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**THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** about this supplemental circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Beijing Jingneng Clean Energy Co., Limited, you should at once hand this supplemental circular together with the enclosed supplemental proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**This supplemental circular is for information purposes only and does not constitute an offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for the securities referred to in this supplemental circular.**

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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)**

**SUPPLEMENTAL CIRCULAR**  
**CONNECTED TRANSACTION**

**(1) PROPOSED SUBSCRIPTION OF DOMESTIC SHARES**  
**(2) PROPOSED SUBSCRIPTION OF H SHARES**  
**(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**  
**AND**  
**SUPPLEMENTAL NOTICE OF THE ANNUAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee**  
**and the Independent Shareholders**



**Financial Adviser**



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This supplemental circular shall be read in conjunction with the circular issued by the Company to its Shareholders dated 12 May 2017 and the Original Notice convening the AGM dated 12 May 2017.

A letter from the Board is set out on pages 4 to 16 of this supplemental circular. A letter from Gram Capital containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 32 of this supplemental circular and a letter from the Independent Board Committee is set out page 17 of this supplemental circular.

A supplemental notice convening the AGM to be held as originally scheduled at 10:00 a.m. on Wednesday, 28 June 2017 at Victoria Room, Level 2, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong, is set out on pages 39 to 40 of this supplemental circular. A supplemental proxy form for use at the AGM is enclosed with the supplemental notice and was also published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>). If you intend to appoint a proxy to attend the AGM, you are requested to complete and return the supplemental proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the AGM (i.e., by not later than 10:00 a.m., on Tuesday, 27 June 2017) or any adjournment thereof (as the case may be).

Completion and return of the supplemental proxy form will not preclude you from attending and voting at the AGM should you so wish.

References to time and dates in this supplemental circular are Hong Kong time and dates.

8 June 2017

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## DEFINITIONS

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*The following expressions have the meanings set out below unless the context requires otherwise:*

“AGM”	the annual general meeting of the Company to be held as originally scheduled at 10:00 a.m. on Wednesday, 28 June 2017 at Victoria Room, Level 2, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong
“Articles of Association”	the articles of association of the Company
“BEH”	Beijing Energy Holding Co., Ltd. (北京能源集團有限責任公司), a limited liability company incorporated in the PRC and the controlling shareholder of the Company
“Beijing Energy Investment”	Beijing Energy Investment Holding (Hong Kong) Co., Limited (北京能源投資集團(香港)有限公司), a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of BEH
“Beijing SASAC”	the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality
“Board”	the board of Directors of the Company
“Company”, “we”, “our” or “us”	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 PRC with limited liability, whose H Shares are listed on Hong Kong Stock Exchange
“CSRC”	the China Securities Regulatory Committee
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for in RMB
“Domestic Shares Subscription Agreement”	the Domestic Shares subscription agreement entered into between BEH and the Company on 1 June 2017, pursuant to which, BEH has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, 902,471,890 Domestic Shares at the subscription price of RMB2.24 (equivalent to approximately HK\$2.56) per Domestic Share

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## DEFINITIONS

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“General Mandate”	The general mandate to be sought from the Shareholders at the AGM to issue Domestic Shares and H Shares, as more details are set out in the Original Notice
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas-listed foreign invested share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars
“H Shares Subscription Agreement”	the H Shares subscription agreement entered into between Beijing Energy Investment and the Company on 1 June 2017, pursuant to which, Beijing Energy Investment has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, 471,612,800 H Shares at the subscription price of HK\$2.56 per H Share
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee established by the Company (comprising Mr. Huang Xiang, Mr. Zhang Fusheng, Mr. Chan Yin Tsung and Mr. Han Xiaoping) to advise the Independent Shareholders in connection with the Proposed Subscription
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Proposed Subscription
“Independent Shareholders”	Shareholders other than BEH and its associates who are also Shareholders of the Company
“Last Trading Day”	31 May 2017, being the last full trading day immediately prior to the date of the Share Subscription Agreements
“Latest Practicable Date”	5 June 2017, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information in this supplemental circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Original Notice”	the notice of the AGM despatched to the Shareholders on 12 May 2017
“PRC”, “China”	the People’s Republic of China and for the purpose of this supplemental circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Subscription”	the Proposed Subscription of Domestic Shares and the Proposed Subscription of H Shares
“Proposed Subscription of Domestic Shares”	the proposed subscription of 902,471,890 Domestic Shares by BEH pursuant to the Domestic Shares Subscription Agreement
“Proposed Subscription of H Shares”	the proposed subscription of 471,612,800 H Shares by Beijing Energy Investment pursuant to the H Shares Subscription Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	means the ordinary share(s) of RMB1.00 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of ordinary share(s) of the Company
“Share Subscription Agreements”	the Domestic Shares Subscription Agreement and the H Shares Subscription Agreement
“%”	per cent

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LETTER FROM THE BOARD

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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)**

*Non-executive Directors:*

Mr. ZHU Yan (*Chairman*)  
Mr. LI Dawei  
Mr. GUO Mingxing  
Mr. ZHU Baocheng  
Mr. YU Zhongfu  
Mr. ZHAO Wei

*Executive Director:*

Mr. CHEN Ruijun

*Independent non-executive Directors:*

Mr. HUANG Xiang  
Mr. ZHANG Fusheng  
Mr. CHAN Yin Tsung  
Mr. HAN Xiaoping

*Registered Office:*

Room 118, 1 Ziguang East Road,  
Badaling Economic Development Zone  
Yanqing County, Beijing  
PRC

*Principal Place of Business in Hong Kong:*

Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

8 June 2017

*To the Shareholders*

Dear Sir/Madam,

**SUPPLEMENTAL CIRCULAR**  
**CONNECTED TRANSACTION**  
**(1) PROPOSED SUBSCRIPTION OF DOMESTIC SHARES**  
**(2) PROPOSED SUBSCRIPTION OF H SHARES**  
**(3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**  
**AND**  
**SUPPLEMENTAL NOTICE OF THE ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the circular of the Company dated 12 May 2017 (the “**Original Circular**”) which contains the details of the resolutions tabled before the AGM for Shareholder’s approval. This supplemental circular should be read in conjunction with the Original Circular.

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## LETTER FROM THE BOARD

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The purpose of this supplemental circular is to set out the supplemental notice of the AGM and to provide you with details regarding the Proposed Subscription and the proposed amendments to the Articles of Association to enable you to make informed decisions on whether to vote for or against the resolutions to be proposed at the AGM.

### 2. PROPOSED SUBSCRIPTION

#### (A) Principal Terms of the Domestic Shares Subscription Agreement

<b>Date:</b>	1 June 2017
<b>Parties:</b>	The Company (as the issuer); and BEH (as the subscriber).
<b>Subject matter:</b>	902,471,890 Domestic Shares to be issued by the Company, with a par value of RMB1.00 each and an aggregate nominal value of RMB902,471,890.
<b>Subscription price</b>	RMB2.24 (equivalent to approximately HK\$2.56) per Domestic Share.
<b>Conditions precedent:</b>	<p>The effectiveness of the Domestic Shares Subscription Agreement and the Proposed Subscription of Domestic Shares is conditional upon the fulfilment of the following conditions:</p> <ul style="list-style-type: none"><li>(i) the resolution regarding the general mandate to issue Domestic Shares and the resolution regarding the Proposed Subscription of Domestic Shares having been duly approved by the Independent Shareholders as special resolutions at the AGM;</li><li>(ii) approval of the Proposed Subscription of Domestic Shares by Beijing SASAC;</li><li>(iii) there having not existed any binding rulings, orders, restrictions or prohibition on any party to complete the transactions under the Domestic Shares Subscription Agreement as at the completion date of the Proposed Subscription of Domestic Shares; and</li></ul>

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## LETTER FROM THE BOARD

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- (iv) there having not developed (a) any material adverse effect; and (b) any changes in the applicable laws of the jurisdiction where the Company operates its business which might materially and adversely affect the Company as a whole or the transactions under the Domestic Shares Subscription Agreement.

As at the Latest Practicable Date, none of the conditions set out above has been fulfilled.

**Completion and the completion date:**

The Company shall deliver a notice to BEH within a reasonable period of time after the satisfaction of all conditions precedents under the Domestic Shares Subscription Agreement (except that the condition precedent numbered (iv) above can be waived by BEH), setting out, among others, the total purchase price to be paid by BEH, the deadline and method for making the payment. Upon receiving the notice, BEH shall make payment in accordance with the instructions set out in the notice within the specified deadline.

