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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 hereby announces that on 10 December 2018, based on the contract entered into with the PRC authorities after a lengthy negotiation with the State, BEH, the Company, Ji Jie Power and BEH Finance entered into 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 Ji Jie Power, respectively.

Following the execution of the New Capital Increase Agreement, the Original Capital Increase Agreement has been terminated with immediate effect.

The EGM has been held to be conducted on 18 January 2019 to consider and, if thought fit, approve the Proposed Subscription. Please refer to the announcement issued by the Company on 3 December 2018 for details.

I. INTRODUCTION

Reference is made to the announcement of the Company dated 30 October 2018 in relation to the subscription of the registered capital of BEH Finance by the Company (the **Announcement**). Under the provisions specified, capital to be subscribed in this announcement shall have the same meaning as defined in the Announcement.

As stated in the Announcement, BEH, the Company, Ji Jie 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 from RMB3 billion to RMB5 billion, of which consists of: (i) Part 1 of 61,224,489.80 units, which are to be subscribed by the Existing Shareholders of BEH Finance in proportion to their respective shareholdings in BEH Finance at the subscription price of RMB1 per unit BEH Finance Registered Capital, being the initial value of the BEH Finance Registered Capital, and (ii) Part 2 of 1,938,775,510.20 units, which are to be subscribed by the Company and Ji Jie Power at a subscription price of RMB1.27 per unit BEH Finance Registered Capital.

Following the approval of the Proposed Subscription by the Board and the filing of the Articles and the minutes of the EGM, BEH Finance has received confirmation of the relevant agreements in the PRC to adjust the terms of the Original Capital Increase Agreement.

The Board has approved on 10 December 2018, based on the relevant agreements in the PRC and after a lengthy negotiation with the parties, BEH, the Company, Jiageg Pte and BEH Finance to enter 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, the Company and Jiageg Pte, 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**);

Jiageg Pte; and

BEH Finance (a 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 Jiageg Pte.

Under the terms of the subscription of the registered capital of BEH Finance by the parties to the Non-Capital Increase Agreement (the **Proposed Subscription**), BEH, the Company and Jiagegong will hold 60%, 20% and 20% of the equity of BEH Finance, respectively.

Consideration

: In relation to the increased registered capital of BEH Finance, BEH, the Company and Jiagegong will contribute RMB76,200,000, RMB1,193,800,000 and RMB1,270,000,000, respectively.

Basis of Consideration

: The subscription price is set at RMB1.27 per share of BEH Finance Registered Capital, which is determined after a 'lengthy negotiation between the parties with reference to the audited financial statements of BEH Finance audited by the auditor appointed by CAAA (i.e. RMB3,824,749,500), which is subject to audit by Beijing SASAC.

Accordingly, the final subscription price of the increased registered capital of BEH Finance will be determined according to the following formula:

Subscription price of each share of BEH Finance Registered Capital in relation to the increased registered capital of BEH Finance = audited financial statements of BEH Finance audited by the Beijing SASAC/BEH Finance' equity registered capital (i.e. RMB3 billion).

Furthermore, based on the audited financial statements of BEH Finance audited by the auditor appointed by CAAA and above, the subscription price of each share of BEH Finance Registered Capital of the increased registered capital of BEH Finance is RMB1.27 per share of BEH Finance Registered Capital.

Conditions precedent

- : The effectiveness of the Non-Capital Increase Agreement is conditional upon the fulfillment of the following conditions:
 - (i) the intellectual property rights shall have been obtained by all parties to the Non-Capital Increase Agreement in accordance with applicable laws and regulations;

(ii) the annual fee Beijing SASAC for the annual fee of the asset held in the equity of BEH Finance has been paid; and

(iii) the annual fee of the Beijing Branch of China Baikong Insurance Regulatory Commission is related to the equity of BEH Finance has been paid.

Payment schedule

: Subject to the fulfillment of the above-mentioned conditions, BEH, the Company and Jingge PRC shall have the respective obligations within 10 Business Days after the New Capital Increase Agreement take effect.

Transitional Period

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

BEH, the Company and Jingge PRC shall be entitled to the profit, and shall be eligible for a dividend of the Target Company during the Transitional Period. Notwithstanding the above, if the Target Company did not receive all the profits shall contribute to the New Capital Increase Agreement before 31 March 2019, the Existing Shareholders of BEH Finance shall be entitled to the profit, and shall be eligible for a dividend of the Target Company from 1 September 2018 to 31 December 2018 (both dates inclusive) in their respective shares held in the Target Company before the Period Settlement.

2. PRINCIPAL ASSUMPTIONS OF THE VALUATION

The valuation is determined by CCAA in the light of the adjusted. Accordingly, the information relating to the valuation of the Target Company disclosed in the Assessment Report is subject to change and is not intended to be relied upon.

The valuation is based on the Net Capital Income Agreement entered into between the Target Company and the shareholders of the Target Company.

