

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



北京能源國際控股有限公司

Beijing Energy International Holding Co., Ltd.

(Incorporated in Bermuda with limited liability)

(Stock code: 686)

**DISCLOSEABLE TRANSACTION
ENGINEERING PROCUREMENT CONSTRUCTION CONTRACT
RELATING TO 150MW AGRICULTURAL AND PHOTOVOLTAIC
COMPLEMENTARY POWER GENERATION PROJECT IN THE
GUANGXI ZHUANG AUTONOMOUS REGION,
THE PRC**

EPC CONTRACT

On 30 June 2022 (after trading hours), Pingguo Jingneng, a wholly-owned subsidiary of the Company, entered into the EPC Contract with the Consortium. Pursuant to the EPC Contract, the Consortium, acting as the contractor, will provide EPC services to Pingguo Jingneng, as the principal, for the construction of the Agricultural and Photovoltaic Complementary Power Generation Project at the Consideration of approximately RMB317.42 million (tax inclusive). The Agricultural and Photovoltaic Complementary Power Generation Project is located in Baise City, the Guangxi Zhuang Autonomous Region, the PRC with planned construction capacity of 150MW.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the entering into of the EPC Contract exceeds 5% but is less than 25%, the entering into of the EPC Contract constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 30 June 2022 (after trading hours), Pingguo Jingneng, a wholly-owned subsidiary of the Company, entered into the EPC Contract with the Consortium. Pursuant to the EPC Contract, the Consortium, acting as the contractor, will provide EPC services to Pingguo Jingneng, as the principal, for the construction of the Agricultural and Photovoltaic Complementary Power Generation Project at the Consideration of approximately RMB317.42 million (tax inclusive). The Agricultural and Photovoltaic Complementary Power Generation Project is located in Baise City, the Guangxi Zhuang Autonomous Region, the PRC with planned construction capacity of 150MW.

THE EPC CONTRACT

The principal terms of the EPC Contract are set out below:

Date: 30 June 2022 (after trading hours)

Parties: (i) Pingguo Jingneng (as the principal)
(ii) The Consortium (as the contractor)

Subject matter: The Consortium agreed to serve as the EPC contractor to provide EPC services to Pingguo Jingneng for the construction of the Agricultural and Photovoltaic Complementary Power Generation Project. The EPC services include, among others, design and consultancy services, construction and installation, procurement of equipment and materials, and other services on compliance matters ancillary to the construction project. The Consortium shall be responsible for all the relevant expenses incurred for the construction of the Agricultural and Photovoltaic Complementary Power Generation Project.

The Consortium shall design, implement and complete the construction of the Agricultural and Photovoltaic Complementary Power Generation Project in accordance with the EPC Contract, and remedy any failure or defects during the 12-month warranty period of the Agricultural and Photovoltaic Complementary Power Generation Project carried out under the EPC Contract.

Construction period: The construction of the Agricultural and Photovoltaic Complementary Power Generation Project shall commence upon the written notice of the principal, and shall complete upon the grid-connected power generation in full capacity having taken place (tentatively to take place on 8 April 2024 under the EPC Contract).

Consideration and payment method: The Consideration of the EPC Contract is approximately RMB317.42 million (tax inclusive) which consists of construction and installation payment, equipment and materials payment, design services payment and other fees, and shall be settled as follows:

(i) Advance Payment

20% of the Consideration as advance payment shall be paid upon the fulfillment of the following conditions, including (a) the EPC Contract being effective; (b) the receipt of the letter of performance guarantee and letter of advance payment guarantee; and (c) the issue of valid receipts with equivalent amount by the contractor to the principal.

(ii) Milestone Payment

Based on the progress of the project and the receipt of the relevant invoice(s), Pingguo Jingneng shall pay to the Consortium with respect to the equipment and materials payment, construction and installation payment, design services payment and other fees. In furtherance to the above, Pingguo Jingneng shall pay up to 97% of the construction and installation payment, 90% of the equipment and materials payment, 90% of the design service payment and 100% of the other fees upon the fulfilment of certain conditions set out under the EPC Contract, including, among others, achieving satisfactory results from the inspection of the completed project and obtaining relevant compliance approvals (if applicable).

(iii) Quality Assurance Fund

Under the EPC Contract, 3% of the construction and installation payment and 10% of each of the equipment and materials payment and the design service payment under the EPC Contract shall be retained by Pingguo Jingneng (the “**Quality Assurance Fund**”) and paid to the Consortium until the expiration of the one-year warranty period and the fulfillment of the following conditions:

- (1) resolving all quality issues within the warranty period, which is 12 months starting from the date of the acceptance of the project completion-based check, which shall be further confirmed in the qualify confirmation letter issued by Pingguo Jingneng;
- (2) meeting the agreed technical standards stated in the EPC Contract. If there is quality issue, the Consortium shall resolve the issue in accordance with the EPC Contract; and
- (3) before the expiration of the warranty period, the Consortium shall be responsible for transferring the supplier’s quality assurance obligation on the equipment to Pingguo Jingneng unconditionally for those equipment with quality assurance period exceeding one year.

Performance guarantee:

Under the EPC Contract, the Consortium shall provide a letter of performance guarantee issued by a qualified bank with an amount equivalent to 10% of the contract sum under the EPC Contract, to guarantee the due performance by the Consortium of its obligations under the EPC Contract.