Upon receiving the payment from BEH, the Company shall issue 902,471,890 Domestic Shares to BEH and shall, within a reasonable period of time, register such Domestic Shares under the name of BEH and complete the filings and registrations in connection with such issue.

**Arrangement in relation to retained profits:**

The undistributed retained profits of the Company before completion of the Proposed Subscription of Domestic Shares will be shared by the Shareholders registered in the Company's register of members after the completion of the Proposed Subscription of Domestic Shares in proportion to their respective shareholding in the Company. For the avoidance of doubt, the Domestic Shares to be issued pursuant to the Domestic Shares Subscription Agreement will not be entitled to the proposed final dividend of the Company for the year 2016.

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## LETTER FROM THE BOARD

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### (B) Principal Terms of the H Shares Subscription Agreement

- Date:** 1 June 2017
- Parties:** The Company (as the issuer); and  
Beijing Energy Investment (as the subscriber).
- Subject matter:** 471,612,800 H Shares to be issued by the Company, with a par value of RMB1.00 each and an aggregate nominal value of RMB471,612,800.
- Subscription price:** HK\$2.56 per H Share (equivalent to approximately RMB2.24)
- Conditions precedent:** The effectiveness of the H Shares Subscription Agreement and the Proposed Subscription of H Shares is conditional upon the fulfilment of the following conditions:
- (i) the resolution regarding the general mandate to issue H Shares and the resolution regarding the Proposed Subscription of H Shares having been duly approved by the Independent Shareholders as special resolutions at the AGM;
  - (ii) approval of the Proposed Subscription of H Shares by Beijing SASAC;
  - (iii) approval of the Proposed Subscription of H Shares by the CSRC;
  - (iv) approval of the Hong Kong Stock Exchange of the listing of and dealing in the H Shares to be issued on the Main Board of the Hong Kong Stock Exchange;
  - (v) there having not existed any binding rulings, orders, restrictions or prohibition on any party to complete the transactions under the H Shares Subscription Agreement as at the completion date of the Proposed Subscription of H Shares; and

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## LETTER FROM THE BOARD

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- (vi) there having not developed (a) any material adverse effect; and (b) any changes in the applicable laws of the jurisdiction where the Company operates its business which might materially and adversely affect the Company as a whole or the transactions under the H Shares Subscription Agreement.

As at the Latest Practicable Date, none of the conditions set out above has been fulfilled.

**Completion and the completion date:**

The Company shall deliver a notice to Beijing Energy Investment within a reasonable period of time after the satisfaction of all conditions precedents under the H Shares Subscription Agreement (except that the condition precedent numbered (vi) above can be waived by Beijing Energy Investment), setting out, among others, the total purchase price to be paid by Beijing Energy Investment, the deadline and method for making the payment. Upon receiving the notice, Beijing Energy Investment shall make payment in accordance with the instructions set out in the notice within the specified deadline.

Upon receiving the payment from Beijing Energy Investment, the Company shall issue 471,612,800 H Shares to Beijing Energy Investment and register such H Shares under the name of Beijing Energy Investment and complete the filings and registrations in connection with such issue.

**Arrangement in relation to retained profits:**

The undistributed retained profits of the Company before completion of the Proposed Subscription of H Shares will be shared by the Shareholders registered in the Company's register of members after the completion of the Proposed Subscription of H Shares in proportion to their respective shareholding in the Company. For the avoidance of doubt, the H Shares to be issued pursuant to the H Shares Subscription Agreement will not be entitled to the proposed final dividend of the Company for the year 2016.

**(C) Basis of the Subscription Price**

The subscription price per Domestic Share and the subscription price per H Share were determined, after arm's length negotiations between the Company and BEH/Beijing Energy Investment, at the higher of (i) the audited net assets per Share as at 31 December 2016, being RMB2.24 per Share;

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## LETTER FROM THE BOARD

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and (ii) a 5% premium over the closing price of H Share at the date of the Share Subscription Agreements. The exchange rate is HK\$1: RMB0.87391, being the average median exchange rate announced by the People's Bank of China on the date of the Share Subscription Agreements.

The Proposed Subscription of Domestic Shares (including the terms thereof) is subject to Beijing SASAC's approval, and the Proposed Subscription of H Shares (including the terms thereof) is subject to the approvals of Beijing SASAC and the CSRC. There are no restrictions under the relevant PRC laws and regulations on the subscription price, other than obtaining domestic approvals as set out above and the basis of subscription price described in this supplemental circular is in compliance with relevant PRC laws and regulations.

The subscription price per Domestic Share and the subscription price per H Share represent:

- a premium of approximately 9.87% to the closing price of HK\$2.33 per H Share as quoted on the Hong Kong Stock Exchange on the date of the Domestic Shares Subscription Agreement;
- a premium of approximately 10.82% to the average closing price of approximately HK\$2.31 per H Share as quoted on the Hong Kong Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- a premium of approximately 10.34% to the average closing price of approximately HK\$2.32 per H Share as quoted on the Hong Kong Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day; and
- a premium of approximately 11.30% to the average closing price of HK\$2.30 per H Share as quoted on the Hong Kong Stock Exchange for the last 20 consecutive trading days up to and including the Last Trading Day.

### **(D) General Mandate**

The Domestic Shares to be issued pursuant to the Domestic Shares Subscription Agreement represent (i) approximately 20% of the existing issued Domestic Shares and 13.14% of the existing total issued share capital of the Company as at the date of the Latest Practicable Date; and (ii) approximately 16.67% of the issued Domestic Shares and 10.95% of the total issued share capital as enlarged by the Proposed Subscription of the Company.

The H Shares to be issued pursuant to the H Shares Subscription Agreement represent (i) approximately 20% of the existing issued H Shares and 6.86% of the existing total issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 16.67% of the issued H Shares and 5.72% of the total issued share capital as enlarged by the Proposed Subscription of the Company.

The Domestic Shares and H Shares will be issued and allotted by the Company pursuant to the General Mandate to be sought from the Shareholders at the AGM to be held on 28 June 2017. BEH and its associates who are Shareholders of the Company will abstain from voting on the resolution in respect of the General Mandate at the AGM.

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## LETTER FROM THE BOARD

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### (E) Ranking of Domestic Shares and H Shares to be Issued

The Shares to be issued pursuant to the Shares Subscription Agreements will rank, upon issue, pari passu in all respects with the existing Shares in issue at the time of allotment and issue of such Shares.

### (F) Application for Listing of H Shares to be Issued Pursuant to the H Shares Subscription Agreement

Application will be made by the Company to the Listing Committee of the Hong Kong Stock Exchange for the grant of the listing of, and permission to deal in, the H Shares to be issued pursuant to the H Shares Subscription Agreement on the Main Board of the Hong Kong Stock Exchange.

### (G) Effect on Shareholding Structure of the Company

The following table illustrates the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Proposed Subscription (assuming no other changes to the total issued share capital of the Company prior to the completion of the Proposed Subscription):

	Class of Shares	As at the Latest Practicable Date		Immediately after the completion of the Proposed Subscription	
		Number of Shares held	Percentage of total issued Shares	Number of Shares held	Percentage of total issued Shares
BEH	Domestic Shares	4,179,321,592	60.831%	5,081,793,482	61.639%
Beijing International Electric Engineering Co., Ltd.	Domestic Shares	92,654,249	1.349%	92,654,249	1.124%
Beijing State-owned Capital Operation and Management Center	Domestic Shares	224,348,291	3.265%	224,348,291	2.721%
Beijing District Heating (Group) Co., Ltd.	Domestic Shares	16,035,322	0.233%	16,035,322	0.194%
Beijing Energy Investment	H Shares	0	0%	471,612,800	5.720%
H Shareholders	H Shares	2,358,064,000	34.322%	2,358,064,000	28.602%
<b>Total issued Shares</b>		<b>6,870,423,454</b>	<b>100%</b>	<b>8,244,508,144</b>	<b>100%</b>

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## LETTER FROM THE BOARD

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*Note:* Beijing International Electric Engineering Co., Ltd. and Beijing District Heating (Group) Co., Ltd. are wholly-owned subsidiaries of BEH and BEH is wholly-owned by Beijing State-owned Capital Operation and Management Center. Therefore, Beijing International Electric Engineering Co., Ltd., Beijing District Heating (Group) Co., Ltd. and Beijing State-owned Capital Operation and Management Center are considered to have material interest in the Proposed Subscription and the General Mandate and will, together with BEH, abstain from voting on the resolutions in respect of the Proposed Subscription and the General Mandate at the AGM.