The valuation is based on the information which is available to the directors of the Target Company, the valuation is based on the information available to the directors of the Target Company in accordance with the provisions of the Companies Act 1985 of the United Kingdom.

The valuation is based on the following assumptions:

(i) General assumptions

Transaction: all assets to be acquired are assumed to be valued in the current market, and the value of the assets to be acquired is based on the current market value of the assets to be acquired in a liquidated market. The transaction is assumed to be based on the basic principle that a transaction can be carried out.

Market: it is assumed that the market to be valued is the market to be valued in the market, the market value of the assets to be acquired is based on the current market value of the assets to be acquired, and the market value of the assets to be acquired is based on the current market value of the assets to be acquired.

Asset: the valuation is based on the fact that the assets to be valued are based on the current market value of the assets to be valued, and the valuation is based on the current market value of the assets to be valued.

(ii) Special assumptions

The significant change in the current economic data is based on PRC.

The significant change in the economic environment is based on the current market value of the assets to be valued, and the valuation is based on the current market value of the assets to be valued.

The current market value of the assets to be valued is based on the current market value of the assets to be valued, and the valuation is based on the current market value of the assets to be valued.

3. SHAREHOLDING STRUCTURE OF BEH FINANCE

The following diagram sets out the shareholding structure of BEH Finance immediately before and after 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%
Jingcheng Pte			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 net profit before and after taxation of the financial years ended 31 December 2016 and 2017 are set out below:

	For the year ended 31 December 2016	For the year ended 31 December 2017
Profit before taxation	365,775,617.00	474,057,530.46
Profit after taxation	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 net profit of the Target Company as at 31 August 2018 is approximately RMB3,573,850,032.

5. REASONS FOR AND BENEFITS OF THE PROPOSED SUBSCRIPTION AND THE EFFECT OF THE PROPOSED SUBSCRIPTION

Upon completion of the Proposed Subscription, the shareholding of the Company in BEH Finance will be increased from 2% to 20%, which allows the Company to benefit from the business expansion and growth of BEH Finance. Accordingly, the investment in BEH Finance through the Proposed Subscription is expected to generate relatively high investment returns for the Company.

As at the date of the above certificate, BEH directly and indirectly held 68.68% equity interest in the Company and is controlled by the Company under the Charter 14A of the Listing Rules. BEH is a wholly owned subsidiary of BEH and the controlling interest is held by the Company. BEH is a subsidiary of BEH. Accordingly, the Proposed Subsidiary is controlled by the Company under the Charter 14A of the Listing Rules. As the highest applicable percentage interest of the Proposed Subsidiary exceeds 5%, the Proposed Subsidiary is subject to the requirements of the Listing Rules of the Exchange and the Listing Rules of the Charter 14A of the Listing Rules.

Directors of BEH and its associates, Mr. Li Haiqiang, Mr. Ji Shengqiang, Mr. Tang Xibing and Mr. Li Jiahua have abstained from voting on the Board resolution regarding the Proposed Subsidiary.

BEH and its associate, holding an aggregate of 5,886,444,144 Shares and exercising a controlling interest of 71.4% of the equity interest in the Company, are entitled to abstain from voting on the resolution to be passed at the EGM relating to the Proposed Subsidiary.

7. INFORMATION OF THE PARTIES

The Company is a clean energy company engaged in the design, construction, operation, maintenance, and investment of power generation facilities, including hydro, wind, solar, and other clean energy projects. The Company is a leading clean energy company in China.

BEH is a limited liability company incorporated in the PRC, which engages in the business of power generation and distribution of electricity and heat, and other related services.

Jigegp is a joint stock limited liability company incorporated in the PRC, which has a listed share on the Shanghai Stock Exchange (stock code: 600578), which engages in the business of electricity and the sale of electricity, gas, and other services, and the distribution of electricity and heat.

BEH is a limited liability company incorporated in the PRC, which engages in the business of financial services, including asset management, investment management, and other services.

III. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (consisting of Mr. Huang Xiaogang, Mr. Zhang Fenghe, Mr. Changyi Tang and Mr. Han Xiaoli, all being independent executive Directors) has been established to advise the Independent Shareholders in connection with the Proposed SBCI. Ga Capital will be advised by the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Proposed SBCI.

IV. EGM

The EGM has been tentatively scheduled for 18 January 2019 to consider, if thought fit, and on behalf of the Proposed SBCI. Please refer to the attached circular dated 3 December 2018 for details.

As a circular containing, among other things, (i) the details relating to the Proposed SBCI, (ii) the records of the Independent Board Committee relating to the Proposed SBCI, (iii) a letter from Ga Capital relating to the Proposed SBCI and (iv) the information regarding the Listing Rules, is expected to be dispatched to the Shareholders in due course.

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

Beijing, the PRC
10 December 2018

At the date of this circular, the executive 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 Fenghe, Mr. Changyi Tang and Mr. Han Xiaoli.