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 comments from relevant government authorities in the PRC and after arm's length negotiation among the parties, BEH, the Company, Jingneng 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 Jingneng 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 postponed to be convened 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 more details.

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**"). Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

As stated in the Announcement, BEH, the Company, Jingneng 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, which comprises: (i) Portion 1 of 61,224,489.80 units, which are offered to be subscribed by the Existing Shareholders of BEH Finance in proportion to their respective shareholding in BEH Finance at the subscription price of RMB1 per unit BEH Finance Registered Capital, being the nominal value of the BEH Finance Registered Capital, and (ii) Portion 2 of 1,938,775,510.20 units, which are offered to be subscribed by the Company and Jingneng 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 issue of the Announcement and the notice of the EGM, BEH Finance has received comments from the relevant government authorities in the PRC to adjust the terms of the Original Capital Increase Agreement.

The Board hereby announces that on 10 December 2018, based on the comments from relevant government authorities in the PRC and after arm's length negotiation among the parties, BEH, the Company, Jingneng Power 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, the Company and Jingneng Power, 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**");

Jingneng Power; 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, which comprises:

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

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

(iii) RMB1 billion, which are offered to be subscribed by Jingneng Power.

U on c m leti n f the ed b c i ti n f the egi te ed ca ital f BEH Fi a ce b the a tie a t t the Ne Ca ital c ea e Ag ee e t (the **Proposed Subscription**), BEH, the C m a a d Ji g e g P e ill h ld 60%, 20% a d 20% f the e it i te e t i BEH Fi a ce, e ecti el .

Consideration : I elati t the i c ea ed egi te ed ca ital f BEH Fi a ce, BEH, the C m a a d Ji g e g P e hall c t ib te RMB76,200,000, RMB1,193,800,000 a d RMB1,270,000,000, e ecti el .

Basis of Consideration : The b c i ti ice e e e t RMB1.27 e it BEH Fi a ce Regi te ed Ca ital, hich a dete mi ed afte a m' le gth eg tiati bet ee the a tie ith efe e ce t the a ai ed et a et al e f BEH Fi a ce a tated i the al ati e t e a ed b CUAA (i.e. RMB3,824,749,500), hich i bject t a al b Beiji g SASAC.

Acc di gl , the fi al b c i ti ice f the i c ea ed egi te ed ca ital f BEH Fi a ce ill be dete mi ed i acc da ce ith the f ll i g f m la:

S b c i ti ice f each it BEH Fi a ce Regi te ed Ca ital i elati t the i c ea ed egi te ed ca ital f BEH Fi a ce = a ai ed et a et al e f BEH Fi a ce a a ed b the Beiji g SASAC/BEH Fi a ce' e i ti g egi te ed ca ital (i.e. RMB3 billi).

F ill t ati e, ba ed the a ai ed et a et al e f BEH Fi a ce a tated i the al ati e t e a ed b CUAA a d ab e, the b c i ti ice f each it BEH Fi a ce Regi te ed Ca ital f the i c ea ed egi te ed ca ital f BEH Fi a ce i RMB1.27 e it BEH Fi a ce Regi te ed Ca ital.

Conditions precedent : The effecti e e f the Ne Ca ital c ea i g Ag ee e t i c diti al the f lfil e t f the f ll i g c diti :

(i) the i te al c ate a al ha i g bee btai ed b all a tie de the Ne Ca ital c ea e Ag ee e t a t t ele a t a licable la a d eg lati ;

(ii) the approval from Beijing SASAC for the appraised value of the assets involved in the proposed increase in registered capital of BEH Finance having been obtained; and

(iii) the approval from the Beijing Branch of China Banking and Insurance Regulatory Commission in relation to the proposed increase in the registered capital of BEH Finance having been obtained.

Payment schedule : Subject to the fulfilment of the above-mentioned conditions, BEH, the Company and Jingneng Power shall pay their respective subscription monies 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 undistributed profit of the Target Company on or before the Valuation Reference Date.