### (H) Use of Proceeds

The net proceeds from the Proposed Subscription (after deducting all applicable costs and expenses, including the legal fees) are expected to be approximately RMB3,076.27 million (equivalent to approximately HK\$3,520.12 million). The net price (after deducting all applicable costs and expenses, including the legal fees) raised per Domestic Share and H Share upon completion of the Proposed Subscription will be approximately RMB2.239 (equivalent to approximately HK\$2.56).

The net proceeds from the issue of the Domestic Shares and the H Shares are intended to be used to repay onshore and offshore short-term bonds and bank loans.

<b>Lender</b>	<b>Interest rate</b>	<b>Maturity date</b>	<b>Principal</b>
The third tranche of onshore short-term bond in 2016	3.030%	28 October 2017	RMB1,000 million
The first tranche onshore short-term bond in 2017	4.300%	4 December 2017	RMB2,000 million
Beijing Rural Commercial Bank, Xinyuan Branch	3.915%	28 October 2017	RMB100 million
Shanghai Pudong Development Bank, Beijing Fucheng Branch	3.915%	20 November 2017	RMB240 million
Offshore RMB-denominated bond	4.300%	23 December 2017	RMB1,000 million
<b>Total:</b>			<b>RMB4,340 million</b>

To the extent that the total net proceeds raised from the issue of the Domestic Shares and H Shares are not sufficient to repay all the debt set out above, the Company will apply its general working capital to repay the remaining loans.

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## LETTER FROM THE BOARD

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### **(I) Reasons for and Benefit of the Proposed Subscription**

The Company operates in a capital-intensive business. The operation and development of its businesses, including the construction of power plants, request significant capital expenditure. The Proposed Subscription could satisfy the capital needs of the Company so as to accommodate the fast development of the Company's businesses. The net proceeds from the Proposed Subscription will be used to repay onshore and offshore short-term bonds and banks loans of the Company. After repayment, the debt and capital structure of the Company will be optimised and the Company will be better positioned in the capital and debt markets in terms of capital raising capability and would be able to bargain for more favourable terms with lenders and investors in future possible fund raising activities.

Having considered all possible fund raising methods, the Board also believes that the Company will derive the following benefits from the Proposed Subscription:

- (i) the subscription price of the Domestic Shares and H Share represented a premium to the average closing price of H Shares of the Company, which is more favourable than the terms that the Company is likely to obtain from independent third party investors; and
- (ii) the Proposed Subscription is more cost-saving as compared to other fund raising methods, including (i) bank borrowings, which would incur additional finance expenses; and (ii) open offer or right issue, which would incur significant additional expenses, such as underwriter's commission.

Based on the above, the Directors (excluding the independent non-executive Directors, whose view will be given in the Letter of the Independent Board Committee) consider that the terms of the Share Subscription Agreements are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Mr. Zhu Yan, the chairman of BEH, Mr. Li Dawei, the vice chairman of BEH, Mr. Guo Mingxing, a director and general manager of BEH and Mr. Zhu Baocheng, the financial chief of BEH, are regarded as having material interest and have abstained from voting on the Board resolution for approving the Proposed Subscription.

### **(J) Fund Raising Activity of the Company in the Past 12 Months**

The Company did not conduct any fund raising activity through the issue of equity securities in the 12 months immediately before the Last Trading Date up to the Latest Practicable Date.

### **(K) Information of the Parties**

#### ***a) The Company***

The Company is a clean energy company focusing on gas-fired power and heat energy generation, wind power, photovoltaic power, small to medium hydropower and other clean energy generation businesses, which helps claim the Company the titles of the internationally well-known clean energy enterprise, industry-leading clean energy brand and largest gas-fired power supplier in Beijing and the leading wind power operator in China.

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## LETTER FROM THE BOARD

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**b) BEH**

BEH, a limited liability company incorporated in the PRC, which engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. It is wholly owned by Beijing State-owned Capital Operation and Management Center.

**c) Beijing Energy Investment**

Beijing Energy Investment, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of BEH. It is primarily engages in investment holding.

**(L) Listing Rules Implications**

As at the Latest Practicable Date, BEH directly holds 4,179,321,592 Domestic Shares, representing approximately 60.831% equity interest in the Company and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Proposed Subscription of Domestic Shares constitutes a connected transaction of the Company and therefore is subject to the approval of the Independent Shareholders at the AGM.

Beijing Energy Investment is a wholly-owned subsidiary of BEH and therefore, Beijing Energy Investment is a connected person of the Company by virtue of being an associate of the Company's connected person under Chapter 14A of the Listing Rules. Accordingly, the Proposed Subscription of H Shares constitutes a connected transaction of the Company and therefore is subject to the approval of the Independent Shareholders at the AGM.

The Domestic Shares and H Shares to be issued pursuant to the Proposed Subscription will be issued under the General Mandate.

BEH, Beijing International Electric Engineering Co., Ltd., Beijing State-owned Capital Operation and Management Center and Beijing District Heating (Group) Co., Ltd. who are Shareholders of the Company, holding 4,512,359,454 Shares, representing approximately 65.678% of the total issued capital of the Company, will be required to abstain from voting on the resolutions in respect of the Proposed Subscription and the General Mandate at the AGM. For details of the shareholding structure of the Company, please refer to page 10 of this supplemental circular.

**(M) 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) has been established to advise the Independent Shareholders in connection with the Proposed Subscription and the General Mandate. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Proposed Subscription and the General Mandate.

**3. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Upon completion of the Proposed Subscription, the registered capital of the Company will be increased from RMB6,870,423,454 to RMB8,244,508,144. Accordingly, the Board has resolved to revise the Articles of Association to reflect such change, subject to approval of the Shareholders at the AGM.

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## LETTER FROM THE BOARD

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The amendments set out below are based on the assumption that the Proposed Subscription of Domestic Shares and the Proposed Subscription of H Shares are completed at the same time. In the event that the Proposed Subscription of Domestic Shares is completed prior to the Proposed Subscription of H Shares, or *vice versa*, the number of Shares in the relevant articles set out below will be adjusted accordingly to reflect the number of Shares that have actually been issued.

Details of the amendments are set out as below:

**(1) Article 19 of the Articles of Association which reads:**

“After the establishment of the Company, as approved by the Zheng Jian Xu Ke (2011) No. 635 issued by China Securities Regulatory Commission (the “CSRC”) on 29 April 2011, the Company may issue no more than 2,464,285,500 H shares. State-owned shareholders shall sell no more than 246,428,550 state-owned shares at the issue of the H shares in accordance with relevant national regulations on reducing state-owned shares. Depending on market conditions, the Company may over-allot up to 328,421,500 H shares, which shall not account for more than 15% of the total ordinary shares that can be issued by the Company. If the over-allotment right is exercised, the state-owned shareholders of the Company shall transfer up to 32,842,150 state-owned shares to the National Social Security Fund Council in accordance with relevant national regulations on reducing state-owned shares. After establishment of the Company, the Company issued additional 1,149,905,454 ordinary shares, state-owned shareholders had sold 114,990,546 ordinary shares, totalling 1,264,896,000 ordinary shares, and the Company issued additional 327,508,000 and 393,010,000 ordinary shares in 2013 and 2014, respectively, all of which are overseas listed shares (H shares).

After the above-mentioned issuance and offering, the capital structure of the Company comprises of 6,870,423,454 issued ordinary shares in total, of which:

Beijing Energy Investment Holding Co., Ltd., holds 4,179,321,592 domestic investment shares, representing 60.831% in the Company’s total share capital;

Beijing International Electric Engineering Co., Ltd., holds 92,654,249 domestic investment shares, representing 1.349% in the Company’s total share capital;

Beijing State Assets Management and Administration Center holds 224,348,291 domestic investment shares, representing 3.265% in the Company’s total share capital;

Beijing District Heating (Group) Co., Ltd. holds 16,035,322 domestic investment shares, representing 0.233% in the Company’s total share capital;

Shareholders of overseas listed shares (H shares) hold 2,358,064,000 shares, representing 34.322% in the Company’s total share capital.”

