied 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 a i (a k e), ale f elec ic e a d he al d c , e a i f elec ic e e i e , de ec i a d e a i 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 ied 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. Changyi, Mr. Tang and Mr. Han Xiaogang, 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 and the Independent Shareholder Policy.

### IV. EGM

The EGM has been held by electronic means on 18 January 2019 in accordance with, and in compliance with, the Company's Articles of Association. The EGM was held on 18 January 2019 at 3:00 pm.

At the meeting, the following resolutions were passed: (i) the Independent Shareholder Policy, (ii) the election of the Independent Board Committee under the Independent Shareholder Policy, (iii) the election of the Independent Financial Adviser under the Independent Shareholder Policy, and (iv) the election of the Independent Shareholder Policy.

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

Beijing, the PRC  
10 December 2018

At the meeting, the following resolutions were passed: (i) the election of the Independent Shareholder Policy, (ii) the election of the Independent Board Committee under the Independent Shareholder Policy, (iii) the election of the Independent Financial Adviser under the Independent Shareholder Policy, and (iv) the election of the Independent Shareholder Policy.