BEH, the Company and Jingneng Power shall be entitled to the profits, and shall be responsible for any losses, of the Target Company during the Transitional Period in proportion to their respective shareholding in the Target Company upon the completion of the Proposed Subscription. Notwithstanding the above, if the Target Company didn't receive all monies the parties shall contribute under the New Capital Increase Agreement on or before 31 March 2019, the Existing Shareholders of BEH Finance shall be entitled to the profits, and shall be responsible for any losses, of the Target Company from 1 September 2018 to 31 December 2018 (both days inclusive) in proportion to their respective shareholding in the Target Company before the Proposed Subscription.

2. PRINCIPAL ASSUMPTIONS OF THE VALUATION

The al ati e t e a ed b CUAA i t e i ed t be adj ted. Acc di gl , the f ati i elati t the al ati f the Ta get C a di cl ed i the A ce e t e ai cha ged a d i e d ced bel .

The a tie t the Ne Ca ital c ea e Ag ee e t ha e e gaged CUAA t e f the al ati i e ect f the et a et f the Ta get C a .

A the al ati a e a ed ba ed the c e a ach, hich i l e the e f the di c ted ca h fl , the al ati a et t the al ati e t e a ed b CUAA i ega ded a a fit f eca t de R le 14.61 f the Li ti g R le .

The al ati a e f ed ba ed the f ll i g i ci al a ti :

(i) General assumptions

t a acti a ti : all a et t be a ai ed a e a ed t be al ead i the ce f t a acti , a d the al e a ai e the al e ba ed the t adi g c diti f the a et t be a ai ed i a i lated a ket. The t a acti a ti i e f the t ba ic e e i ite that a et al ati ca be ca ied t.

e a ket a ti : it i a ed that f a et t be t aded i te ded t be t aded i the a ket, the a tie t a a et t a acti hall ha e e al tat , a d al ha e t it a d ti e t gai fficie t a ket i f ati , a t ake ati al j dg e t f cti , e a d t adi g ice f a et . The e a ket a ti i ba ed the fact that a et ca be blicl t aded the a ket.

a et g i g-c ce a ti : the al ati eth d , a a ete a d ba i hall be dete i ed c e di gl ba ed the fact that the a et de al ati ill c ti e t be ed acc di g t the c e t e a d the de, cale, f e e c a d e i e t, etc. ed a cha ge ba i he a ai i g.

(ii) Special assumptions

The e i ig ifica t cha ge i the c e t ac ec ic a d ta licie f PRC.

The e i ig ifica t cha ge i the ci -ec ic e i e t he e the a ai ed e i e i e ated a ell a the ta e , ta ate a d the licie i le e ted.

The c e f al ati hall be l li ited t the al ati e t ided b BEH Fi a ce ith t taki g i t acc t it c ti ge t a et a d c ti ge t liabilitie that a e i t t ide the li t ided b the a ai ed e tit .

The f. t. e management team f the a ai ed ente i e will e f m it d tie ati fact il and c ntin. e t maintain g ing c ncen f it e i ting b. ine e ati n m del.

The a ai ed ente i e will c ntin. e t lea e and . e it c. ent ffice emi e in the f. t. e.

The main b. ine inc me f the a ai ed ente i e i main l de i ed f m the c. ent b. ine e ati n and in e tment inc me with . t taking int acc . nt the inc emental b. ine that the ente i e ma ha e in the f. t. e.

The al. ati n i n ba ed n the c. ent b. ine t ategie , e ating ca abilitie and e ating c nditi n a at the Val. ati n Refe ence Date with . t taking int acc . nt ible change in the f. t. e d. e t the change in management team.

The e will be n ignificant change in the cent al bank e change ate d. ing the f eca t e i d.

The a ai ed entit hall withd aw the . l e e e and gene al i k e e e in acc dance with the ele ant eg. lati n , and di t ib. te it emaining fit in f. ll if the eg. lat tanda d f ca ital ade . ac ati a e ati fied.