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## LETTER FROM THE BOARD

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**is proposed to be amended to:**

“After the establishment of the Company, as approved by the Zheng Jian Xu Ke (2011) No. 635 issued by China Securities Regulatory Commission (the “CSRC”) on 29 April 2011, the Company may issue no more than 2,464,285,500 H shares. State-owned shareholders shall sell no more than 246,428,550 state-owned shares at the time of issue of the H shares in accordance with relevant national regulations on reducing state-owned shares. Depending on market conditions, the Company may over-allot up to 328,421,500 H shares, which shall not account for more than 15% of the total ordinary shares that can be issued by the Company. If the over-allotment right is exercised, the state-owned shareholders of the Company shall transfer up to 32,842,150 state-owned shares to the National Social Security Fund Council in accordance with relevant national regulations on reducing state-owned shares. After establishment of the Company, the Company issued additional 1,149,905,454 ordinary shares, state-owned shareholders had sold 114,990,546 ordinary shares, totalling 1,264,896,000 ordinary shares, and the Company issued additional 327,508,000, 393,010,000 and 471,612,800 overseas listed shares (H shares) in 2013, 2014 and 2017, respectively, and issued 902,471,890 domestic shares in 2017.

After the above-mentioned issuance and offering, the capital structure of the Company comprises of 8,244,508,144 issued ordinary shares in total, of which:

Beijing Energy Investment Holding Co., Ltd, holds 5,081,793,482 domestic shares, representing 61.639% in the Company’s total share capital;

Beijing International Electric Engineering Co., Ltd., holds 92,654,249 domestic investment shares, representing 1.124% in the Company’s total share capital;

Beijing State Assets Management and Administration Center holds 224,348,291 domestic investment shares, representing 2.721% in the Company’s total share capital;

Beijing District Heating (Group) Co., Ltd. holds 16,035,322 domestic investment shares, representing 0.194% in the Company’s total share capital;

Shareholders of overseas listed shares (H shares) hold 2,829,676,800 shares, representing 34.322% in the Company’s total share capital.”

**(2) Article 23 of the Articles of Association which reads**

“The registered capital of the Company is RMB6,870,423,454.”

**is proposed to be amended to:**

“The registered capital of the Company is RMB8,244,508,144.”

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## LETTER FROM THE BOARD

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### 4. THE AGM

A supplemental notice convening the AGM to be held as originally scheduled at 10:00 a.m. on Wednesday, 28 June 2017 at Victoria Room, Level 2, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong, is set out on pages 39 to 40 of this supplemental circular.

As a result of the additional resolutions proposed subsequent to the despatch of the Original Notice, the Original Notice and the original proxy form for the AGM sent together with the Original Notice does not contain the additional resolutions proposed as set out in the supplemental notice. In this connection, a supplemental proxy form for the AGM is enclosed with the supplemental notice. You are requested to complete and return the original and the supplemental proxy forms for the AGM in accordance with the instructions printed thereon.

The supplemental proxy form will not affect the validity of any proxy form duly completed by you in respect of the resolutions set out in the Original Notice. If you have completed and delivered the original proxy form and validly appointed a proxy to attend and act for you at the AGM, but do not complete and deliver the supplemental proxy form, your proxy will be entitled to vote at his/her discretion on the special resolutions set out in the supplemental notice of the AGM dated 8 June 2017. If you do not complete and deliver the original proxy form but have completed and delivered the supplemental proxy form and validly appointed a proxy to attend and act for you at the AGM, unless otherwise instructed, your proxy will be entitled to vote at his/her discretion on the resolutions set out in the Original Notice. For the avoidance of doubt, should the proxies being appointed to attend the AGM under each of the original proxy form and/or the supplemental proxy form are different and more than one of the proxies attended the AGM, only the proxy validly appointed under the original proxy form shall be designated to vote on all the resolutions at the AGM.

The resolutions proposed at the AGM will be voted by poll.

Please refer to the Original Notice for details in respect of other resolutions to be considered and passed at the AGM, eligibility for attending the AGM, proxy, registration procedures, closure of register of members and other relevant matters.

### 5. RECOMMENDATION

The Independent Board Committee, having taken into account the advice of Gram Capital, considers that the Proposed Subscription and the General Mandate to issue Domestic Shares and H Shares to be sought at the AGM are on normal commercial terms and fair and reasonable and are also in the interest of the Company and its Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions in relation to the Proposed Subscription and general mandate to issue Domestic Shares and H Shares to be proposed at the AGM. The text of the letter from the Independent Board Committee is set out on page 17 of this supplemental circular.

### 6. OTHER INFORMATION

Your attention is drawn to other sections of and the appendix to this supplemental circular. This supplemental circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

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



**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)**

8 June 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION**  
**PROPOSED SUBSCRIPTION OF DOMESTIC SHARES**  
**AND**  
**PROPOSED SUBSCRIPTION OF H SHARES**

We refer to the supplemental circular issued by the Company to the Shareholders dated 8 June 2017 (the “**Supplemental Circular**”) which this letter forms a part of. Terms defined in the Supplemental Circular shall have the same meanings as those used in this letter unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to consider the Proposed Subscription and the General Mandate, and to advise the Independent Shareholders in respect of the Proposed Subscription and the General Mandate. Gram Capital has been appointed as the Independent Financial Adviser in this regard.

We wish to draw your attention to the “Letter from the Board” and the “Letter from Gram Capital” as set out in the Supplemental Circular. Having considered the principal factors and reasons considered by, and the advice of Gram Capital as set out in their letter of advice, we consider that the Proposed Subscription and the General Mandate, although is not conducted in the ordinary and usual course of business of the Company, are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders to vote in favour of the special resolutions approving the Proposed Subscription and the General Mandate at the AGM.

Yours faithfully

For and on behalf of the Independent Board Committee of  
**Beijing Jingneng Clean Energy Co., Limited**

**Huang Xiang**  
*Independent*  
*non-executive Director*

**Zhang Fusheng**  
*Independent*  
*non-executive Director*

**Chan Yin Tsung**  
*Independent*  
*non-executive Director*

**Han Xiaoping**  
*Independent*  
*non-executive Director*

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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Subscription for the purpose of inclusion in this supplemental circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

8 June 2017

*To: The independent board committee and the independent shareholders  
of Beijing Jingneng Clean Energy Co., Limited*

Dear Sirs,

### **PROPOSED SUBSCRIPTION OF DOMESTIC SHARES AND PROPOSED SUBSCRIPTION OF H SHARES**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Subscription, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the supplemental circular dated 8 June 2017 issued by the Company to the Shareholders (the “**Supplemental Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Supplemental Circular unless the context requires otherwise.

On 1 June 2017, the Company entered into the Domestic Shares Subscription Agreement with BEH, pursuant to which, BEH has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, 902,471,890 Domestic Shares at the subscription price of RMB2.24 (equivalent to approximately HK\$2.56) per Domestic Share.

On the even date, the Company entered into the H Shares Subscription Agreement with Beijing Energy Investment (together with BEH, the “**Subscribers**”), pursuant to which, Beijing Energy Investment has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue and allot, 471,612,800 H Shares at the subscription price of HK\$2.56 per H Share.

With reference to the Board Letter, the Subscribers are connected persons of the Company. Accordingly, the Proposed Subscription constitutes non-exempt connected transactions of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements pursuant to Chapter 14A of the Listing Rules.

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## LETTER FROM GRAM CAPITAL

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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 on (i) whether the terms of the Share Subscription Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Proposed Subscription and transactions contemplated thereunder (including grant of the General Mandate) are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Proposed Subscription and the transactions contemplated thereunder (including grant of the General Mandate) at the AGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **INDEPENDENCE**

During the past two years immediately preceding the Latest Practicable Date, Mr. Graham Lam was the person signing off the opinion letter from the independent financial adviser contained in the circular dated 14 November 2016 in respect of the disclosable transaction and continuing connected transactions for the Company. Notwithstanding the aforesaid past engagements, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Besides, apart from the advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Supplemental Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Supplemental Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Supplemental Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Share Subscription Agreements. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

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## LETTER FROM GRAM CAPITAL

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The Supplemental Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Supplemental Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Supplemental Circular or the Supplemental Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Supplemental Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, BEH or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group as a result of the Proposed Subscription. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Proposed Subscription, we have taken into consideration the following principal factors and reasons:

#### **(1) Background and reasons for the Proposed Subscription**

##### *Information on the Group*

With reference to the Board Letter, the Company is a clean energy company focusing on gas-fired power and heat energy generation, wind power, photovoltaic power, small to medium hydropower and other clean energy generation businesses, which helps claim the Company the titles of the internationally well-known clean energy enterprise, industry-leading clean energy brand and largest gas-fired power supplier in Beijing and the leading wind power operator in China.

