

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 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 consideration of the relevant facts and circumstances, approved the proposed subscription of the Company's shares in the PRC and the relevant agreements, BEH, the Company, Ji g e g P e a d BEH Fi a ce e e ed i t t he Ne Ca i al I c ea e Ag ee e t , which, the agreed capital of BEH Fi a ce ill be i c ea ed f t RMB3 billi RMB5 billi , f t t hich, RMB0.06 billi , RMB0.94 billi a d RMB1 billi a e t be b c ibed b BEH, the Company and Ji g e g P e , e ec i el .

Following the execution of the New Capital Increase Agreement, the Original Capital Increase Agreement has been terminated and the new agreement will be effective.

The EGM has been held on 18 January 2019 to consider and, if appropriate, approve the proposed subscription. Please refer to the attached circular 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 capital of BEH Fi a ce b t the Company (the "Announcement"). Under the terms specified, the subscribed amount of the new capital shall have the same meaning as defined in the Agreement.

As a result of the Agreement, BEH, the Company, Ji g e g P e a d BEH Fi a ce e e ed i t t a capital increase agreement on 30 October 2018 (the "Original Capital Increase Agreement"), which, the agreed capital of BEH Fi a ce ill be i c ea ed f t RMB3 billi RMB5 billi , hich c i e : (i) P i l f 61,224,489.80 i , hich a e ffe ed t be b c ibed b t he E i i g Sha eh lde t f BEH Fi a ce i t t hei e ec i e ha eh ldi g i BEH Fi a ce a he b c i i ice f RMB1 e i BEH Fi a ce Regi e ed Ca i al, bei g t he i al al e f t he BEH Fi a ce Regi e ed Ca i al, a d (ii) P i t f 1,938,775,510.20 i , hich a e ffe ed t be b c ibed b t the Company and Ji g e g P e a t a b c i i ice f RMB1.27 e i BEH Fi a ce Regi e ed Ca i al.

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 meeting in the PRC and the Original Capital Increase Agreement.

The Board of Directors has, on 10 December 2018, based on the above-mentioned meeting of the Extraordinary General Meeting of BEH Finance, BEH Finance, 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 Finance, 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 Finance, the "Existing Shareholders of BEH Finance");

Jiagegong; 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 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 BEH Finance Agreement (the "Proposed Subscription"), BEH, the Company and Jigeg P will hold 60%, 20% and 20% of the BEH Finance, respectively.

Consideration

: In exchange for the BEH Finance, BEH, the Company and Jigeg P 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 independent CUA (i.e. RMB3,824,749,500), which is subject to the 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 the Beijing SASAC/BEH Finance' equity registered capital (i.e. RMB3 billion).

Finally, based on the audited net assets of BEH Finance as audited by the CUA 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 in full compliance with the applicable laws and regulations;

(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 JigegP
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 JigegP shall be
entitled to the dividends, and shall be entitled to
all the distributed dividends of the Target
Company during the Transitional
Period of the Target Company. Notwithstanding
if the Target Company did receive all the
dividends shall be distributed to 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 distributed dividends of the Target
Company before 31 December 2018 (both dates inclusive)
during the Transitional Period of the Target
Company before the Transitional Period.

2. PRINCIPAL ASSUMPTIONS OF THE VALUATION

The al a i e t e a e d b C U A A i t e i e d t b e a d j t e d . A c c d i g l , t h e i f a i i e l a i t t h e a l a i f t h e T a g e t C a d i c l e d i t h e A c e e t e a i c h a g e a d i e d c e d b e l t

The a i e t t h e N e C a i a l I c e a e A g e e e t h a e e g a g e d C U A A t e f t h e a l a i i e e c t f t h e e a e t f t h e T a g e t C a .

A t h e a l a i a e a e d b a e d t h e i c e a a c h , h i c h i l e t h e e f t h e d i c t e d c a h f l t h e a l a i a e t i t h e a l a i e t e a e d b C U A A i e g a d e d a a f i f e c a t d e R l e 14.61 f t h e L i t i g R l e .

The a l a i a e f e d b a e d t h e f l l i g i c i a l a t i :

(i) General assumptions

t a a c i a t i : a l l a e t b e a a i e d a e a e d t b e a l e a d i t h e c e f t a a c i , a d t h e a l e a a i e t h e a l e b a e d t h e t a d i g c d i t f t h e a e t t b e a a i e d i a i l a e d a k e . T h e t a a c i a t i i e f t h e t b a i c e e i i e t h a a e t a l a i c a b e c a i e d t .

e a k e a t i : i i a e d t h a f a e t t b e t a d e d i t e d e d t b e t a d e d i t h e a k e , t h e a i e t a a e t t a a c i h a l l h a e e a l t t , a d a l h a e t i t a d i e t g a i f f i c i e t a k e i f a i , a t a k e a i a l j d g e t f c i , e a d a d i g i c e f a e t . T h e e a k e t a t i i b a e d t h e f a c t t t a e t c a b e b l i c l t a d e d t h e a k e t .

a e t g i g - c e a t i : t h e a l a i e h d , a a e e a d b a i h a l l b e d e e i e d c e d i g l b a e d t h e f a c t t t h e a e t d e a l a i i l l c t i e t b e e d a c c d i g t t h e c e t e a d h e d e , c a l e , f e e c a d e i e t , e c . e d a c h a g e b a i h e a a i i g .

(ii) Special assumptions

The e i i g i f i c a t c h a g e i t h e c e t a c e c i c a d t a l i c i e f P R C .

The e i i g i f i c a t c h a g e i t h e c i - e c i c e i e t h e e t h e a a i e d e t e i e i e a e d a e l l a t h e a e , t a a e a d t h e l i c i e i l e e t e d .

The c e f a l a i h a l l b e l l i i e d t h e a l a i e t i d e d b B E H F i a c e i h a k i g i t a c c i t c t i g e t a e t a d c t i g e t l i a b i l i e t h a a e i t t i d e h e l i t i d e d b t h e a a i e d e t t .

The fact that the age of the father at the time of the child's birth is a relevant factor in determining the child's status for purposes of the law.

The age of the child at the time of the father's death is a relevant factor in determining the child's status for purposes of the law.

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If a father is absent at the time of the child's birth, the child's status for purposes of the law will be determined by the law.

The law of the State of California provides that the age of the child at the time of the father's death is a relevant factor in determining the child's status for purposes of the law.

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%
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 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 is 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 all the Company will benefit from the expansion of the business of BEH Finance. Accordingly, the investment in BEH Finance through 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 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 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 i t 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 t he 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 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 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 he 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 he 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 t he C a , a e e i ed t ab t ai f t i g t he e l t t be ed a t t he EGM t a e t 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 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 he 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 he 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 he PRC h e ha e a e li ed t he 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 he 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. Ma 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 on 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 dated 3 December 2018 for details.

Accordingly, the Company, (i) filed the detailed explanation of the Proposed Share Issue, (ii) the explanatory statement of the Independent Board Committee to the Proposed Share Issue, (iii) a letter from the Company to the Independent Shareholders and (iv) the information memorandum of the Listing Rules, in accordance with the Share Listing Rules.

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

Beijing, the PRC
 10 December 2018

Accordingly, the Company, the independent directors of the Company are Mr. Li Haiqiang, Mr. Ji Shengliang, Mr. Tang Xiaoli, Mr. Li Jiaodong, Mr. Zhang Wei; the independent directors of the Company are Mr. Zhang Feng, Mr. Ma Xiaogang, Mr. Zhang Feng, Mr. Chen Yi, Mr. Tang Gaodong, Mr. Han Xiaoli.