The b. ine cale f the a ai ed entit i limited t the e i ting ca ital cale with . t taking int acc . nt the im act f f. t. e ible ca ital inc ea e n it b. ine cale de el ment.

If an f the a . m ti n ab e-menti ned change , gene all the al. ati n will be in alid.

The lette f m the B a d and the e t f m the a. dit f the C m an a e . i ed b R. le 14.62 f the Li ting R. le with ega d t the calc. lati n f the di c . nted f. t. e ca h fl w . ed in the al. ati n will be . bli hed within fifteen (15) B. ine Da afte the . blicati n f thi ann . ncement . . ant t R. le 14.60A f the Li ting R. le .

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 Registered capital of BEH Finance *(in RMB)*	Percentage	Immediately after the completion of the Proposed Subscription Registered capital of BEH Finance *(in RMB)*	Percentage
BEH	2,940,000,000	98%	3,000,000,000	60%
The Company	60,000,000	2%	1,000,000,000	20%
Jingneng Power			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 for 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 assets of the Target Company as at 31 August 2018 was 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 more from the business expansion and growth in net profit of BEH Finance. Accordingly, the investment in BEH Finance through the Proposed Subscription is expected to generate relatively high investment return for the Company.

The P ed S b c i ti n al e e ent a n i e t nit f the C m an t in e t in a c m an which engage in the i i n f financial e ice . BEH Finance i a n n-banking financial in tit ti n a ed b the ele ant PRC a th itie t engage in the i i n f a i financing e ice , incl ding taking de it and iding l an , and i ima il iding financial e ice t c m anie within the g membe f BEH. Th gh a tici ating in the b ine e ati n f BEH Finance, the C m an can ha e f the nde tanding ab t the e ati n f a financial in tit ti n and gain m e kn wledge in elati n t it ca ital management, which enable the C m an t neg tiate f bette te m with c mme cial bank f ca ital e i ed f it b ine de el ment and bette manage it wn w king ca ital.

In additi n, ince the inc ati n f BEH Finance, the C m an ha engaged BEH Finance t ide a i financial e ice , detail f which we e et t in the ann ncement i ed b the C m an n 25 Oct be 2016. The C m an e ect t c ntin e t engage BEH Finance t ide ch e ice a BEH Finance ha a m e th gh nde tanding f the b ine de el ment and ca ital need f the b idia ie f the C m an and i able t ide ch e ice in a timel manne . Gi en the C m an a BEH Finance f the e ice it ecei ed ba ed n n mal c mme cial te m , inc ea ing ha eh lding in BEH Finance b the C m an i al in the inte e t f the C m an ince the C m an will enj a la ge ti n f the fit and e en e ea ned b BEH Finance.

Ba ed n the ab e, the Di ect (e cl ding the inde endent n n-e ec ti e Di ect , wh will gi e thei ini n afte taking int acc nt the ad ice f G am Ca ital, detail f which will be incl ded in the ci c la f the EGM) c n ide that the te m f the New Ca ital Inc ea e Ag eement a e fai and ea nable, and in the inte e t f the C m an and the Sha eh lde a a wh le.

A the ha eh lding f the C m an in BEH Finance will inc ea e f m 2% t 20% n c m leti n f the P ed S b c i ti n, the in e tment in BEH Finance f the C m an will be ec gni ed b the C m an a in e tment in a ciate nde the e it meth d, in tead f c ent being ec gni ed b the C m an ing c t meth d.

6. LISTING RULES IMPLICATION

A the highe t a licable e centage ati in e ect f the P ed S b c i ti n e ceed 5% b t i le than 25%, the P ed S b c i ti n c n tit te a di cl eable t an acti n f the C m an and i bject t the e ting and ann ncement e i ement nde Cha te 14 f the Li ting R le .