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## LETTER FROM GRAM CAPITAL

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Set out below is a summary of the audited consolidated financial information on the Group for the two years ended 31 December 2016 as extracted from the Company's annual report for the year ended 31 December 2016 (the "2016 Annual Report"):

	<b>For the year ended 31 December 2016</b>	<b>For the year ended 31 December 2015</b>	<b>Year on year change</b>
	<i>RMB' 000</i>	<i>RMB' 000</i>	<i>%</i>
Revenue	14,635,836	14,346,034	2.02
Finance costs	(983,064)	(1,197,841)	(17.93)
Profit for the year	2,127,034	2,032,750	4.64
	<b>As at 31 December 2016</b>	<b>As at 31 December 2015</b>	<b>Year on year change</b>
	<i>RMB' 000</i>	<i>RMB' 000</i>	<i>%</i>
Cash and cash equivalents	1,772,006	2,114,669	(16.20)
Bank and other borrowings			
– due within one year	7,794,224	3,557,535	119.09
Short-term debentures	6,000,000	6,000,000	–
Corporate bonds			
– due within one year	2,195,516	–	N/A

As illustrated by the above table, the Group's revenue and net profit for the year ended 31 December 2016 ("FY2016") increased by approximately 2.02% and 4.64% respectively as compared to the year ended 31 December 2015 ("FY2015").

As at 31 December 2016, the Group recorded cash and cash equivalents of approximately RMB1.77 billion. In respect of the liabilities position of the Group, bank and other borrowings (due within one year), short-term debentures and corporate bonds (due within one year) amounted to approximately RMB7.79 billion, RMB6.00 billion and RMB2.20 billion respectively. With reference to the 2016 Annual Report, net gearing ratio, calculated by dividing net debts (total borrowings minus cash and cash equivalents) by the sum of net debts and total equity, was approximately 57.47% as at 31 December 2016 (31 December 2015: 58.84%).

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## LETTER FROM GRAM CAPITAL

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### *Information on the Subscribers*

BEH, a limited liability company incorporated in the PRC, which engages in the businesses of generation and supplying of electricity and heat, production and sale of coal and development of real estate. It is wholly owned by Beijing State-owned Assets Management Co., Ltd.

Beijing Energy Investment, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of BEH. It is primarily engages in investment holding.

### *Reasons for and benefits of the Proposed Subscription and the use of proceeds*

With reference to the Board Letter, the Company operates in a capital-intensive business. The operation and development of its businesses, including the construction of power plants, request significant capital expenditure. The Proposed Subscription could satisfy the capital needs of the Company so as to accommodate the fast development of the Company's businesses. The net proceeds from the Proposed Subscription will be used to repay onshore and offshore short-term bonds and banks loans of the Company. After repayment, the debt and capital structure of the Company will be optimised and the Company will be better positioned in the capital and debt markets in terms of capital raising capability and would be able to bargain for more favourable terms with lenders and investors in future possible fund raising activities.

### *Financing alternatives available to the Group*

The Company did not conduct any fund raising activity through the issue of equity securities in the 12 months immediately before the Last Trading Date up to the Latest Practicable Date.

We have enquired into the Directors and were informed by the Directors that the Group has considered various methods, namely debt financing and equity financing, for fund raising. Nevertheless, the Directors advised us that upon comprehensive consideration, the Company prefers equity financing which could save the financial cost, and further optimize the gearing ratio and the financial position, enabling the Company to expand sustainably in the future.

With regard to equity financing, the Directors advised us that although both open offer and rights issue would allow Shareholders to maintain their respective pro-rata shareholdings in the Company and at the same time to strengthen the capital base of the Company, such fund raising exercises (i) require the Company to procure commercial underwriting, which may incur addition cost; and (ii) more likely than not set the subscription price at a discount to current market price of the Share in order to encourage existing Shareholders to participate, while the subscription prices under the Share Subscription Agreements represent a premium to the closing price per H Share on the Last Trading Day, the Directors consider that open offer and rights issue would not be in the interests of the Independent Shareholders in this regard.

The Directors are hence of the opinion that the Proposed Subscription is a more preferable method of fund raising for the Group according to the proposed use of proceeds.

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## LETTER FROM GRAM CAPITAL

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### *Use of proceeds*

The net proceeds from the Proposed Subscription (after deducting all applicable costs and expenses, including the legal fees) are expected to be approximately RMB3,076.27 million (equivalent to approximately HK\$3,520.12 million). The net price (after deducting all applicable costs and expenses, including the legal fees) raised per Domestic Share and H Shares upon completion of the Proposed Subscription will be approximately RMB2.239 (equivalent to approximately HK\$2.56) and HK\$2.56 (equivalent to approximately RMB2.239) respectively.

The net proceeds from the issue of the Domestic Shares and the H Shares are intended to be used to repay part of the following onshore and offshore short-term bonds and bank loans:

<b>Lender</b>	<b>Interest rate</b>	<b>Maturity date</b>	<b>Principal</b>
The third tranche of onshore short-term bond in 2016	3.030%	28 October 2017	RMB1,000 million
The first tranche onshore short-term bond in 2017	4.300%	4 December 2017	RMB2,000 million
Beijing Rural Commercial, Bank Xinyuan Branch	3.915%	28 October 2017	RMB100 million
Shanghai Pudong Development Bank, Beijing Fucheng Branch	3.915%	20 November 2017	RMB240 million
Offshore RMB-denominated bond	4.300%	23 December 2017	RMB1,000 million
<b>Total:</b>			<b>RMB4,340 million</b>

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## LETTER FROM GRAM CAPITAL

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To the extent that the total net proceeds raised from the issue of the Domestic Shares and H Shares are not sufficient to repay all the debt set out above, the Company will apply its general working capital to repay the remaining loans.

As mentioned above, as at 31 December 2016, the Group recorded cash and cash equivalents of approximately RMB1.77 billion. In respect of the liabilities position of the Group, bank and other borrowings (due within one year), short-term debentures and corporate bonds (due within one year) amounted to approximately RMB7.79 billion, RMB6.00 billion and RMB2.20 billion respectively. With reference to the 2016 Annual Report, net gearing ratio, calculated by dividing net debts (total borrowings minus cash and cash equivalents) by the sum of net debts and total equity, was approximately 57.47% as at 31 December 2016 (31 December 2015: 58.84%).

With reference to the 2016 Annual Report, looking forward, the Group will continue to expand its domestic and overseas markets to undertake more quality works, exquisite works and works with high returns, thereby maximizing Shareholders' interest and creating higher value of the Group. The Group will continue to grow both its scale and strength through self-development, acquisitions, merger and acquisition, and other means. The future business plan of the Group will employ a combination of financing channels to finance capital expenditures, including but not limited to internal funds and bank loans. Upon our discussion with the Directors, we understood that the debt and capital structure of the Company will be optimized (i.e. decrease in the Group's liabilities position) upon the repayment, being the purpose of the use of proceeds from the Proposed Subscription. The Company will be better positioned in the capital and debt markets, to be a combination of increasing channels to finance capital expenditures for the Group's future business plan as mentioned above, in terms of capital raising capability and would be able to bargain for more favourable terms with lenders and investors in future possible fund raising activities.

As at the Latest Practicable Date, the Company had not negotiated for extension or renewal of the existing short-term bonds and bank loans due to the fact that the Company proposed to apply proceeds from the Proposed Subscription for the purpose of repayment. This would optimize gearing ratio and financial position of the Group.

In light of (i) the outstanding amount of borrowings which will be due by 31 December 2017; (ii) after repayment, the Company's debt and capital structure will be optimised and the Company will be better positioned in the capital and debt markets in terms of capital raising capability and would be able to bargain for more favourable terms with lenders and investors in future possible fund raising activities, we consider that the proposed use of proceeds from the Proposed Subscription to be acceptable.

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## LETTER FROM GRAM CAPITAL

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### *Size of the Proposed Subscription*

With reference to the Board Letter, the Domestic Shares and H Shares will be issued and allotted by the Company pursuant to the general mandate to be sought from the approval of Shareholders at the AGM to be held on 28 June 2017. As at the Latest Practicable Date, the issued share capital of the Company comprised 6,870,423,454 Shares, including 4,512,359,454 Domestic Shares and 2,358,064,000 H Shares. Subject to the passing of relevant resolution and on the basis that no further Shares are issued before the AGM, the Company will be allowed to issue a maximum of 902,471,890 Domestic Shares and 471,612,800 H Shares.