The letter of performance guarantee shall be released upon the full capacity on-grid connection of the Agricultural and Photovoltaic Complementary Power Generation Project.

Advance payment guarantee: Under the EPC Contract, as a prerequisite of payment of the advance payment, the Consortium shall provide a letter of advance payment guarantee issued by a qualified bank with an amount equivalent to 10% of the contract sum under the EPC Contract, to guarantee that the advance payment will be used in accordance with the terms of the EPC Contract.

The letter of advance payment guarantee shall be released once the advanced payment is fully utilized along the progress of the project in accordance with the terms of the EPC Contract.

BASIS OF DETERMINATION OF THE CONSIDERATION

The Consideration was determined by the parties after arm's length negotiation and through a tendering selection process. In particular, the Company has considered the following factors during the selection: (i) the design and construction proposal submitted; (ii) the track record of the candidates of contractors on performing similar size projects; (iii) the size of operation, manpower and financial performance of the candidates of contractors; (iv) the expected power capacity (measured in watts) of the Agricultural and Photovoltaic Complementary Power Generation Project; and (v) the prevailing market price of provision of the similar EPC services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACT

Having considered the development and the expected return from investment in the photovoltaic industry in the PRC, the Company is optimistic about the prospect of the photovoltaic industry in the PRC in the foreseeable future. To the best of the Directors' knowledge, the members of the Consortium are all well-established companies with substantial experience in the construction and development of photovoltaic power projects in the PRC. The EPC Contract will enable the Company to further expand its scale of business in the photovoltaic industry through the construction of quality photovoltaic power project so as to enhance returns to the Shareholders. In view of the above, the Directors are of the view that the terms and conditions of the EPC Contract are fair and reasonable and the transactions contemplated thereunder are entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the entering into of the EPC Contract exceeds 5% but is less than 25%, the entering into of the EPC Contract constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION OF PARTIES

The Company is a company incorporated in Bermuda with limited liability and is an investment holding company operating its business through its subsidiaries. The Group is principally engaged in the development, investment, operation and management of power plants and other renewable energy projects.

Pingguo Jingneng is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is primarily engaged in the development and operation of photovoltaic power projects.

China Jikan Research Institute of Engineering Investigations and Design Co., Ltd.* (機械工業勘察設計研究院有限公司) is a company established in the PRC with limited liability. It is mainly engaged in the all-round and whole-process services of urban and rural planning, planning consultation, engineering survey, engineering design, engineering surveying and mapping, engineering inspection, engineering construction, project management and general contracting in relation to engineering construction. The ultimate beneficiary of China Jikan Research Institute of Engineering Investigations and Design Co., Ltd. is China National Machinery Industry Corporation* (中國機械工業集團有限公司), a state-owned enterprise wholly owned by the State Council of China.

Xi'an Boao Power Engineering Co., Ltd.* (西安博奧電力工程有限公司) is a company established in the PRC with limited liability. It is mainly engaged in general contracting, project management, survey and design and technical consulting services for power engineering and new energy engineering, and is a professional company integrating the sales of complete sets of electric power equipment. Mr. Xu Jin and Mr. Zhou Xiaogang hold 60% and 40% of equity interests in Xi'an Boao Power Engineering Co., Ltd., respectively.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Consortium and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company as at the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Agricultural and Photovoltaic Complementary Power Generation Project”	the agricultural and photovoltaic complementary power generation project (Phase I) located in Baise City, the Guangxi Zhuang Autonomous Region, the PRC with a total planned construction capacity of 300MW, of which the planned construction capacity of Phase I is 150MW
“Board”	the board of Directors of the Company
“Company”	Beijing Energy International Holding Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 686)
“Consideration”	approximately RMB317.42 million (tax inclusive), being the consideration payable by Pingguo Jingneng to the Consortium for the construction of the Agricultural and Photovoltaic Complementary Power Generation Project under the EPC Contract
“Consortium”	a consortium consisting of China Jikan Research Institute of Engineering Investigations and Design Co., Ltd.* (機械工業勘察設計研究院有限公司) and Xi’an Boao Power Engineering Co., Ltd.* (西安博奧電力工程有限公司)
“Director(s)”	the director(s) of the Company
“EPC”	engineering, procurement and construction
“EPC Contract”	the EPC contract entered into between Pingguo Jingneng and Consortium dated 30 June 2022 in relation to the 150MW planned construction capacity of the Agricultural and Photovoltaic Complementary Power Generation Project
“Group”	the Company and its subsidiaries

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“MW”	megawatt(s), which equals 1,000,000 watts
“Pingguo Jingneng”	Guangxi Pingguo Jingneng United New Energy Co., Ltd.* (廣西平果京能聯合新能源有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

For and on behalf of
Beijing Energy International Holding Co., Ltd.
Zhang Ping
Chairman of the Board

Hong Kong, 30 June 2022

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Ping (Chairman) and Mr. Lu Zhenwei; the non-executive directors of the Company are Mr. Zhao Bing, Mr. Su Yongjian and Mr. Li Hao; and the independent non-executive directors of the Company are Ms. Jin Xinbin, Ms. Li Hongwei and Mr. Zhu Jianbiao.

* *For identification purposes only*