A at the date f the an ncement, BEH di ectl and indi ectl h ld 68.68% e it inte e t in the C m an and i a c nnected e n f the C m an   nde Cha te 14A f the Li ting R le . BEH Finance i a b idia   f BEH and th   c n tit te a c nnected e n f the C m an b i t e f being an a   ciate f BEH. Acc dingl the P   ed S b c i ti n al c n tit te a c nnected t an acti n f the C m an   nde Cha te 14A f the Li ting R le . A the highe t a licable e centage ati in e ect f the P   ed S b c i ti n e ceed 5%, the P   ed S b c i ti n i   bject t the e ting, ann ncement and inde endent Sha eh lde ' a   al e i ement   nde Cha te 14A f the Li ting R le .

D e t thei   iti n in BEH and/ it a   ciate , M . Li Hai ia, M . Jin Sheng iang, M . Tang Xinbing and M . Li J an ha e ab tained f m   ting n the B a d e l ti n a   ing the P   ed S b c i ti n.

BEH and it a   ciate , h lding an agg egate f 5,886,444,144 Sha e and e e enting a   im atel 71.4% f the e it inte e t in the C m an , a e e i ed t ab tain f m   ting n the e l ti n t be   ed at the EGM t a   e the P   ed S b c i ti n.

7. INFORMATION OF THE PARTIES

The C m an i a clean ene g c m an   f c ing n ga -fi ed   we and heat ene g gene ati n, wind   we ,   h t ltaic   we , mall t medi m h d   we and the clean ene g gene ati n b ine , which hel claim the C m an the title f the inte nati nall well-kn wn clean ene g   e ice, and t -leading clean ene g b and and la ge t ga -fi ed   we   lie in Beijing and the leading wind   we   e at in China.

BEH i a limited liabilit c m an inc   ated in the PRC, which engage in the b ine e   f gene ati n and   l ing f elect icit and heat,   d cti n and ale f c al and de el ment f eal e tate. BEH i wh ll   wned b Beijing State- wned Ca ital O e ati n and Management Cente .

Jingneng P we i a j int t ck limited liabilit c m an inc   ated in the PRC wh e ha e a e li ted n the Shanghai St ck E change (t ck c de: 600578), which engage in   d cti n f elect ic   we and the mal   d ct , gene al ca g and ca g t an   tati n (tank t e), ale f elect ic   we and the mal   d ct ,   e ati n f elect ic   we e i ment, detecti n and e ai   f   we gene ati n e i ment, and ale f de lf izati n g   m. Jingneng P we i a b idia   f BEH.

BEH Finance i a limited liabilit c m an inc   ated in the PRC, which engage in   iding financial e ice   ch a financial c n lting, a ment, in   ance agenc , bill acce tance and di c nting, ent ted l an t it membe nit . BEH Finance i a b idia   f BEH.

III. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising Mr. Huang Xiang, Mr. Zhang Fusheng, Mr. Chan Yin Tsung and Mr. Han Xiaoping, all being independent non-executive Directors) has been established to advise the Independent Shareholders in connection with the Proposed Subscription. Gram Capital will be appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Proposed Subscription.

IV. EGM

The EGM has been proposed to be convened 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 more details.

A circular containing, among other things, (i) further details in relation to the Proposed Subscription, (ii) the recommendation of the Independent Board Committee in relation to the Proposed Subscription, (iii) a letter from Gram Capital in relation to the Proposed Subscription and (iv) other information required under the Listing Rules, is expected to be despatched to the Shareholders in due course.

By Order of the Board
Beijing Jingneng Clean Energy Co., Limited
KANG Jian
Company Secretary

Beijing, the PRC
10 December 2018

As at the date of this announcement, the non-executive directors of the Company are Mr. Liu Haixia, Mr. Jin Shengxiang, Mr. Tang Xinbing, Mr. Li Juan and Mr. Zhao Wei; the executive director of the Company is Mr. Zhang Fengyang; and the independent non-executive directors of the Company are Mr. Huang Xiang, Mr. Zhang Fusheng, Mr. Chan Yin Tsung and Mr. Han Xiaoping.