Having considered that (i) the subscription shares will be issued and allotted by the Company pursuant to the proposed general mandate and the number of Domestic Shares and H Shares are in line with the number of Shares to be allowed to issue under the general mandate of the Company; (ii) outstanding bank and other borrowings of the Group as mentioned above, we consider the size of the Proposed Subscription to be acceptable.

Having considered (i) the Proposed Subscription being the most appropriate fund raising method currently available to the Group due to the reasons as set forth under the sub-section headed “Financing alternatives available to the Group” above; (ii) the proposed use of the net proceeds from the Proposed Subscription; (iii) participation by BEH and Beijing Energy Investment in the Proposed Subscription will demonstrate solid confidence of BEH, being the controlling Shareholder, in the prospect of the Company; and (iv) the size of the Proposed Subscription to be acceptable, we consider that the Proposed Subscription and transactions contemplated thereunder (including grant of the General Mandate), although are not conducted in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole.

### **(2) Principal terms of the Share Subscription Agreements**

The table below summarises the major terms of the Share Subscription Agreements, details of which are set out under the section headed “Proposed Subscription” of the Board Letter:

#### ***(A) Principal Terms of the Domestic Shares Subscription Agreement***

<b>Date:</b>	1 June 2017
<b>Parties:</b>	The Company (as the issuer); and BEH (as the subscriber).
<b>Subject matter:</b>	902,471,890 Domestic Shares to be issued by the Company, with a par value of RMB1.00 each and an aggregate nominal value of RMB902,471,890.
<b>Subscription price:</b>	RMB2.24 (equivalent to approximately HK\$2.56) per Domestic Share.

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## LETTER FROM GRAM CAPITAL

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### *Analysis on the subscription price*

The subscription price of RMB2.24 (equivalent to approximately HK\$2.56) per Domestic Share represents:

- (a) a premium of approximately 8.94% over the closing price of HK\$2.35 per H Share as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 9.87% over the closing price of HK\$2.33 per H Share as quoted on the Hong Kong Stock Exchange on the date of the Domestic Shares Subscription Agreement (the “**Premium (Domestic)**”); and
- (c) a premium of approximately 10.82% over the average closing price of approximately HK\$2.31 per H Share as quoted on the Hong Kong Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 10.34% over the average closing price of approximately HK\$2.32 per H Share as quoted on the Hong Kong Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (e) a premium of approximately 11.30% over the average closing price of HK\$2.30 per H Share as quoted on the Hong Kong Stock Exchange for the last 20 consecutive trading days up to and including the Last Trading Day; and
- (f) the audited consolidated net asset value of approximately RMB2.24 per Share as at 31 December 2016 (based on the audited consolidated statement of financial position of the Company as at 31 December 2016 and the number of Shares in issue as at 31 December 2016).

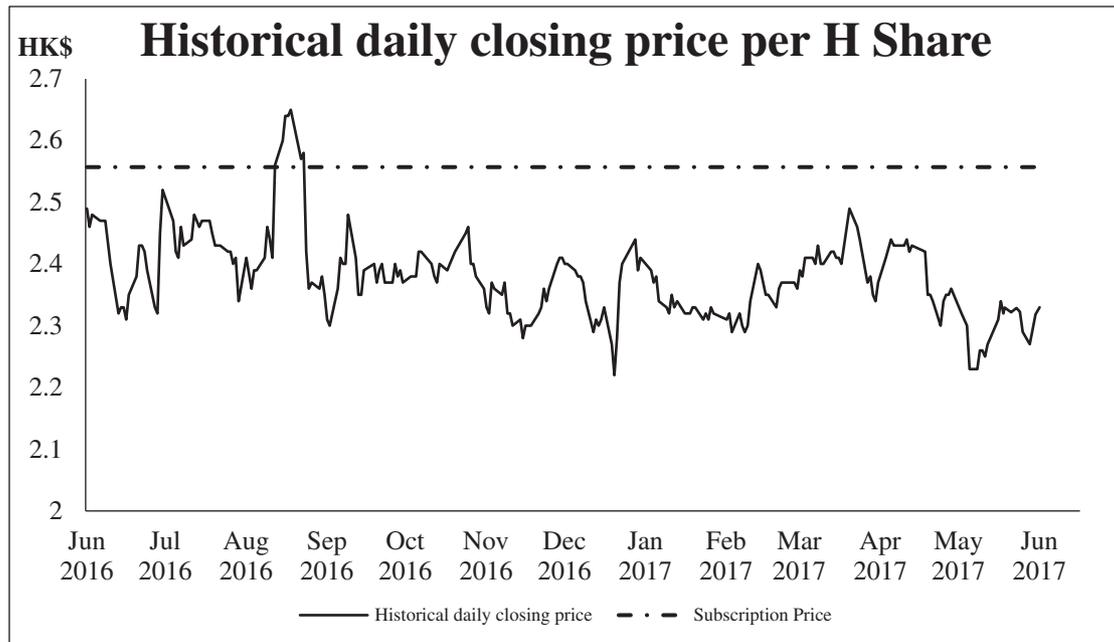
With reference to the Board Letter, the subscription price per Domestic Share was determined, after arm’s length negotiations between the Company and BEH, at the higher of (i) the net assets per Share as at 31 December 2016, being RMB2.24 per Share (equivalent to HK\$2.56; and (ii) a 5% premium over the closing price of HK\$2.33 per H Share at the date of the Share Subscription Agreements, being HK2.45 per H Share. The exchange rate is HK\$1: RMB0.87391, being the average median exchange rate announced by the People’s Bank of China on the date of the Share Subscription Agreements.

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## LETTER FROM GRAM CAPITAL

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In order to assess the fairness and reasonableness of the subscription price, we have reviewed the daily closing price of the Shares as quoted on the Hong Kong Stock Exchange from 1 June 2016 up to and including the Last Trading Day (the “**Review Period**”), being approximately one year prior to the date of the Share Subscription Agreements, which reflects recent closing price trend of the Company and is commonly used for analysis purpose. The comparison of daily closing prices of the Shares and the subscription price is illustrated as follows:



Source: the Hong Kong Stock Exchange's website

During the Review Period, the closing prices of the Shares fluctuated within the range of HK\$2.22 to HK\$2.65. The lowest and highest closing prices of the H Shares as quoted on the Hong Kong Stock Exchange were HK\$2.22 recorded on 20 December 2016 and HK\$2.65 recorded on 18 August 2016 respectively during the Review Period. The subscription price is within the range of the lowest and highest closing prices of the Shares as quoted on the Hong Kong Stock Exchange during the Review Period. In addition, during the Review Period, the subscription price was above the daily closing prices of the Shares on 237 trading days out of the total 245 trading days.

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## LETTER FROM GRAM CAPITAL

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As part of our analysis, we have also identified transactions regarding subscription of new shares/H shares during the period from 1 May 2017 up to the date of the Share Subscription Agreements as announced (being the recent one month period prior to and including date of the Share Subscription Agreements) by companies listed on the Hong Kong Stock Exchange (the “**Comparables**”). We consider that a sampling period of approximately one month is adequate and appropriate given that (i) such period is sufficiently recent to demonstrate the prevailing market practices prior to and including date of the Share Subscription Agreements; and (ii) we are able to identify sufficient samples for comparison with such period. To the best of our knowledge and as far as we are aware of, we found 14 transactions which met the said criteria and they are exhaustive. Despite that the businesses, operations and prospects of the Company are not the same as the subject companies of the Comparables, the Comparables could provide a general reference for the recent (i.e. one month period prior to and including date of the Share Subscription Agreements) common market practice of Hong Kong listed companies in the subscription of new shares. As such, we are of the view that the Comparables are fair and representative. Summarised below is our relevant findings:

Company name	Stock code	Date of announcement	Premium/(discount) of the issue price over/to the closing price per share on the last trading day prior to/on the date of announcement/agreement in relation to the respective subscription of share %
China Everbright Bank Company Limited	6818	2 May 2017	48.01
Cosmo Lady (China) Holdings Company Limited	2298	5 May 2017	9.17
Poly Culture Group Corporation Limited	3636	8 May 2017	(8.73)
Phoenitron Holdings Limited	8066	9 May 2017	(12.28)
China HealthCare Holdings Limited	673	10 May 2017	8.28
Guangdong Join-Share Financing Guarantee Investment Co., Ltd.*	1543	15 May 2017	Nil

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**LETTER FROM GRAM CAPITAL**

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Company name	Stock code	Date of announcement	Premium/(discount) of the issue price over/to the closing price per share on the last trading day prior to/on the date of announcement/agreement in relation to the respective subscription of share %
China Financial Services Holdings Limited	605	17 May 2017	(5.56)
HC International, Inc.	2280	19 May 2017	4.48
Netel Technology (Holdings) Limited	8256	22 May 2017	(1.96)
Jin Bao Bao Holdings Limited	1239	25 May 2017	27.66
China City Infrastructure Group Limited	2349	26 May 2017	(9.09)
Zall Group Ltd.	2098	31 May 2017	(10.26)
Burwill Holdings Limited	24	31 May 2017	(19.28)
China Metal Resources Utilization Limited	1636	1 June 2017	(10.89)
<b>Maximum</b>			<b>48.01</b>
<b>Minimum</b>			<b>(19.28)</b>
<b>Average</b>			<b>1.40</b>
<b>The Company</b>	<b>579</b>	<b>1 June 2017</b>	<b>9.87</b>

As shown by the above table, the subscription prices of the Comparables ranged from a discount of approximately 19.28% to a premium of approximately 48.01% to the respective closing prices of their shares on the last trading day prior to/on the date of the announcement/agreement in relation to the relevant share subscription (the “**Market Range**”), with an average of a premium of approximately 1.40%. The Premium (Domestic) is thus within the Market Range and above the average of the Comparables.

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## LETTER FROM GRAM CAPITAL

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Having taken into account that (i) the subscription price of RMB2.24 (equivalent to approximately HK\$2.56) per Domestic Share is within the range of the lowest and highest closing prices of the Shares as quoted on the Hong Kong Stock Exchange during the Review Period; (ii) during the Review Period, the subscription price was above the daily closing prices of the Shares on 237 trading days out of the total 245 trading days; and (iii) the Premium (Domestic) is within the Market Range and above the average of the Comparables, we consider that the subscription price is fair and reasonable so far as the Independent Shareholders are concerned.

**(B) *Principal Terms of the H Shares Subscription Agreement***

<b>Date:</b>	1 June 2017
<b>Parties:</b>	The Company (as the issuer); and Beijing Energy Investment (as the subscriber).
<b>Subject matter:</b>	471,612,800 H Shares to be issued by the Company, with a par value of RMB1.00 each and an aggregate nominal value of RMB471,612,800.
<b>Subscription price:</b>	HK\$2.56 (equivalent to RMB2.24) per H Share

*Analysis on the subscription price*

The subscription price of HK\$2.56 per H Share represents:

- (a) a premium of approximately 8.94% over the closing price of HK\$2.35 per H Share as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 9.87% over the closing price of HK\$2.33 per H Share as quoted on the Hong Kong Stock Exchange on the date of the Domestic Shares Subscription Agreement (the “**Premium (H Share)**”);
- (c) a premium of approximately 10.82% over the average closing price of approximately HK\$2.31 per H Share as quoted on the Hong Kong Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (d) a premium of approximately 10.34% over the average closing price of approximately HK\$2.32 per H Share as quoted on the Hong Kong Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (e) a premium of approximately 11.30% over the average closing price of HK\$2.30 per H Share as quoted on the Hong Kong Stock Exchange for the last 20 consecutive trading days up to and including the Last Trading Day; and

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## LETTER FROM GRAM CAPITAL

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- (f) the audited consolidated net asset value of approximately RMB2.24 per Share as at 31 December 2016 (based on the audited consolidated statement of financial position of the Company as at 31 December 2016 and the number of Shares in issue as at 31 December 2016).

With reference to the Board Letter, the subscription price per H Share was determined, after arm's length negotiations between the Company and Beijing Energy Investment, at the higher of (i) the net assets per Share as at 31 December 2016, being RMB2.24 (equivalent to HK\$2.56) per Share; and (ii) a 5% premium over the closing price of HK\$2.33 per H Share at the date of the Share Subscription Agreements, being HK2.45 per H Share. The exchange rate is HK\$1: RMB0.87391, being the average median exchange rate announced by the People's Bank of China on the Last Trading Day.

Having taken into account that (i) the subscription price of HK\$2.56 per H Share is within the range of the lowest and highest closing prices of the Shares as quoted on the Hong Kong Stock Exchange during the Review Period; (ii) during the Review Period, the subscription price per H Share was above the daily closing prices of the Shares on 237 trading days out of the total 245 trading days; and (iii) the Premium (H Share) is within the Market Range and above the average of the Comparables, we consider that the subscription price is fair and reasonable so far as the Independent Shareholders are concerned.

Taking into account the principal terms of the Share Subscription Agreements as highlighted above, we are of the view that the terms of the Share Subscription Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### **(3) Dilution effect on the shareholding interests of the existing public Shareholders**

As depicted by the table under the section headed "Effects on shareholding structure of the Company" of the Board Letter, upon completion of the Proposed Subscription, the shareholding interests of the existing public Shareholders would be diluted by approximately 5.720 percent point. In view of (i) the Proposed Subscription being the most appropriate fund raising method currently available to the Group due to the reasons as set out under the section headed "Financing alternatives available to the Group" above; (ii) the proposed use of the net proceeds from the Proposed Subscription; (iii) participation by BEH and Beijing Energy Investment in the Proposed Subscription will demonstrate solid confidence of BEH, being the controlling Shareholder, in the prospect of the Company; and (iv) the terms of the Share Subscription Agreements being fair and reasonable, we are of the view that the aforementioned level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

### **(4) Financial effects of the Proposed Subscription**

With reference to the Board Letter, the net proceeds from the Proposed Subscription will all be used to repay onshore and offshore short-term bonds and bank loans.

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## LETTER FROM GRAM CAPITAL

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As advised by the Directors, immediately upon completion of the Proposed Subscription and upon the repayment of onshore and offshore short-term bonds and bank loans, the Company's net asset value would be increased while the total liabilities would be decreased respectively.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Proposed Subscription.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Share Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Proposed Subscription and transactions contemplated thereunder (including grant of the General Mandate), although are not conducted in the ordinary and usual course of business of the Group, are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the AGM to approve the Share Subscription Agreement and the transactions contemplated thereunder (including grant of the General Mandate) and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.*

\* *For identification purposes only*

## 1. RESPONSIBILITY STATEMENT

This supplemental circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this supplemental circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this supplemental circular misleading.

## 2. SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE SECURITIES

The registered capital of the Company as at the Latest Practicable Date was RMB6,870,423,454. The issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Proposed Subscription was and will be as follows:

	As at the Latest Practicable Date		Immediately upon completion of the Proposed Subscription	
	Number of Shares	Percentage %	Number of Shares	Percentage %
Domestic Shares	4,512,359,454	65.68%	5,414,831,344	65.68%
H Shares	2,358,064,000	34.32%	2,829,676,800	34.32%
<b>Total</b>	<b>6,870,423,454</b>	<b>100%</b>	<b>8,244,508,144</b>	<b>100%</b>

All the issued Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. The new Domestic Shares and new H Shares to be issued will, when issued and fully paid, rank pari passu in all respects with the then existing Domestic Shares and H Shares in issue. On 22 December 2011, the H Shares were listed on the Hong Kong Stock Exchange. Save as disclosed above, no part of the securities of the Company is listed or dealt in, nor is listing or permission to deal in the securities of the Company being or proposed to be sought, on any other stock exchange. In addition, as at the Latest Practicable Date, the Company had no convertible securities, options, derivatives or warrants outstanding and had not entered into any agreement for the issue of any convertible securities, options, warrants or derivatives of the Company.

### 3. DISCLOSURE OF INTERESTS

#### (A) Director, supervisor and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, no Director, supervisor or senior management of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those taken or deemed as their interests and short position in accordance with such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Hong Kong Stock Exchange.

#### (B) Substantial Shareholders' interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, to the knowledge of the Directors of the Company, the persons (other than a Director, supervisor or member of the senior management of the Company) who have an interest or short position in the shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Substantial Shareholders	Types of Shares	Nature of interest	Number of Shares/ underlying Shares	Approximate percentage of shareholding in the total Share capital of the Company	Approximate percentage of shareholding in the relevant class of Shares
BEH	Domestic Shares	Beneficial interest and interest of a controlled corporation	4,288,011,163 (L)	62.41	95.03
Beijing State-owned Capital Operation and Management Center	Domestic Shares	Beneficial interest and interest of a controlled corporation	4,512,359,454 (L)	65.68	100
SAIF IV GP Capital Ltd.	H Shares	Interest of a controlled corporation	173,532,000 (L)	2.53	7.36
SAIF IV GP LP	H Shares	Interest of a controlled corporation	173,532,000 (L)	2.53	7.36

Name of Substantial Shareholders	Types of Shares	Nature of interest	Number of Shares/ underlying Shares	Approximate percentage of shareholding in the total Share capital of the Company	Approximate percentage of shareholding in the relevant class of Shares
SAIF Partners IV L.P.	H Shares	Beneficial interest	173,532,000 (L)	2.53	7.36
Yan Andrew Y.	H Shares	Interest of a controlled corporation	173,532,000 (L)	2.53	7.36
Beijing Enterprises Holdings Limited	H Shares	Interest of a controlled corporation	196,964,000 (L)	2.87	8.35
Beijing Enterprises Energy Technology Investment Co. Limited	H Shares	Beneficial interest	196,964,000 (L)	2.87	8.35
Beijing Enterprises Energy Technology (Hong Kong) Co. Limited	H Shares	Interest of a controlled corporation	196,964,000 (L)	2.87	8.35
Keywise Capital Management (HK) Limited	H Shares	Investment manager	140,070,000 (L)	2.04	5.94
Gold Wind New Energy (HK) Investment Ltd	H Shares	Beneficial interest	140,118,000 (L)	2.04	5.94
Xinjiang Goldwind Science & Technology Co., Ltd.	H Shares	Interest of a controlled corporation	140,118,000 (L)	2.04	5.94
New Wealth Investment Holdings Limited	H Shares	Beneficial interest	137,008,928 (L)	1.99	5.81
Chen Li	H Shares	Interest of a controlled corporation	137,008,928 (L)	1.99	5.81
Norges Banks	H Shares	Beneficial interest	174,730,132 (L)	2.54	7.41
Central Huijin Investment Ltd.	H Shares	Interest of a controlled corporation	499,266,000 (L)	7.27	21.17

Name of Substantial Shareholders	Types of Shares	Nature of interest	Number of Shares/ underlying Shares	Approximate percentage of shareholding in the total Share capital of the Company	Approximate percentage of shareholding in the relevant class of Shares
China Reinsurance (Group) Corporation	H Shares	Beneficial interest and interest of a controlled corporation	499,266,000 (L)	7.27	21.17
Citigroup Inc.	H Shares	Interest of a controlled corporation and	147,257,252 (L)	2.14	6.24
		custodian	650,000 (S)	0.01	0.03
		corporation/approved lending agent	146,605,255 (P)	2.13	6.22

*(L) – Long position (S) – Short position (P) – Lending pool*

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which are required to be recorded in the register of the Company required to be kept under Section 336 of the SFO.

#### 4. DIRECTORSHIP AND EMPLOYMENT OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SUBSTANTIAL SHAREHOLDERS OF THE COMPANY

As of the Latest Practicable Date, save as disclosed below, none of the Directors is a director or employee of the companies which have an interest or short position in the Shares and underlying Shares of the Company.

Name	Positions in the Company	Other interests
ZHU Yan	Chairman and non-executive Director	Chairman of BEH
LI Dawei	Non-executive Director	Vice chairman of BEH
GUO Mingxing	Non-executive Director	Director and general manager of BEH
ZHU Baocheng	Non-executive Director	Chief financial officer of BEH
LI Xun	Chairman of the Board of Supervisors	Deputy secretary of the Communist Party Committee of BEH
LIU Jiakai	Supervisor	Director of the department of finance

**5. COMPETING BUSINESS**

As at the Latest Practicable Date, save as disclosed in Section 4 above, none of the Directors or supervisors nor their respective close associates had any direct or indirect interests in any businesses that constitutes or may constitute a competing business of the Company.

**6. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, there were no service contracts which were not determinable by the employer within one year without payment of compensation (other than statutory compensation) between any member of the Group and any Director.

**7. DIRECTORS' AND SUPERVISORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS**

As at the Latest Practicable Date, save as disclosed in this supplemental circular:

- a) none of the Directors or the supervisors of the Company had any direct or indirect interest in any assets which have been, since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or are proposed to be acquired, disposed of by, or leased to any member of the Group; and
- b) none of the Directors or the supervisors of the Company was materially interested, directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

**8. QUALIFICATIONS OF EXPERTS AND CONSENTS**

The qualifications of the experts who have given an opinion or advice in this supplemental circular are as follows:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As of the Latest Practicable Date, Gram Capital: (i) has given and has not withdrawn its written consent to the issue of this supplemental circular with the inclusion of its letter or opinion and the references to its names included herein in the form and context in which it is respectively included; (ii) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and (iii) has no direct or indirect interests in any assets which have been, since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

**9. NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Company since 31 December 2016, the date to which the latest published audited consolidated financial statements of the Company have been made up.

**10. DOCUMENTS AVAILABLE FOR PUBLIC INSPECTION**

A copy of each of the following documents will be available for inspection during normal business hours on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for a period of 14 days from the date of this supplemental circular:

- a) the letter from the Independent Board Committee dated 8 June 2017, the text of which is set out on page 17 of this supplemental circular;
- b) the letter of recommendation from Gram Capital dated 8 June 2017, the text of which is set out on pages 18 to 32 of this supplemental circular;
- c) the Share Subscription Agreements; and
- d) this supplemental circular.



**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)**

**SUPPLEMENTAL NOTICE OF THE ANNUAL GENERAL MEETING**

Reference is made to the notice (the “**Original Notice**”) of the annual general meeting (the “**AGM**”) of Beijing Jingneng Clean Energy Co., Limited (the “**Company**”) dated 12 May 2017, which sets out details of the resolutions to be proposed at the AGM for shareholders’ approval.

**SUPPLEMENTAL NOTICE IS HEREBY GIVEN** that the AGM will be held as originally scheduled at 10:00 a.m. on Wednesday, 28 June 2017 at Victoria Room, Level 2, Mandarin Oriental Hong Kong, 5 Connaught Road, Central, Hong Kong for the purposes of considering and, if thought fit, passing the following resolutions as special resolutions, in addition to the resolutions set out in the Original Notice:

**SPECIAL RESOLUTIONS**

13. To consider and approve the connected transaction in respect of the proposed subscription of new domestic shares of the Company.
14. To consider and approve the connected transaction in respect of the proposed subscription of new H shares of the Company.
15. To consider and approve the proposed amendments to the articles of association of the Company.

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

Beijing, the PRC  
8 June 2017

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## SUPPLEMENTAL NOTICE OF THE ANNUAL GENERAL MEETING

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*Notes:*

1. Details of the resolutions are set out in the supplemental circular of the Company dated 8 June 2017 (the “**Supplemental Circular**”). Unless otherwise defined in this supplemental notice, capitalised terms used in this supplemental notice shall have the same meanings as those defined in the Supplemental Circular.
2. A supplemental proxy form (the “**Supplemental Proxy Form**”) containing the resolutions mentioned above is enclosed with the Supplemental Circular. The proxy form issued by the Company along with the Original Notice (the “**Original Proxy Form**”) will remain valid and effective to the fullest extent applicable if correctly completed and lodged with the H Share Registrar of the Company.
3. Shareholders are entitled to appoint one or more proxies to attend the AGM, but only one of proxies can be designated to vote at the AGM. For the avoidance of doubt, should the proxies being appointed to attend the AGM under each of the Original Proxy Form and/or the Supplemental Proxy Form are different and more than one of the proxies attended the AGM, only the proxy validly appointed under the Original Proxy Form shall be designated to vote on all the resolutions at the AGM.
4. For holders of H Shares, the Supplemental Proxy Form together with the power of attorney or other authorization document (if any) must be lodged at the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in person or by post not less than 24 hours before the time fixed for holding the AGM (i.e. not later than 10:00 a.m., Tuesday, 27 June 2017) or any adjournment thereof (as the case may be). Shareholders can still attend and vote at the AGM upon completion and return of the Supplemental Proxy Form.
5. Please refer to the Original Notice for details in respect of other resolutions to be considered at the AGM, eligibility for attending the AGM, proxy, registration procedures, closure of register of members and other relevant matters.
6. References to time and dates in this notice are to Hong Kong time and dates.